

SMALLER CANADIAN PROCUREMENT MARKET. MOREOVER, SUCH ACCESS WILL BE SUBJECT TO THE RIGHT TO RESERVE THE MARKET FOR CANADIAN SUPPLIERS BELOW A CERTAIN CONTRACT THRESHOLD AND TO OTHER IMPORTANT EXCEPTIONS OR DEROGATIONS PERMITTING US, WHEN APPROPRIATE, TO DIRECT PARTICULAR PROCUREMENTS TO CANADIAN PRODUCERS;

- ON CUSTOMS VALUATION, WE HAVE MADE CLEAR THAT FOR CANADA TO BRING ITS VALUATION SYSTEM INTO CONFORMITY WITH THE NEW AGREEMENT WOULD CONSTITUTE A SIGNIFICANTLY GREATER CHANGE THAN FOR OTHERS. WE HAVE INDICATED OUR WILLINGNESS TO DO SO, BUT ONLY ON THE UNDERSTANDING THAT WE WILL BE FREE WITHIN OUR INTERNATIONAL OBLIGATIONS TO TAKE MEASURES TO DEAL WITH CERTAIN DAMAGING IMPORT PRACTICES NOT COVERED BY THE CODE; FURTHER THAT WE WILL BE FREE TO OFFSET ANY SIGNIFICANT LOSS OF PROTECTION THAT MIGHT BE ATTRIBUTABLE TO THE APPLICATION OF THE NEW SYSTEM. IT IS ALSO A CONDITION THAT WE WOULD HAVE FOUR YEARS IN WHICH TO MAKE THE SWITCH. THE UNITED STATES HAS AGREED TO THESE CONDITIONS AND DISCUSSIONS ARE CONTINUING WITH OUR OTHER MAIN TRADING PARTNERS.

TO A DEGREE, THE ACKNOWLEDGED SIGNIFICANCE OF THE MTN'S NON-TARIFF RESULTS HAS COME TO OVERSHADOW THOSE ON THE TARIFF FRONT. BUT FOR CANADA, THE OUTCOME OF THE TARIFF NEGOTIATIONS IS ALSO OF CRITICAL IMPORTANCE. THE AVERAGE CUTS AGREED ON INDUSTRIAL GOODS FOR THE 10 MAIN PARTICIPANTS ARE COMPARABLE TO THOSE ACHIEVED DURING THE KENNEDY ROUND AND, OF COURSE, THE