

CURRENT NEGOTIATIONS STARTED FROM MUCH LOWER BASE LEVELS OF TARIFF PROTECTION. IF ONE LOOKS ONLY AT CANADA'S TWO-WAY TRADE WITH ITS THREE LARGEST TRADING PARTNERS TAKEN TOGETHER, THE AVERAGE TARIFF REDUCTION IS CONSIDERABLY LARGER (IN THE AREA OF 40% AS COMPARED TO LESS THAN 35% IN THE PREVIOUS ROUND). AND THERE ARE SOME OTHER RATHER IMPRESSIVE INDICATORS OF THE IMPORTANCE OF THE TARIFF RESULT. FOR EXAMPLE, IF TRADE UNDER THE AUTOMOTIVE PACT IS INCLUDED, THE EXTENT OF CANADA/USA DUTY-FREE TRADE WILL BE CONSIDERABLY LARGER (80% OF CANADIAN EXPORTS ON THE BASIS OF CURRENT TRADE) ONCE THE MTN CONCESSIONS ARE FULLY IMPLEMENTED. JAPAN HAS NOW AGREED TO BIND UNDER THE GATT (THAT IS, GUARANTEE AGAINST INCREASE) MOST OF ITS TARIFF SCHEDULE FOR INDUSTRIAL GOODS AS WELL AS FOR A NUMBER OF IMPORTANT AGRICULTURAL PRODUCTS. THE AVERAGE POST-MTN USA TARIFFS APPLIED TO DUTIABLE INDUSTRIAL PRODUCTS WILL BE ABOUT 4%; THOSE OF THE EC AND JAPAN, 5 TO 6%; AND THOSE OF CANADA, ABOUT 9 OR 10%.

AS MIGHT HAVE BEEN EXPECTED, HOWEVER, FOR CANADA AND FOR OTHERS, TARIFF REDUCTIONS WERE EITHER SMALL OR NON EXISTENT ON SUCH SENSITIVE ITEMS AS TEXTILES, CLOTHING, FOOTWEAR AND SHIPS. ON THE OTHER HAND, THERE ARE ALSO AREAS WHERE LARGER THAN AVERAGE TARIFF CUTS WERE AGREED. CIVIL AIRCRAFT COMPONENTS AND IN-FLIGHT AVIONICS COMPRISE ONE SUCH EXAMPLE OF PARTICULAR IMPORTANCE FOR CANADA WHERE TARIFFS ARE TO BE COMPLETELY REMOVED IN THE MARKETS OF ALL MAIN INDUSTRIAL COUNTRIES ON JANUARY 1ST NEXT. OUR EXPORTS OF MOST FOREST PRODUCTS, INCLUDING BULK PAPERS, WILL IN FUTURE ENTER THE USA MARKET DUTY-FREE OR AT VERY LOW RATES OF DUTY. USA AGREEMENT TO INTRODUCE, WITH EFFECT FROM NEXT JANUARY 1, "ACTUAL USE" DUTY-FREE TARIFF ITEMS FOR AGRICULTURAL AND HORTICULTURAL MACHINERY, IMPLEMENTS AND PARTS ELIMINATES, FOR MOST SUCH PRODUCTS, A LONG-STANDING TARIFF DISPARITY AND TRADE IRRITANT BETWEEN OUR TWO COUNTRIES. THE PROSPECTIVE REMOVAL OF THE