CANADIAN PARTICIPATION
IN THE
MULTILATERAL TRADE NEGOTIATIONS

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CANADIAN PARTICIPATION

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MULTILATERAL TRADE NEGOTIATIONS

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Date: May 5, 1977

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The Prime Minister announced today the appointment of MR. JACK HAMILTON WARREN as Co-ordinator for the Multilateral Trade Negotiations. Mr. Warren will report to the Secretary of State for External Affairs, and will be responsible for co-ordinating for Cabinet the inter-departmental preparations on the development of the Canadian position for the MTN. He will work closely with all the departments concerned, and particularly with Industry, Trade and Commerce. While Mr. Warren will assume some of his duties immediately, he will remain in his position as Canadian Ambassador to Washington until July 14, 1977.

His new duties will also include liaison with provincial governments and private sector organizations on the evolution of federal policies, and on specific issues as they may develop in the course of the MTN. He will also be the key link between Canadian negotiators in Geneva and the Cabinet and departments in Ottawa.

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MR. WARREN was born April 10, 1921, near Chatham, Ontario, and received his Bachelor of Arts Degree from Queens University in Kingston. Following service with the Royal Canadian Navy during World War II, he joined the Department of External Affairs, and in 1948 was posted to the High Commission for Canada in London.

Mr. Warren returned to Ottawa in November 1951, and was transferred to the Department of Finance in 1954. He was posted to the Canadian Embassy in Washington as Financial Counsellor, and was also appointed Alternate Executive Director for Canada to the International Monetary Fund and International Bank for Reconstruction and Development.

On returning to the Department of External Affairs in 1957, he was posted to the Permanent Delegation of Canada to NATO and the Organization for European Economic Co-operation, with special responsibility for European regional economic developments.

In September 1958, he was appointed Assistant Deputy Minister of Trade and Commerce.

Mr. Warren has represented Canada at many international conferences concerned with trade and economic affairs. In September 1960, he was elected Chairman of the Council of Representatives of the General Agreement on Tariffs and Trade, and was Deputy Chairman of the Canadian Delegation of the GATT Tariff Conference, held in Geneva, Switzerland, in 1960 and 1961.

...3

He was elected Chairman of the contracting parties of GATT in the autumn of 1962 and re-elected in 1964.

He became Deputy Minister of Trade and Commerce in July 1964.

In October 1971, Mr. Warren was appointed Canadian High Commissioner to London, a position he held until February 1975, when he was named Canadian Ambassador to Washington.

- 30 -

TABLE OF CONTENTS

Sept. 20/77	-	Speech by Ambassador Warren to the Canadian Manufacturers Association
Sept. 22/77	-	Speech by Ambassador Warren to the Grocery Products Manufacturers of Canada
Oct. 27/77	-	Speech by Ambassador Warren to the Canadian Chemical Producers Association
Nov. 1/77	-	Speech by Ambassador Warren to the Canadian Export Association
Nov. 11/77	-	Request Lists on Agricultural Product and Industrial Non-Tariff Measures
Dec. 5/77	-	Speech by Ambassador Warren to the Canadian Importers Association
Dec. 15/77	-	Bulletin No. 1 - MTN Situation Report
Jan. 17/78	-	Address by Ambassador Warren to the Chambre de commerce du district de Montreal
Jan. 19/78	-	Canada Tables Statements on Participation in the MTN
Jan. 24/78	-	Statement made by Ambassador Warren in Geneva on January 23/78
Feb. 9/78	-	Address by the Hon. A.J. MacEachen to the Empire Club of Canada, Toronto

...2/

TABLE OF CONTENTS

Feb. 16/78	-	Address by Ambassador Warren to the Canadian Federation of Agriculture
Feb. 23/78	-	Bulletin No. 2 - MTN Situation Report
April 4/78	-	Address by Ambassador Warren to the Canada Grains Council
April 12/78	-	Address by Ambassador Warren to the Conference Board in Canada
May 9/78	-	Excerpt on the MTN from an Address by the Hon. A.J. MacEachen to the Annual Meeting of the Federated Co-operatives Ltd. on March 1/78 in Saskatoon, Saskatchewan
May 9/79	-	Excerpt on the MTN from the Financial Statement of the Hon. Jean Chrétien in the House of Commons on Monday, April 10/78
May 11/78	-	Address by Ambassador Warren to the 3rd Annual Meeting of the Canadian Association for Business Economics
May 13/78	-	Excerpt on the MTN from an address by the Hon. Don Jamieson, to the British Columbia Council of Forest Industries in Vancouver, April 14, 1978
June 16/78	-	Bulletin No. 3 - MTN Situation Report
June 20/78	-	Notes for an address by the Hon. Anthony C. Abbott, to the Annual Meeting of the Canadian Manufacturers Association in Toronto, June 5/78

...3/

July 13/78	-	Attached summaries of the results of the High - Level Meeting of the MTN held in Geneva; Statement of Ambassador J.H. Warren and Statement by several Delegations on the current status of the Tokyo Round. Released July 13/78 by the Hon. A.J. MacEachen
Oct. 30/78	-	Bulletin No. 4 - MTN Situation Report
Dec. 22/78	-	MTN Progress Report in Geneva
Jan. 8/79	-	MTN Non-Tariff Matters
Jan. 9/79	-	Addresss by Ambassador Warren to the opening of the World Trade Centre
Feb. 5/79	-	Background Information - Remarks on the MTN by the Hon. Don Jamieson to the Young Presidents Organization
Feb. 13/79	-	Address by Ambassador Warren to the Canadian Federation of Agriculture
Feb. 22/79	-	Address by Ambassador Warren to the Rubber Association of Canada
Feb. 26/79	-	Address by the Hon. A.J. MacEachen to the Canadian Club
March 20/79	-	Address by Ambassador Warren to the Montreal Economics Association
April 12/79	-	Announcement by the Hon. A.J. MacEachen on the results of the MTN, Geneva
April 12/79	-	MTN Process Verbal (English only)

...4/

April 19/79	-	Address by Ambassador Warren to the Conference on Business/Government Relations, University of Toronto
April 20/79	-	Address by Ambassador Warren to the Council of Forest Industries, Vancouver, B.C.
April 26/79	-	Address by Ambassador Warren to the Annual Meeting of the Automotive Parts Manufacturers Association, Toronto
April 30/79	-	Background Information on the Announcement made by the Hon. A.J. MacEachen, on the Results of the MTN, Geneva, April 12/79
May 8/79	-	Address by Ambassador Warren to the Canadian Foundry Association, Toronto
May 9/79	-	Address by Ambassador Warren to the Fisheries Council of Canada, Calgary, Alberta
May 14/79	-	Address by Ambassador Warren to the Costpro's Executive Symposium, Ottawa
May 25/79	-	Address by Ambassador Warren to the International Institute of Synthetic Rubber Producers, Vancouver
June 12/79	-	Address by Ambassador Warren to the Canadian Textiles Institute, Jasper Park Lodge
July 11/79	-	News Release - MTN: Canadian Participation
Aug. 2/79	-	Address by Ambassador Warren to the Canadian Manufacturers Association, Toronto
Sept. 19/79	-	Address by Ambassador Warren to the 15th Annual Meeting of the Licensing Executives Society, Vancouver

...5/

Sept. 26/79 - Address by Ambassador Warren to the Conference Board in Canada, Toronto

Oct. 2/79 - Address by Ambassador Warren to the Canadian Institute of International Affairs, Quebec Section, Quebec City

Oct. 22/79 - Address by Ambassador Warren to the Canadian Export Association, Ottawa

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Government of Canada / Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

News Release Communiqué

Subject/Sujet Speech By Ambassador J.H. Warren, Canadian Coordinator for Multilateral Trade Negotiations to the Canadian Manufacturers Association

For release/Pour publication

September 20,1977

Attached are the notes for an address to be made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Manufacturers Association, in Toronto, Ontario, September 20,1977.

TO BE CHECKED AGAINST DELIVERY

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SPEECH BY AMBASSADOR J.H. WARREN
TO THE CANADIAN MANUFACTURERS
ASSOCIATION
SEPTEMBER 20, 1977

TORONTO

MAY I SAY AT THE OUTSET HOW GLAD I AM TO BE BACK IN CANADA, (AS INTERESTING AS WERE THE YEARS IN LONDON AND WASHINGTON) - HOW GLAD I AM TO BE WORKING CLOSELY AGAIN WITH GOVERNMENT AND THE PRIVATE SECTOR ON QUESTIONS OF IMPORTANCE TO THE ECONOMIC WELL-BEING OF OUR COUNTRY. I AM PARTICULARLY PLEASED ABOUT MY RENEWED INVOLVEMENT IN CANADIAN COMMERCIAL POLICY, IN PARTICULAR IN THE INITIATIVES, CHALLENGES AND OPPORTUNITIES REPRESENTED BY OUR PARTICIPATION IN THE MTN.

SINCE TAKING ON THE NEW JOB AS COORDINATOR, I HAVE HAD UNDERLINED FOR ME IN A VARIETY OF WAYS THE IMPORTANCE WHICH THE CANADIAN MANUFACTURERS ASSOCIATION ATTACHES TO WHAT IS UNDERWAY IN GENEVA. CMA REPRESENTATIVES WERE, IN FACT, AMONG THE FIRST VISITORS THROUGH THE DOOR ON MY ARRIVAL BACK IN OTTAWA. I WAS DELIGHTED TO HAVE HAD THAT OPPORTUNITY TO MEET SENIOR MEMBERS OF YOUR EXECUTIVE AND TO HAVE GAINED, THROUGH DISCUSSION WITH THEM (TOGETHER WITH THE OPPORTUNITY TO REVIEW PREVIOUS WRITTEN CMA SUBMISSIONS), AN APPRECIATION OF THE PARTICULAR INTERESTS AND CONCERNS OF YOUR ASSOCIATION.

...2

THIS IS NOT TO SAY THAT THERE IS UNANIMITY IN OTTAWA WITH RESPECT TO THE VIEWS WHICH YOU HAVE EXPRESSED, NOR THAT ALL OF THEM HAVE BEEN ACCEPTED. BUT I CAN ASSURE YOU THAT YOUR REPRESENTATIONS HAVE BEEN HEARD AND UNDERSTOOD.

THERE IS RECOGNITION IN OTTAWA NOT ONLY OF THE SPECIFIC CONCERNS WHICH YOU HAVE REGISTERED BUT MORE IMPORTANTLY OF THE VITAL ROLE WHICH MANUFACTURING PLAYS IN THE GROWTH OF OUR ECONOMY AND IN THE PROVISION OF JOBS. LOOKED AT FROM AN HISTORICAL PERSPECTIVE, THE MANUFACTURING SECTOR HAS MADE A PARTICULARLY IMPORTANT CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE CANADIAN ECONOMY. IT HAS, FOR EXAMPLE, ACCOUNTED FOR 22-24% OF NATIONAL REAL OUTPUT IN THE POST-WAR PERIOD. TRADE IN THIS SECTOR HAS ALSO BEEN SIGNIFICANT, WITH EXPORTS OF MANUFACTURED PRODUCTS IN 1976 ACCOUNTING FOR $25 BILLION OR TWO-THIRDS OF TOTAL CANADIAN MERCHANDISE EXPORTS. AT THE SAME TIME, IMPORTS OF MANUFACTURES OF SOME $30 BILLION REPRESENTED 83% OF TOTAL CANADIAN IMPORTS IN 1976. IN THE SAME YEAR, DIRECT EMPLOYMENT IN THE MANUFACTURING SECTOR ACCOUNTED FOR ABOUT 20% OF TOTAL JOBS IN THE ECONOMY. THIS FIGURE REPRESENTS A DECLINE OF 5% SINCE 1951 - BUT THIS, OF COURSE, REFLECTS SIGNIFICANT GAINS IN PRODUCTIVITY IN THE MANUFACTURING SECTOR.

PRODUCTIVITY IN MANUFACTURING HAS INCREASED MORE RAPIDLY THAN IN THE REST OF THE ECONOMY, TO THE EXTENT THAT, OVER THE PAST DECADE, MANUFACTURING HAS ACCOUNTED FOR FULLY ONE-THIRD OF TOTAL PRODUCTIVITY GROWTH. THIS HAS BEEN A MAJOR FACTOR IN CANADIAN PER CAPITA REAL INCOME. IT IS NOTEWORTHY, I THINK, THAT THE CONTRIBUTION OF MANUFACTURING IN CANADA SINCE THE END OF WORLD WAR II HAS BEEN RELATIVELY STEADY IN TERMS OF PERCENTAGE OF ACTUAL PRODUCTION, DESPITE CHANGES IN CANADIAN AND FOREIGN TARIFFS, FLUCTUATIONS IN EXCHANGE RATES AND OTHER FACTORS WHICH INFLUENCE INTERNATIONAL TRADE AND THE COMPETITIVENESS OF CANADIAN PRODUCTION. THE MANUFACTURING SECTOR, WHICH HAS BEEN OF CONTINUING IMPORTANCE TO ALL REGIONS OF THE COUNTRY (ALTHOUGH IN VARYING DEGREES), IS CENTRAL TO MANY OF THE ECONOMIC DEVELOPMENT ASPIRATIONS OF OUR DIFFERENT REGIONS. IN ADDITION, DEMAND FROM THE MANUFACTURING SECTOR HAS BEEN AN IMPORTANT ELEMENT OF STRENGTH FOR OUR RESOURCE INDUSTRIES AND MANUFACTURING ACTIVITY HAS SUSTAINED THE GROWTH OF OUR SERVICE SECTOR.

AS FOR THE PRESENT AND THE FUTURE, I SHARE THE CONVICTION THAT IT IS IMPORTANT TO MAINTAIN AND EXPAND THIS SECTOR OF THE ECONOMY ON AN INCREASINGLY VIABLE AND INTERNATIONALLY COMPETITIVE BASIS. IT IS VERY MUCH WITH THIS IN MIND THAT THE GOVERNMENT ATTACHES

...4

SUCH SPECIAL IMPORTANCE TO THE OBJECTIVE OF GREATER RESOURCE PROCESSING AND UPGRADING PRIOR TO EXPORT. IT WOULD BE DIFFICULT INDEED TO ENVISAGE CONTINUING HEALTH FOR CANADA'S ECONOMY AS A WHOLE WITHOUT SIMILAR GOOD HEALTH IN SECONDARY MANUFACTURING AS WELL AS OUR RESOURCE INDUSTRIES.

CANADIAN MANUFACTURING AND THE MTN

ON THIS OCCASION, NEGOTIATORS WILL BE ATTEMPTING TO GRAPPLE NOT JUST WITH TARIFFS ON INDUSTRIAL GOODS BUT WITH THE WHOLE RANGE OF TARIFF AND NON-TARIFF BARRIERS TO TRADE IN BOTH AGRICULTURAL AND INDUSTRIAL PRODUCTS.

ON THE TARIFF SIDE, THE FINAL RESULTS WILL ENCOMPASS NOT ONLY LEVELS OF PROTECTION ON THE FINAL PRODUCTS OF CANADIAN MANUFACTURERS BUT, OF COURSE, ALSO THOSE APPLYING TO IMPORTS WHICH ENTER INTO THEIR PRODUCTION COSTS. THIS IS AN IMPORTANT POINT IN THINKING ABOUT EFFECTIVE PROTECTION AS OPPOSED TO NOMINAL PROTECTION AND ONE NOT ALWAYS FULLY RECOGNIZED. WHAT IS MORE GENERALLY THE FOCUS OF CONCERN IS THAT THE FINAL BARGAIN, WHATEVER INCREASED OPPORTUNITIES IT MAY PROVIDE IN EXPORT MARKETS, WILL ALSO CREATE INCREASED COMPETITION IN THE CANADIAN MARKET THROUGH REDUCTIONS IN EXISTING

TARIFF LEVELS. THE GOVERNMENT, OF COURSE, RECOGNIZES THAT CUTS IN CANADIAN TARIFFS DO INCREASE IMPORT COMPETITION AS WELL AS LOWERING THE CANADIAN DOLLAR COST OF IMPORTS TO USERS AND CONSUMERS. THIS IS NOT A NEW PROCESS, NEITHER FOR CANADA NOR THE OTHER TRADING COUNTRIES. IT IS A PRICE ONE PAYS TO SECURE WIDER MARKET OPPORTUNITIES, BUT ALSO TO LOWER INPUT COSTS AND HELP IMPROVE OVERALL EFFICIENCY AND PRODUCTIVITY. AND TARIFF CHANGES ARE ONLY ONE OF THE MANY ELEMENTS OF CHANGE WHICH INDUSTRY HAS FACED OVER YEARS PAST IN THE DYNAMIC PROCESS OF INDUSTRIAL GROWTH CHARACTERISTIC OF MARKET ECONOMIES. FOR THE MOST PART, INDUSTRY HAS PROVEN CAPABLE OF ADJUSTING TO NEGOTIATED TARIFF CHANGES. IT HAS, HOWEVER, BEEN INCREASINGLY RECOGNIZED THAT, FOR SOME INDUSTRIES, PARTICULARLY THOSE FACING STRUCTURAL CHANGES, ADJUSTMENT ASSISTANCE SHOULD BE PROVIDED TO FACILITATE ADAPTATION OR THE SHIFT OF RESOURCES TO MORE INTERNATIONALLY COMPETITIVE APPLICATIONS.

ON THE NON-TARIFF SIDE, THERE ARE A NUMBER OF ISSUES UNDER NEGOTIATION WHICH ARE OF CONSIDERABLE INTEREST TO THE CMA, AND HAVE BEEN AND ARE BEING ADDRESSED IN DETAILED GOVERNMENT/INDUSTRY CONSULTATIONS. THE NON-TARIFF ISSUES INVOLVED RANGE FROM GOVERNMENT PROCUREMENT PRACTICES AND PRODUCT STANDARDS TO SUBSIDIES/COUNTERVAIL, CUSTOMS VALUATION AND OTHER CUSTOMS REQUIREMENTS, IMPORT

...6

LICENCING AND QUOTAS. WE CANNOT EXPECT THAT THIS FIRST TRADE NEGOTIATION SINCE THE ESTABLISHMENT OF THE POST-WAR TRADE RULES SERIOUSLY TO ADDRESS SUCH A RANGE OF COMPLEX ISSUES, WILL SOLVE ALL THE PROBLEMS THAT OUR MANUFACTURERS AND EXPORTERS HAVE ENCOUNTERED IN THESE AREAS. BUT THEY MUST BE ADDRESSED AND A START MUST BE MADE. I HAVE NOTED THAT YOU AND MANY INDUSTRY ASSOCIATIONS HAVE UNDERLINED THE IMPORTANCE WHICH SHOULD BE ATTACHED TO PROGRESS ON NTB'S IN THIS NEGOTIATION. INDEED, A CONSTANT THEME IN THE MATERIAL SUBMITTED TO THE CTTC TO DATE SEEMS TO BE THAT FOREIGN TARIFF CONCESSIONS ALONE WOULD NOT BE SUFFICIENT TO FOSTER CANADIAN EXPORTS OR TO OFFSET THE VALUE OF TARIFF CONCESSIONS OFFERED BY CANADA. BECAUSE OF THE IMPORTANT CANADIAN INTERESTS INVOLVED IN THESE AREAS, I LOOK FOR STRONG AND CONTINUING SUPPORT FOR OUR EFFORTS TO BRING NTB'S UNDER MORE EFFECTIVE CONTROL. IT WOULD BE ILLOGICAL ON THE ONE HAND TO SAY THAT ACCESS FOR CANADIAN EXPORTS IN FOREIGN MARKETS IS FRUSTRATED BY OTHER COUNTRIES' NTB'S AND AT THE SAME TIME TO ARGUE THAT THE EFFORT TO DEAL WITH THIS PROBLEM IS NOT WORTHWHILE SIMPLY BECAUSE IT IS BELIEVED THAT THE EFFORT CANNOT SUCCEED OR THAT FOREIGN GOVERNMENTS WILL IN ANY EVENT FIND WAYS AROUND THE NEW RULES. THIS WOULD BE A COUNSEL OF DESPAIR AND WOULD IGNORE THE EXTENT TO WHICH GOVERNMENTS HAVE IN THE

...7

PAST BEEN PREPARED TO BRING THEIR TRADE PRACTICES UNDER A MEASURE OF INTERNATIONAL CONTROL AND DISCIPLINE - AND THIS AT A TIME WHEN THERE WAS MUCH LESS RECOGNITION OF THE INTERDEPENDENCE OF TRADING NATIONS THAN IS THE CASE TODAY.

AND BY THE WAY, IT IS WELL TO KEEP IN MIND THAT FOREIGN COUNTRIES ARE NOT ALONE IN MOUNTING EFFECTIVE NON-TARIFF BARRIERS. ALTHOUGH I BELIEVE WE ARE MORE SINNED AGAINST THAN THE CONTRARY, IT IS NEVERTHELESS A FACT THAT OUR TRADING PARTNERS HAVE REGISTERED THEIR INTEREST IN A NUMBER OF OUR OWN REGULATIONS AND PRACTICES WHICH THEY BELIEVE CONSTITUTE CONSIDERABLE BARRIERS TO TRADE.

THE MTN IN CONTEXT

WE HAVE THEN IN PLAY IN THE NEGOTIATIONS A LARGE AND COMPLICATED ARRAY OF ISSUES, MANY OF WHICH ARE POTENTIALLY VERY FAR-REACHING IN THEIR RESULTS. BUT THE NEGOTIATIONS, OF THEMSELVES, CANNOT SOLVE ALL OR EVEN MOST OF THE PROBLEMS OF DOMESTIC OR INTERNATIONAL ECONOMIC MANAGEMENT. THEY ARE BUT PART OF THE PICTURE. OTHER PROBLEMS - THE CONTAINMENT OF INFLATION, THE LEVEL OF WAGE AND OTHER COSTS AFFECTING CANADIAN COMPETITIVENESS, COMPETITION POLICY, TAX PRACTICES AND

...8

POLICIES, THE INVESTMENT CLIMATE AND THE VERY SERIOUS PROBLEM OF INADEQUATE EMPLOYMENT OF OUR HUMAN RESOURCES - ALL THESE MUST AND ARE BEING ADDRESSED ON THEIR OWN MERITS AND IN THE CONTEXT OF TOTAL ECONOMIC POLICY. HOWEVER, A SUCCESSFUL TRADE NEGOTIATION CAN BE AN IMPORTANT ELEMENT IN FACILITATING ONGOING ADJUSTMENT AND IN CONTRIBUTING TO HIGHER PRODUCTIVITY.

THIS RELATIONSHIP BETWEEN TRADE LIBERALIZATION AND OTHER ELEMENTS IN THE ECONOMIC PROCESS WAS RECOGNIZED AT THE LONDON ECONOMIC SUMMIT. NOT ONLY DID THE SUMMIT COMMUNIQUÉ ASSERT THAT THE MTN MUST BE PURSUED VIGOROUSLY, IT ALSO AFFIRMED THAT THE CONTINUING ECONOMIC DIFFICULTIES MADE IT EVEN MORE ESSENTIAL TO ACHIEVE THE TRADE LIBERALIZATION OBJECTIVES CONTAINED IN THE TOKYO DECLARATION. THE SUMMIT COMMUNIQUÉ REJECTED PROTECTIONIST TRADE POLICIES AS AN APPROACH WHICH WOULD FOSTER UNEMPLOYMENT, INCREASE INFLATION AND UNDERMINE THE WELFARE OF ALL PEOPLE. SUMMIT PARTICIPANTS COMMITTED THEMSELVES TO SEEK "TO PROMOTE SOLUTIONS THAT CREATE NEW JOBS AND CONSUMER BENEFITS THROUGH EXPANDED TRADE AND TO AVOID APPROACHES WHICH RESTRICT TRADE".

BUT EVEN IN THIS CONTEXT, IT NEEDS TO BE CLEARLY UNDERSTOOD THAT NEITHER WE NOR OUR TRADING PARTNERS ARE PARTICIPATING IN THIS NEGOTIATION FOR ANY

REASON OTHER THAN FOR THE TANGIBLE GAINS THAT IT CAN PROVIDE. EACH PARTICIPANT WILL COME TO ITS OWN JUDGMENT ABOUT THE ACCEPTABILITY OR OTHERWISE OF THE NEGOTIATED SETTLEMENTS AS THEY EMERGE.

AND THE MTN WILL NOT MAKE THE PROBLEMS OF CYCLICAL ADJUSTMENT DISAPPEAR. IT COULD, HOWEVER, HELP THE PROCESS OF STRUCTURAL ADJUSTMENT FACED BY ALL THE INDUSTRIALIZED COUNTRIES AS IN A WORLD ECONOMY WE MOVE ALONG FROM FROM WHERE WE WERE TO WHERE WE ARE GOING TO BE. AND IN THE PROCESS OF ADJUSTING TO THE STRUCTURAL CHANGE, INCLUDING MORE ROOM FOR PRODUCTION FROM THE DEVELOPING COUNTRIES, IT SEEMS TO ME WISE TO AVOID BEING AMONGST THE HINDMOST. WHILE HELPING THOSE LEAST ABLE TO ADJUST, WE MUST I BELIEVE, KEEP CLOSELY ATTUNED TO WHAT IS HAPPENING AROUND US, RATHER THAN FALLING PROGRESSIVELY BEHIND IN A HIGHLY COMPETITIVE AND DYNAMIC WORLD.

Where Things Stand in Geneva and Ottawa

THE CURRENT STATE OF PLAY IN THE MTN REFLECTS THE SUBSTANTIAL PREPARATION AND EFFORT ALREADY INVESTED IN THE TOKYO ROUND SINCE 1973. TARIFF NEGOTIATIONS HAVE REACHED A POINT WHERE AGREEMENT CAN BE EXPECTED, PERHAPS NEXT MONTH, TO A TARIFF PLAN WHICH WOULD INCORPORATE A TARIFF-CUTTING FORMULA (OR TARGET FOR

...10

REDUCTIONS) TOGETHER WITH GENERAL RULES ABOUT EXCEPTIONS TO SUCH A FORMULA, THE STAGING OF AGREED REDUCTIONS AND THE RELATIONSHIP BETWEEN PROGRESS IN TARIFF NEGOTIATIONS AND THAT IN OTHER AREAS OF THE NEGOTIATIONS - FOR EXAMPLE AGRICULTURE AND NON-TARIFF BARRIERS. OVER THE COURSE OF THE NEXT FEW MONTHS, WE AND OTHER PARTICIPANTS WILL BE CALLED UPON TO SPECIFY THOSE BARRIERS TO TRADE IN AGRICULTURE PRODUCTS AND NON-TARIFF MEASURES MAINTAINED BY OUR TRADING PARTNERS WHERE WE WOULD WISH TO SEEK NEGOTIATED REDUCTIONS AND OTHER CHANGES. WE WILL ALSO BE ACCELERATING OUR EFFORTS TO DEVELOP ADVANCED DRAFTS OF POTENTIAL CODES OF CONDUCT ON NON-TARIFF MEASURES. THE ACCELERATED MOMENTUM ANTICIPATED FOR THIS FALL PROMISES TO LEAD INTO A TIME OF INTENSE HARD BARGAINING EARLY IN THE NEW YEAR, WHEN PARTICIPANTS BEGIN PLACING THEIR CARDS ON THE NEGOTIATING TABLE. HOW LONG THE ENSUING NEGOTIATION WILL TAKE IS ANYBODY'S GUESS AND MID-YEAR 1978 IS ABOUT THE EARLIEST ANYONE EXPECTS THEM TO CONCLUDE.

MY OWN APPOINTMENT AS CANADIAN COORDINATOR FOR THE MTN CAN BE SEEN AGAINST THE EVOLUTION TOWARDS THE SUBSTANTIVE STAGE OF THE NEGOTIATIONS. I WILL BE LOCATED IN OTTAWA AND WILL BE WORKING CLOSELY NOT ONLY WITH MR. MACEACHEN AND THE OTHER MINISTERS AND DEPARTMENTS

...11

CHIEFLY CONCERNED, BUT ALSO WITH MR. COUILLARD (CHAIRMAN OF THE CANADIAN TRADE AND TARIFFS COMMITTEE) AND AMBASSADOR GREY (HEAD OF OUR GENEVA NEGOTIATING TEAM). I AND MY SMALL STAFF OF OFFICERS ARE CHARGED WITH ENSURING THAT TIMELY AND OBJECTIVE SUBMISSIONS ARE SET BEFORE MINISTERS FOR APPROPRIATE DECISIONS ABOUT CANADIAN NEGOTIATING POSITIONS. IN THIS TASK WE WILL BE DRAWING UPON THE EXPERTISE ALREADY AVAILABLE IN OTTAWA DEPARTMENTS AND AGENCIES AND ON THE ANALYSIS WHICH HAS BEEN MADE OF THE MANY SUBMISSIONS WHICH HAVE BEEN RECEIVED FROM THE PROVINCES AND THE PRIVATE SECTOR. I SEE THE OFFICE OF THE COORDINATOR AS HAVING A CATALYTIC, LEADERSHIP AND MANAGEMENT ROLE, NOT ONE OF DUPLICATING EXISTING EFFORTS.

FOR PURPOSES OF DEVELOPING VIEWS FOR CONSIDERATION BY THE GOVERNMENT, I SHALL BE CHAIRING THE OPERATIVE COMMITTEE OF FEDERAL DEPUTY MINISTERS WHEN MTN MATTERS ARE BEING CONSIDERED.

I HAVE ALSO ASSUMED THE CHAIRMANSHIP OF A FEDERAL/PROVINCIAL COMMITTEE OF DEPUTY MINISTERS AND SENIOR OFFICIALS WHICH ADDRESSES ITSELF TO MTN MATTERS AND SERVES AS ONE OF THE VEHICLES FOR DIRECT CONSULTATION WITH THE PROVINCES ON THE PROGRESS AND CONTENT OF THE NEGOTIATIONS.

...12

My Office, in addition, has responsibilities to ensure together with the Canadian Trade and Tariffs Committee, chaired by Mr. Couillard, that adequate consultation takes place with Canadian private sector interest groups and that a two-way flow of information, beneficial to both sides, is maintained. Already, of course, the Government has received hundreds of briefs from the private sector, many of these have been updated and many follow-up discussions have taken place through the CTTC and otherwise (over 425 briefs and supplemental submissions have, in fact, been received). Now that the horse-trading stage of the negotiations is approaching, I suggest industry associations assure that the Government's information base is fully current. The CTTC would be glad to receive such further briefs and to consult on these. As Coordinator, I have already met with the Executives of a number of important business and industry associations and I look forward to the maintenance and development of such dialogue on the main issues for Canada and Canadian industry over the period ahead.

It is my impression that government/private sector cooperation and consultation to date has been

...13

GOOD, ESPECIALLY WHEN COMPARED WITH THAT WHICH PREVAILED DURING EARLIER GATT ROUNDS. I AM PARTICULARLY PLEASED WITH THE ACTIVE ROLE THE CMA AND ITS MEMBERS HAVE PLAYED THUS FAR AND I KNOW I CAN CONTINUE TO COUNT ON YOUR ADVICE AND SUPPORT. IT WILL, OF COURSE BE APPRECIATED THAT, AS WE MOVE AHEAD, REQUIREMENTS OF COMPANY, ASSOCIATION AND NEGOTIATING CONFIDENTIALITY SET SOME BOUNDS ON WHAT GOVERNMENT REPRESENTATIVES MAY BE FREE TO SAY. BUT WITHIN THESE UNDERSTANDABLE LIMITS, IT IS OUR INTENTION TO WORK AS CLOSELY AS PRACTICABLE WITH THE PROVINCES AND THE PUBLIC SECTOR.

IF THE NEGOTIATING SCHEDULE BEING ESTABLISHED IS TO BE MET, WE ARE IN FOR A VERY BUSY PERIOD OVER THE COMING MONTHS. IN THE RUN-UP STAGE TO THE SUBSTANTIVE NEGOTIATIONS NEXT YEAR, WE WILL BE MAKING IT CLEAR BEYOND DOUBT TO OUR TRADING PARTNERS THAT CANADIAN PARTICIPATION IS PREDICATED ON THE EXPECTATION OF A PACKAGE WHICH WILL PROVIDE BOTH MEANINGFUL BENEFITS AND FULL RECIPROCITY SO FAR AS CANADA IS CONCERNED. THESE ARE, AFTER ALL, THE RULES OF THE GAME ESTABLISHED IN THE TOKYO DECLARATION. ON TARIFFS, OUR OBJECTIVE IS, INTER ALIA, A TARIFF PLAN WHICH WILL ACCOMMODATE CANADIAN SECTORAL OBJECTIVES, INCLUDING THE DE-ESCALATION OF

...14

FOREIGN TARIFFS TO PERMIT MORE RESOURCE UPGRADING AND PROCESSING IN CANADA. AND WE WILL WISH TO ENSURE THAT THE PLAN, WHATEVER MAY BE THE NUMBERS IN THE TARIFF-CUTTING FORMULA, PROVIDES ADEQUATE SCOPE FOR THE ELIMINATION OF MANY LOW TARIFFS WHICH ARE OF KEY IMPORTANCE TO OUR EXPORT POSSIBILITIES. IN THIS CONNECTION, [illegible] CHARACTERISTICS WHICH MAKE CANADA'S ECONOMIC INTERESTS IN THESE NEGOTIATIONS DIFFERENT FROM THOSE OF THE USA, EC AND JAPAN HAVE BEEN ACKNOWLEDGED IN DISCUSSIONS WITH OUR TRADING PARTNERS. WE MUST NOW ENSURE THAT THIS RECOGNITION IS TRANSLATED INTO THE TARIFF PLAN AS SUCH.

BUT EVEN WHEN WE REACH AGREEMENT ON THE TARIFF PLAN - OR WORKING HYPOTHESIS - THAT IS ONLY THE BEGINNING. WHAT EMERGES AT THE END OF THE DAY - WHAT MAY PROVE ACCEPTABLE AND SALEABLE TO PARTICIPANTS - WILL REFLECT EXCEPTIONS, ACCOMMODATIONS AND THE RESULTS OF BARGAINING, ALL OF WHICH MAKE IT IMPOSSIBLE TO FORECAST AT THE BEGINNING WHAT THE FINAL RESULTS MAY BE. RECIPROCITY MEANS THAT YOU STRIKE A DEAL ONLY WHEN THE PARTNERS ARE SATISFIED THAT THE BENEFITS IN REAL TRADE TERMS ARE WORTH THE PAYMENTS INVOLVED.

...15

IN THE AREAS OF NTB'S, WE SHALL CONTINUE TO PRESS FOR MEANINGFUL NEW OR IMPROVED RULES ON SUCH ISSUES AS PRODUCT STANDARDS, GOVERNMENT PURCHASING POLICIES AND SUBSIDIES/COUNTERVAIL AND, WHILE THE NEGOTIATIONS ON SAFEGUARDS (OR ESCAPE CLAUSE ACTIONS) ARE NOT YET FAR ADVANCED, WE EXPECT THESE TO PICK UP STEAM ONCE THE ELEMENTS OF THE TARIFF PLAN AND THE PARAMETERS OF THE VARIOUS CODES ON NTB'S BECOME CLEARER. WITH THE LOWERING OF TARIFF BARRIERS, IT BECOMES INCREASINGLY IMPORTANT THAT THE ACCESS GAINED IS NOT NEGATED BY NTB'S AND EQUALLY IMPORTANT THAT COUNTRIES, INCLUDING OF COURSE CANADA, HAVE THE RIGHT TO ACT EXPEDITIOUSLY TO DEAL WITH INJURIOUS IMPORTS AFFECTING OUR MARKETS, INCLUDING THOSE DUMPED OR UNFAIRLY SUBSIDIZED.

IT IS A HEAVY AGENDA. I AM CONFIDENT, HOWEVER, THAT IF THE TRADING COUNTRIES PUT THEIR MINDS TO THE TASK (AS THE DOWNING STREET SUMMIT COMMUNIQUÉ REQUIRES THEM TO DO) AND IF ACCOUNT IS TAKEN BOTH OF MEASURES TO ASSIST AND OF THE POTENTIAL OF THE ADJUSTMENT PROCESS ITSELF TO ACCOMMODATE CHANGE, A RESULT CAN BE ACHIEVED WHICH CAN BE BENEFICIAL BOTH FROM THE CANADIAN AND WORLD POINTS OF VIEW.

In thinking about the Multilateral Trade Negotiations, I would suggest that the following considerations should be born in mind:

- the MTN is but one of a number of major developments which will have an impact on the Canadian economy over the next few years.
- Canada's decision to participate, initially taken by Ministers in 1972, and confirmed in Canada's adherence to the Tokyo Declaration in 1973, and this year's Downing Street Summit Communiqué, is consistent with the furtherance of Canada's interest in a soundly functioning well-founded economy.
- to stand aside from the negotiations is not a real option. The cost would be too great, both in terms of our own needs for an efficient and productive economy in the future and in terms of the potentially hostile climate failure to participate would create internationally, not only in our trade with the United States but also in terms of our efforts to diversify our interests in the EC and Japan. It would, I believe, be counterproductive at this stage of our history and despite current difficulties to seek to insulate the Canadian economy from

...17

AN INTERNATIONAL TRADING ENVIRONMENT WHICH PROMISES TO BE MORE OPEN AND MORE COMPETITIVE.

- CANADIAN PARTICIPATION WILL BE CLOSELY TAILORED TO ACHIEVE THOSE GAINS WHICH ARE LIKELY TO BRING THE GREATEST REAL BENEFITS TO CANADIAN INDUSTRY OVER THE LONGER TERM, BOTH IN FOREIGN MARKETS AND IN RELATION TO OUR OWN ECONOMIC DEVELOPMENT.
- FEDERAL GOVERNMENT PROGRAMMES FOR MANPOWER TRAINING AND RELOCATION, FOR REGIONAL DEVELOPMENT, AND FOR INDUSTRIAL ADJUSTMENT CAN BE EXPECTED TO FACILITATE THE ADJUSTMENT PROCESS INVOLVED, BOTH TO TAKE ADVANTAGE OF NEW OPPORTUNITIES AND TO ASSIST IN THOSE CASES WHERE, BECAUSE OF LOCATIONAL, STRUCTURAL OR OTHER PARTICULAR DIFFICULTIES, SPECIAL PROBLEMS OF ADJUSTMENT ARISE. THE EXTENT OF SUCH PROBLEMS WILL, OF COURSE, DEPEND ON WHAT IS EXCEPTED FROM THE NEGOTIATIONS, THE DEPTH OF TARIFF CUT AND THE PHASING-IN OF TARIFF CUTS OVER THE YEARS AHEAD. IDENTIFICATION OF SPECIFIC AREAS WHERE EXISTING PROGRAMMES OF ASSISTANCE MAY NEED STRENGTHENING WILL ALSO, OF COURSE, BE DEPENDENT ON THESE CONSIDERATIONS, TO A CONSIDERABLE EXTENT. PERHAPS THE MOST IMPORTANT TOOL FOR A

SUCCESSFUL MTN, HOWEVER, WILL BE TO ENSURE THE RIGHT MIX OF POLICIES FOR A POSITIVE ECONOMIC ENVIRONMENT IN CANADA. THAT, YOU WILL APPRECIATE, IS A PRIME FOCUS OF ATTENTION FOR GOVERNMENT, NOT ONLY IN THE CONTEXT OF THE MTN BUT ALSO CURRENTLY AND LOOKING MORE GENERALLY TOWARDS THE 1980's.

AS WE MOVE AHEAD IN THE GENEVA NEGOTIATIONS, CANADIAN MANUFACTURERS MAY BE SURE THAT WE WILL BEAR VERY MUCH IN MIND THEIR EXPRESSED INTEREST AS AN IMPORTANT INPUT IN THE DETERMINATION OF THE TOTAL CANADIAN POSITION. AS CANADIAN COORDINATOR FOR THE MTN, I LOOK FORWARD TO CONTINUING OVER THE MONTHS AHEAD TO COLLABORATE CLOSELY WITH THE CMA DIRECTLY AND WITH THE CANADIAN BUSINESS GROUP ON THE MULTILATERAL TRADE NEGOTIATIONS (OR CBGMTN) IN WHICH THE CMA PLAYS SUCH AN IMPORTANT PART.

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News Release | Communiqué

Subject/Sujet Speech by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Grocery Products Manufacturers of Canada

For release/Pour publication

September 22, 1977

Attached are the notes for an address to be made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Grocery Products Manufacturers of Canada, in Montebello, Quebec, September 22, 1977.

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News Release / Communiqué

For release: For publication

September 22, 1977

MR. J.H. WARREN'S ADDRESS
TO
GROCERY PRODUCTS MANUFACTURERS OF CANADA
THURSDAY, SEPTEMBER 22, 1977

YOUR PROGRAM GIVES MY SUBJECT AS "THE HORSE TRADING AHEAD", AND THIS IS NO DOUBT AN APT DESCRIPTION OF SOME OF THE ACTIVITIES WHICH LIE AHEAD IN GENEVA. HOWEVER, THESE COMPLEX NEGOTIATIONS WITH POTENTIAL FAR-REACHING CONSEQUENCES NOW INCLUDE BOTH TARIFF AND NON-TARIFF BARRIERS TO TRADE, AND COULD BE THOUGHT OF AS A HORSE OF A DIFFERENT COLOUR FROM WHAT WAS BOUGHT AND SOLD IN PREVIOUS TARIFF NEGOTIATIONS. THIS AFTERNOON'S SPEAKERS AND PANEL DISCUSSION WILL BE DEALING WITH THE IMPLICATIONS OF THE MTN FOR CANADA IN SOME DEPTH AND BREADTH, SO PERHAPS IT WOULD BE USEFUL IF I WERE TO SKETCH IN SOME OF THE BACKGROUND AND OUTLOOK TO THE CURRENT ROUND IN GENEVA.

YOU HAVE HAD CIRCULATED A BACKGROUND PAPER WHICH SEEMS CERTAIN TO STIMULATE THINKING AND DEBATE. I AM FLATTERED TO BE QUOTED AT SUCH LENGTH IN THAT PAPER, BUT - THAT SAID - I WOULD LIKE TO LEAD OFF BY QUESTIONING ITS VERY TITLE - "TEARING DOWN THE TARIFF WALL". TO ME THIS SEEMS TO IMPLY A SUDDEN, AND PERHAPS WANTON, DESTRUCTION OF A PROTECTIVE STRUCTURE, A STRUCTURE SOMEHOW PECULIAR TO CANADA, AND SOMEHOW SACROSANCT. THERE IS A SENSE OF ALARM IN IT, A CALL TO ARMS, WHICH - AT LEAST TO ME - RINGS FALSE IN TERMS OF THE CANADIAN APPROACH TO THESE NEGOTIATIONS. CERTAINLY CANADA'S PARTICIPATION IS NOT INSPIRED BY ANY BLIND FAITH IN TRADE LIBERALIZATION FOR TRADE LIBERALISATION'S SAKE - ON THE CONTRARY, WE ARE APPROACHING THE MATTER

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MR. J.H. WARREN'S ADDRESS

TO

GROCERY PRODUCTS MANUFACTURERS OF CANADA

THURSDAY, SEPTEMBER 22, 1977

Your Program gives my subject as "The Horse Trading Ahead". And this is no doubt an apt description of some of the activities which lie ahead in Geneva. However, these complex negotiations with potential far-reaching consequences non include both tariff and non-tariff barriers to trade, and could be thought of as a horse of a different colour from what was bought and sold in previous tariff negotiations. This afternoon's speakers and panel discussion will be dealing with the implications of the MTN for Canada in some depth and breadth, so perhaps it would be useful if I were to sketch in some of the background and outlook to the current round in Geneva.

You have had circulated a background paper which seems certain to stimulate thinking and debate. I am flattered to be quoted at such length in that paper, but - that said - I would like to lead off by questioning its very title - "Tearing Down the Tariff Wall". To me this seems to imply a sudden, and perhaps wanton, destruction of a protective structure, a structure solemnly peculiar to Canada, and screen sacrosanct. There is a sense of alarm in it, a call to arms, which - at least to me - rings false in terms of the Canadian approach to these negotiations. Certainly Canada's participation is not inspired by any second - or third - country ploy or are approaching the matter

IN A HIGHLY PRACTICAL MANNER, LOOKING CAREFULLY FOR THOSE AREAS IN WHICH A MORE LIBERAL TRADING ENVIRONMENT CAN PROVIDE GENUINE ADVANTAGES TO CANADIAN PRODUCERS, AND THE GREATEST BENEFITS TO THE CANADIAN ECONOMY AS A WHOLE TAKING ACCOUNT OF THE IMPACT OF INCREASED FOREIGN COMPETITION. AND IN OUR APPROACH TO NON-TARIFF BARRIERS WE ARE SEEKING TO ASSURE THAT THE ACCESS SECURED TO FOREIGN MARKETS IS NOT FRUSTRATED BY UNFAIR PRACTICES, WHILE AT THE SAME TIME ASSURING THAT THE RULES PERMITTING SAFEGUARD ACTION IN THE CASE OF INJURIOUS SUBSIDIZED OR DUMPED IMPORTS ARE FAIR AND EFFECTIVE. IN BARGAINING FOR SUCH ADVANTAGES, WE MEAN TO GET AS GOOD AS WE GIVE, IN REAL TERMS.

THE CURRENT ROUND OF NEGOTIATIONS IS THE SEVENTH SUCH ROUND HELD SINCE THE SECOND WORLD WAR, AND I THINK IT IS COMMONLY AGREED THAT TRADE LIBERALIZATION TO-DATE HAS BEEN A POSITIVE FEATURE OF POST-WAR ECONOMIC MANAGEMENT AND AN IMPORTANT CONTRIBUTION TO THE GROWTH OF THE REAL INCOMES OF TRADING NATIONS. I THINK IT IS ALSO GENERALLY AGREED THAT THE COLLAPSE OF INTERNATIONAL TRADE IN THE 1930'S - WITH THE ATTENDANT ROUND OF PROTECTIONISM AND RETALIATION - CONTRIBUTED TO THE DEPTH OF THE DEPRESSION.

WESTERN ECONOMIES ARE NOT TODAY AT THEIR MOST BUOYANT. IN CIRCUMSTANCES OF INFLATION, SLOW GROWTH AND HIGH UNEMPLOYMENT THERE ARE NATURALLY PRESSURES WITHIN NATIONS FOR GREATER PROTECTION RATHER THAN LIBERALIZED TRADE. BUT THE GOVERNMENTS OF THE MAJOR TRADING NATIONS SEEM DETERMINED TO REJECT THIS AS A GENERAL APPROACH, AND

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BARRING SOME SPECIAL MEASURES, INCLUDING OUR OWN, THE LEVEL OF TRADE LIBERALIZATION PREVIOUSLY ACHIEVED HAS BEEN SAFEGUARDED. AT THE ECONOMIC SUMMIT MEETING HELD IN LONDON EARLIER THIS YEAR, GOVERNMENT LEADERS COMMITTED THEMSELVES TO SEEK - AS IT WAS PUT IN THE COMMUNIQUE - "TO PROMOTE SOLUTION THAT CREATE NEW JOBS AND CONSUMER BENEFITS THROUGH EXPANDED TRADE, AND TO AVOID APPROACHES WHICH RESTRICT TRADE". I THINK IT IS CLEAR THAT ASSOCIATED WITH THIS UNDERTAKING IS A GENERAL FEAR THAT UNLESS FURTHER PROGRESS IS MADE AT THIS TIME THERE WILL INEVITABLY BE SOME EROSION IN THE PRESENT SYSTEM AND A RETURN TO DANGEROUSLY RESTRICTIVE TRADING CONDITIONS.

OF COURSE IT WOULD BE THEORETICALLY POSSIBLE FOR CANADA TO HOLD BACK FROM THE CURRENT ROUND, BUT IT SEEMS QUITE LIKELY THAT THE OTHERS WOULD GO AHEAD WITHOUT US, AND WE COULD FIND OURSELVES IN A VERY DIFFICULT SITUATION. OUR MAJOR TRADING PARTNER, THE U.S.A., IS STRONGLY COMMITTED TO LIBERALIZATION, AND THE EUROPEAN COMMUNITY, JAPAN AND OTHERS, PERHAPS WITH SOME RELUCTANCE, ARE ALSO PREPARED TO MOVE FORWARD AT LEAST SOME DISTANCE. WITH OR WITHOUT US, THE OTHER TRADING COUNTRIES WILL ALMOST CERTAINLY STRIKE SOME BARGAIN WHICH WILL RESULT IN A MORE OPEN AND COMPETITIVE TRADING ENVIRONMENT. UNLESS WE WERE A PART OF THIS MOVEMENT, I THINK WE COULD EXPECT THAT OUR COMPETITIVE POSITION IN INTERNATIONAL TRADE WOULD DETERIORATE AND, INDEED, THAT OUR DOMESTIC MARKET OVER TIME WOULD BECOME INCREASINGLY VULNERABLE TO IMPORTS. IT IS THE SORT OF SITUATION WHICH MIGHT FEED ON ITSELF, LEAVING CANADA IN A BACKWATER BY VIRTUE OF UNDUE INSULATION

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FROM THE DYNAMIC CHANGE GOING ON AROUND US.

THUS, I THINK THAT IF WE ARE TO HAVE AN EFFICIENT AND PRODUCTIVE ECONOMY IN THE FUTURE, WE MUST PLAY A FULL ROLE IN THE CURRENT NEGOTIATIONS. THIS, HOWEVER, IS NOT A QUESTION OF BEING SOMEHOW DRAGGED ALONG AND DANCING TO THE TUNE OF OUR TRADING PARTNERS. QUITE THE CONTRARY. CANADIAN PARTICIPATION WILL BE CLOSELY TAILORED TO ACHIEVE THOSE GAINS WHICH ARE LIKELY TO BRING THE GREATEST REAL BENEFITS TO CANADIAN INDUSTRY OVER THE LONGER TERM, BOTH IN FOREIGN MARKETS AND IN RELATION TO OUR OWN ECONOMIC DEVELOPMENT. IN THE NEGOTIATIONS WE SHALL BE SEEKING TO OBTAIN A MIX OF TARIFF AND NON-TARIFF BENEFITS AND OBLIGATIONS WHICH WILL YIELD THE MOST POSITIVE POSSIBLE OVERALL RESULTS FOR THE CANADIAN ECONOMY - INCLUDING THE FURTHER DEVELOPMENT OF OUR SECONDARY INDUSTRY ON AN EFFICIENT AND INTERNATIONALLY COMPETITIVE BASIS.

THE FINAL RESULTS OF THE TARIFF NEGOTIATIONS CANNOT, OF COURSE, BE FORESEEN AT THIS TIME. WHATEVER THE TARIFF FORMULA OR HYPOTHESIS AND THE RELATED NEGOTIATING RULES, WHAT COMES OUT AT THE OTHER END WILL REFLECT BARGAINING DESIGNED TO YIELD RECIPROCITY OF BENEFITS BETWEEN THE PARTNERS. THAT RESULT - WHATEVER IT MAY BE - WILL BE ONLY ONE OF THE MANY FACTORS OF CHANGE AFFECTING THE HEALTH OF OUR ECONOMY. THE EXISTANCE OF A TRADE NEGOTIATION SHOULD NOT BE ALLOWED TO CROWD OUT OTHER PRIORITY CONSIDERATIONS. CERTAINLY THESE NEOGTIATIONS WILL NOT SOLVE ALL OUR PROBLEMS. THE CONTAINMENT OF INFLATION, THE LEVEL OF WAGE AND OTHER COSTS AFFECTING CANADIAN COMPETITIVENESS, COMPETITION POLICY, TAX PRACTICES AND POLICIES, THE INVESTMENT CLIMATE, AND THE SERIOUS PROBLEM OF THE INADEQUATE

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EMPLOYMENT OF OUR HUMAN RESOURCES ARE ALL MATTERS THAT MUST BE ADDRESSED ON THEIR OWN MERITS AND IN THE CONTEXT OF A TOTAL ECONOMIC POLICY. BUT I DO THINK THAT TRADE LIBERALIZATION MUST FORM PART OF SUCH A POLICY, AND THAT A SUCCESSFUL TRADE NEGOTIATION CAN BE AN IMPORTANT ELEMENT IN FACILITATING ONGOING ADJUSTMENT, AND CONTRIBUTING TO HIGHER PRODUCTIVITY.

THIS WILL BE THE FIRST ROUND OF MTN NEGOTIATIONS IN WHICH WE SHALL BE GRAPPLING NOT JUST WITH TARIFFS ON INDUSTRIAL GOODS, BUT WITH THE WHOLE RANGE OF TARIFF AND NON-TARIFF BARRIERS TO TRADE IN BOTH AGRICULTURE AND INDUSTRIAL PRODUCTS. OUR PATTERN OF TRADE IS SUCH THAT A SIMPLE FORMULA CUT IN TARIFFS WILL NOT YIELD US THE RECIPROCITY WHICH WE MUST OBTAIN. ON TARIFFS, OUR AIM IS TO OBTAIN AN OVERALL TARIFF PLAN WHICH, AMONG OTHER THINGS, WILL ACCOMMODATE CANADA'S SECTORAL OBJECTIVES, INCLUDING THE DE-ESCALATION OF FOREIGN TARIFFS TO PERMIT MORE UPGRADING OF RESOURCE MATERIALS AND AGRICULTURAL PRODUCTS IN CANADA. WE WILL ALSO WISH TO ENSURE THAT THE PLAN PROVIDES ADEQUATE SCOPE FOR THE ELIMINATION OF MANY LOW TARIFFS WHICH ARE OF KEY IMPORTANCE TO OUR EXPORT POSSIBILITIES. WE SHALL BE SEEKING GREATER ACCESS FOR CANADIAN AGRICULTURAL PRODUCTS IN FOREIGN MARKETS, AND WHILE NEGOTIATIONS IN THIS AREA MAY FOLLOW SOMEWHAT DIFFERENT PROCEDURES THAN THOSE FOR INDUSTRIAL PRODUCTS, WE SHALL WISH TO SEE THE AGRICULTURAL NEGOTIATIONS, AND THOSE ON NTB'S, PROGRESS IN PARALLEL WITH THOSE ON INDUSTRIAL GOODS. IN THE AREA OF NTB'S, WE SHALL CONTINUE TO PRESS FOR MEANINGFUL NEW OR IMPROVED RULES ON SUCH ISSUES AS PRODUCT STANDARDS, GOVERNMENT PURCHASING POLICIES, SUBSIDIES AND COUNTERVAILING DUTIES, AND FAIR AND EFFECTIVE CODE ON SAFEGUARD ACTIONS.

...6

IN BOTH THE AGRICULTURE AND INDUSTRY AREAS I AM CERTAIN THAT MANY MEMBERS OF THIS ASSOCIATION WILL HAVE A GOOD PERSONAL KNOWLEDGE AND EXPERIENCE OF THE PROBLEMS WHICH CAN BE CAUSED BY SUCH NON-TARIFF MEASURES AS PRODUCT STANDARDS, LABELLING REQUIREMENTS, GOVERNMENT PURCHASING PRACTICES, CUMBERSOME CUSTOMS PROCEDURES, QUANTITATIVE RESTRICTIONS ON IMPORTS, AND THE VARIOUS OTHER DEVICES WHICH, QUITE APART FROM TARIFFS, ACT TO RESTRAIN TRADE. AS TARIFFS HAVE DECREASED, THE SIGNIFICANCE OF SUCH MEASURES HAS, OF COURSE, INCREASED, AND IT IS NOW ESSENTIAL THAT AGREEMENT BE REACHED TO BRING SUCH PRACTICES UNDER A MEASURE OF INTERNATIONAL CONTROL.

THE WIDER SCOPE OF THESE NEGOTIATIONS, AND THE CONSEQUENT NEED TO BALANCE A RATHER COMPLEX SET OF TARIFF AND NON-TARIFF ITEMS TO YIELD A PACKAGE WHICH WILL PROVIDE REAL ADVANTAGES FOR CANADA, MAKES IT MORE IMPORTANT THAN EVER BEFORE THAT THE GOVERNMENT RECEIVE THE BEST POSSIBLE INFORMATION FROM BUSINESS. WE HAVE ASKED FOR VIEWS ON THE PROBABLE EFFECTS OF TARIFF REDUCTIONS, BOTH OUR OWN AND FOREIGN TARIFFS INCLUDED - OPPORTUNITIES AS WELL AS DISADVANTAGES - AND INFORMATION ON THE EFFECTS OF NON-TARIFF MEASURE WHICH AFFECTS CANADA'S BUSINESS IN FOREIGN MARKETS.

I KNOW THAT YOUR ASSOCIATION HAS SUBMITTED A BRIEF TO THE CANADIAN TRADE AND TARIFF COMMITTEE. I UNDERSTAND THAT MANY OF YOU EITHER AS FIRMS OR AS SMALLER INDUSTRIAL GROUPINGS HAVE ALSO SUBMITTED MORE DETAILED BRIEFS. I WOULD URGE THAT YOU PURSUE THIS PROCESS BY UP-DATING YOUR BRIEFS WITH ANY NEW INFORMATION WHICH MAY BE RELEVANT, OR WITH ANY NEW VIEWS WHICH YOU MAY HAVE DEVELOPED IN CONSIDERING THE CHANGES WHICH MAY LIE AHEAD. SINCE MY APPOINTMENT AS COORDINATOR FOR THE MTN,

...7

I HAVE MET WITH A NUMBER OF INDUSTRIAL ASSOCIATIONS, WITH THE PROVINCES, AND WITH VARIOUS OTHER INTEREST GROUPS. I THINK I AM GETTING A GOOD FEEL FOR THE THINKING OF THE BUSINESS COMMUNITY WHICH WILL SERVE ME WELL IN THE JOB OF WEAVING TOGETHER THE MANY THREADS WHICH MUST LEAD TO THE KEY DECISIONS BY MINISTERS WITH RESPECT TO CANADA'S POSITION IN THE NEGOTIATIONS. I HAVE WELCOMED THE OPPORTUNITY TO BE WITH YOU TODAY, AND MY OFFICE AND THE CANADIAN TRADE AND TARIFFS COMMITTEE, CHAIRED BY MR. COUILLARD, WILL BE ACCESSABLE FOR FURTHER CONSULTATION.

PREPARATIONS FOR THE CURRENT ROUND HAVE BEEN UNDERWAY SINCE 1973 AND ARE NOW IN A POSITION TO MOVE FORWARD MORE RAPIDLY. IT IS LIKELY THAT THERE WILL BE AGREEMENT WITHIN THE NEXT MONTH ON A GENERAL TARIFF PLAN - THE SO-CALLED "WORKING HYPOTHESIS" OF THE NEGOTIATIONS. THIS PLAN WILL, I EXPECT, INCLUDE A TARIFF-CUTTING FORMULA, OR TARGET FOR TARIFF REDUCTIONS, AND RULES GOVERNING EXCEPTIONS TO THE FORMULA AND THE STAGING OF AGREED REDUCTIONS. IT SHOULD ALSO ESTABLISH THE RELATIONSHIP BETWEEN PROGRESS IN THE TARIFF NEGOTIATIONS AND OTHER AREAS OF THE NEGOTIATIONS SUCH AS AGRICULTURE AND NON-TARIFF BARRIERS. BY THE END OF THE YEAR IT IS EXPECTED THAT ALL PARTICIPANTS WILL HAVE SPECIFIED THOSE BARRIERS TO TRADE IN AGRICULTURAL PRODUCTS, AND THOSE NON-TARIFF MEASURES MAINTAINED BY THEIR TRADING PARTNERS IN WHICH THEY WOULD LIKE TO SEE CHANGES IN TARIFF REDUCTIONS. BY THEN WE SHOULD ALSO HAVE DEVELOPED SOME DRAFT CODES AND AGREEMENTS ON NON-TARIFF MEASURES WHICH CAN SERVE AS THE BASIS FOR REAL NEGOTIATION. EARLY IN THE NEW YEAR WE SHOULD HAVE THE WHOLE PACKAGE ON THE TABLE, AND THE DETAILED SUBSTANTIVE NEGOTIATIONS CAN BEGIN IN EARNEST. HOW LONG THESE WILL TAKE IS ANYONE'S GUESS, BUT ABOUT SIX MONTHS SEEMS TO BE AN ABSOLUTE MINIMUM.

...8

MY OWN GUESS IS THAT THE NEGOTIATIONS WILL NOW PROCEED QUITE RAPIDLY. THOSE WHO WERE MOST ANXIOUS TO BEGIN THE NEGOTIATIONS ARE DETERMINED TO GIVE THEM A PUSH FORWARD, AND EVEN THOSE WHO WERE HOLDING BACK SEEM NOW OF A MIND THAT IF IT MUST BE DONE, IT SHOULD BE DONE IN ORDER THAT THE RESULTS WILL BE AVAILABLE FOR PLANNING FOR THE YEARS AHEAD. INVESTMENT IS NOT ENCOURAGED BY UNCERTAINTY. IT DOES NOT THEREFORE SEEM LIKELY THAT THERE WILL BE A GREAT DEAL OF SLIPPAGE IN THE PRESENT TIMETABLE, ALTHOUGH I SUPPOSE THAT SOME IS INEVITABLE. EXTENDING THIS TIMETABLE INTO THE IMPLEMENTATION PHASE, I THINK WE CAN LOOK TO A PHASED INTRODUCTION OF TARIFF REDUCTIONS AND OTHER AGREED CHANGES OVER A FIVE YEAR PERIOD, SAY 1980 TO 1985, TO PROVIDE THE TIME NECESSARY FOR ADAPTING TO THE NEW CIRCUMSTANCES.

I BELIEVE THAT THE CANADIAN BUSINESS COMMUNITY, GIVEN THE GROUND-RULES, AND SOME TIME, WILL BE ABLE TO ADAPT TO THE NEW SITUATION AND TO TAKE ADVANTAGES OF ANY NEW OPPORTUNITIES IT PRESENTS. WHERE REQUIRED, FEDERAL GOVERNMENT PROGRAMMES FOR MANPOWER TRAINING AND RELOCATION, FOR REGIONAL DEVELOPMENT, AND FOR INDUSTRIAL ADJUSTMENT CAN BE EXPECTED TO FACILITATE THE ADJUSTMENT PROCESS, BOTH IN ASSISTING FIRMS TO TAKE ADVANTAGE OF NEW OPPORTUNITIES, AND IN ASSISTING THOSE FACED WITH SPECIAL PROBLEMS. I WOULD SAY THAT THIS IS PARTICULARLY TRUE OF YOUR GROUP, SINCE YOU DON'T STAY ON THE SUPERMARKET SHELF IF YOU STAND STILL. BUT IT IS IMPORTANT THAT YOU HAVE THE BEST POSSIBLE TERMS TO WORK WITH, AND AS WE GO INTO THIS MOST ACTIVE PHASE OF THE NEGOTIATION WE WILL BE LOOKING TO INDUSTRY FOR ADVICE ON ANY AREAS WHICH SEEM TO OFFER OPPORTUNITIES, OR TO PRESENT DANGERS.

THESE THEN ARE THE FEW THOUGHTS I WOULD LIKE TO LEAVE WITH YOU FOR YOUR CONSIDERATIONS THIS AFTERNOON:

...9

- FIRST, THESE NEGOTIATIONS ARE NOT AN ISOLATED EVENT, BUT RATHER ONE MORE STEP IN A PROCESS WHICH HAS BEEN GOING ON FOR 30 YEARS.
- SECONDLY, THE GOVERNMENTS OF THE MAJOR TRADING NATIONS ARE COMMITTED TO A SIGNIFICANT LIBERALIZATION OF TRADE - WITH THE THOUGHT IN MIND THAT IF THEY DO NOT GO FORWARD, THEY WILL SLIP BACK.
- CANADA MUST PLAY A FULL ROLE IN THE DELEGATIONS; WE CAN PROBABLY GET A DEAL THAT SUITS US, BUT THERE IS NO WAY WE CAN GET A FREE RIDE.
- WE SHOULD NOT LOOK AT THE NEGOTIATIONS AS EITHER OUR RUIN OR OUR SALVATION, BUT AS ONE MORE CHANGE TO WHICH WE MUST ADAPT, AND WHICH WE SHOULD SEEK TO EXPLOIT.
- THE TARIFF PLAN WHICH WILL PROBABLY BE AGREED TO WITHIN THE NEXT MONTH WILL NOT BE THE END OF THE NEGOTIATIONS, BUT ONLY THE BEGINNING.
- THE FINAL AGREEMENTS COVERING THE WHOLE RANGE OF TARIFF AND NON-TARIFF ITEMS MUST BE TO THE MUTUAL ADVANTAGE OF ALL PARTICIPANTS. WE MUST OBTAIN REAL RECIPROCITY FOR CANADA.
- CONSULTATIONS AMONG THE FEDERAL GOVERNMENT, THE PROVINCIAL GOVERNMENTS AND THE PRIVATE SECTOR ARE MORE ACTIVE THAN ON PREVIOUS ROUNDS, AND MUST CONTINUE AND INCREASE IN THE MONTHS AHEAD.

...10

I AM LEAVING TONIGHT FOR A FEW DAYS IN GENEVA, YOU MIGHT SAY TO CHECK THE QUALITY OF THE HORSES NOW ENTERING THE AUCTION RING. WE SHALL BE LOOKING FOR SOMETHING SOUND IN WIND AND LIMB, AND TAKING A PRETTY GOOD LOOK AT THE TEETH. WE WANT A GOOD HORSE, AT A GOOD PRICE. WE SHALL ALL HAVE TO RIDE IT FOR SOME YEARS TO COME.

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News Release | Communiqué

Subject/Sujet: Speech by Ambassador Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Chemical Producers Association.

For release/Pour publication: October 27/77 1:00PM

Attached are the notes for an address to be made by Ambassador Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Chemical Producers Association in Ottawa, Ontario, October 27, 1977.

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News Release Communiqué

NOTES FOR AN ADDRESS BY
AMBASSADOR J.H. WARREN
TO THE ANNUAL MEETING OF THE
CANADIAN CHEMICAL PRODUCERS ASSOCIATION
OTTAWA, ONTARIO, OCTOBER 27, 1977

A. Introductory Remarks

May I begin by saying how glad I am to be back on home turf after two weeks working my way through Western Europe for meetings on the MTN with Ministers and senior officials in key capitols. And I am happy that, as one of my first official functions on return, I have this opportunity to address the Canadian Chemical Producers Association - a group which has clearly demonstrated the seriousness with which it approaches the current trade negotiations. I commend your Association for the clear presentation of its MTN interests and concerns and for the submission of its views in good time to be taken into account as Governmental positions are prepared.

A little more than a month ago, I was personally able to sit down for a two or three hour discussion with Bruce MacDonald, Russ Allgood, Chris Conradi and the other members of your GATT Committee. That occasion (and the summary documentation kindly provided in advance of the meeting) gave me, I believe, a reasonable feel for the sophisticated effort you have put into identifying: (i) the industry's specific sensitivities to current and potential imports; (ii) those areas where you feel some Canadian tariff concessions might, as necessary, be made;

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NOTES FOR AN ADDRESS BY
AMBASSADOR J.H. WARREN
TO THE ANNUAL MEETING OF THE
CANADIAN CHEMICAL PRODUCERS ASSOCIATION
OTTAWA, ONTARIO, OCTOBER 27, 1977

AND (III) THOSE TARIFF ITEMS (PARTICULARLY USA TARIFF ITEMS) WHERE NEGOTIATED REDUCTIONS COULD PAY OFF IN EXPORT BENEFITS. THAT THIS WORK HAS BEEN DONE SUB-SECTOR BY SUB-SECTOR AND, IN MANY CASES, TARIFF ITEM BY TARIFF ITEM, HAS BEEN PARTICULARLY HELPFUL. ALSO MOST WELCOME IS YOUR CONTINUING WILLINGNESS TO MAKE AVAILABLE APPROPRIATE COMPANY AND ASSOCIATION EXECUTIVES FOR IN-DEPTH FOLLOW-UP DISCUSSIONS; THIS NOT ONLY ON SPECIFIC TARIFF MATTERS BUT ALSO WITH RESPECT TO THE COMPLICATED CONSIDERATIONS WHICH ARISE IN THE NEGOTIATIONS ON NON-TARIFF MEASURES. I THINK IT IS FAIR TO SAY THAT NO INDUSTRY HAS BEEN MORE THOROUGH AND RESPONSIVE IN MAKING ITS SUBMISSIONS AND I CAN ASSURE YOU THAT YOUR CAREFUL AND CONSTRUCTIVE APPROACH HAS MADE A VALUABLE CONTRIBUTION TO THE GOVERNMENT'S OWN PROCESSES AS WE MOVE TOWARD THE, NO DOUBT, DIFFICULT DECISIONS WHICH LIE AHEAD.

IN SAYING THIS I, OF COURSE, DO NOT IMPLY THAT THE GOVERNMENT WOULD NECESSARILY FIND ITSELF FOUR-SQUARE WITH THE DETAILS OF THE CCPA'S POSITIONS ON ALL FRONTS. I AM SURE NO SUCH IMPRESSION WOULD HAVE BEEN LEFT WITH YOU IN THE COURSE OF THE CONSIDERATION OF FORMAL CCPA SUBMISSIONS OR IN THE MANY INFORMAL DISCUSSIONS WHICH HAVE ALSO TAKEN PLACE. I WAS MYSELF SOMEWHAT SURPRISED AT THE ASSOCIATION'S CONCLUSIONS WITH RESPECT TO THE EXPORT OPPORTUNITIES WHICH MAJOR REDUCTIONS IN USA TRADE BARRIERS ON INDUSTRIAL AND OTHER CHEMICALS COULD BE EXPECTED TO OPEN UP FOR CANADA. ONE WONDERS, IN THAT REGARD, WHETHER, IN CONCLUDING THAT MAJOR POTENTIAL CONCESSIONS WOULD

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HAVE SUCH LIMITED BENEFITS FOR CANADIAN PRODUCERS; WHETHER THE FULL NORTH AMERICAN POTENTIAL - EITHER VIA RATIONALIZATION ARRANGEMENTS WITHIN MULTINATIONLS(ESPECIALLY IN INDUSTRY SUB-SECTORS OTHER THAN PETROCHEMICALS) OR THROUGH SERVING NEWLY OPENED MARKETS IN NORTHERN AREAS OF THE USA - CAN HAVE BEEN ADEQUATELY TAKEN INTO ACCOUNT. I ACCEPT, OF COURSE, THAT THE ASSOCIATION HAS MADE EVERY EFFORT TO BE REALISTIC IN ITS ASSESSMENT BUT, PERHAPS IN THE PROCESS OF ANALYSIS, IT WAS EASIER TO SEE THE NEGATIVE EDGES OF THE POSSIBLE IMPACT ON THE IMPORT SIDE THAN THE POSITIVE POTENTIAL ON THE EXPORT SIDE, PARTICULARLY WHERE THERE MAY BE LITTLE OR NO TRADE AT PRESENT.

THE GOVERNMENT NEEDS THE HELP OF BUSINESS IN CLEARLY IDENTIFYING EXPORT OPPORTUNITIES, AS WELL AS AREAS OF IMPORT SENSITIVITY. FOR THIS PROCESS TO BE FRUITFUL, IT IS IMPORTANT THAT INDUSTRY AVOID THE APPROACH WHICH SAYS THAT, IF ADVOCACY OF CONCESSIONS IN FOREIGN MARKETS COULD IN ANY WAY BE EQUATED WITH READINESS TO CONTEMPLATE REDUCTIONS IN CANADIAN PROTECTION, THEN DEMANDS FOR IMPROVED ACCESS ABROAD SHOULD BE KEPT TO A BARE MINIMUM. I AM GLAD TO NOTE THAT, BY AND LARGE, THIS HAS NOT BEEN THE POSITION OF YOUR ASSOCIATION; YOU HAVE WISELY REALIZED THAT THE GENEVA NEGOTIATIONS ARE FOR REAL AND THAT GOOD GOVERNMENT DECISION-TAKING CAN BEST BE FACILITATED BY CLEAR ANALYSIS OF INDUSTRY STRENGTHS AND VULNERABILITIES IN A CHANGING WORLD ENVIRONMENT.

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A WIDE RANGE OF VIEWS AND COMMENTS - SOME MUTUALLY REINFORCING, OTHERS CONTRADICTORY - HAVE BEEN MADE AVAILABLE TO THE GOVERNMENT IN RESPECT OF CANADA'S PARTICIPATION IN THESE NEGOTIATIONS. THE LATEST TALLY OF FORMAL SUBMISSIONS TO THE CANADIAN TRADE AND TARIFFS COMMITTEE STANDS AT WELL OVER 300 AND MR. COUILLARD ADVISES THAT THERE HAVE BEEN SOME 130 SUBSTANTIVE SUPPLEMENTS, A NUMBER OF QUITE RECENT VINTAGE. MANY OF THESE SUBMISSIONS RELATE DIRECTLY OR INDIRECTLY TO YOUR ASSOCIATION'S OWN BRIEFS. I NOTE THAT CERTAIN CCPA MEMBERS HAVE MADE INDIVIDUAL SUBMISSIONS TO ENSURE THAT THEIR PARTICULAR CIRCUMSTANCES AND INTERESTS ARE WELL UNDERSTOOD. OTHER BRIEFS OUTLINE THE PREOCCUPATIONS OF COMPANIES OR ASSOCIATIONS WHICH ARE CONSUMERS OF YOUR BASIC OUTPUTS, OR THOSE WHO SUPPLY YOU WITH MACHINERY, EQUIPMENT, CONSTRUCTION MATERIALS AND OTHER GOODS AND SERVICES. STILL OTHERS PRESENT THE PERSPECTIVES OF PROVINCIAL GOVERNMENTS BOTH GENERAL AND SPECIFIC. AND, AS YOU KNOW, A NUMBER OF THE PROVINCES HAVE A VERY ACTIVE INTEREST IN THE WELL-BEING AND FUTURE OF THE CHEMICAL INDUSTRY IN CANADA. OTHER SUBMISSIONS HAVE LITTLE OR NO LINKAGE WITH YOUR OWN, BUT MANY OF THESE EXPRESS CONCERNS SIMILAR TO YOURS ABOUT THE RELATIVE COMPETITIVENESS OF OUR ECONOMY AT THE PRESENT TIME AND CERTAIN OF THE ECONOMIC CHALLENGES OUR COUNTRY FACES.

B. <u>PERSPECTIVE ON THE INDUSTRY</u>

THE CHEMICAL INDUSTRY MAKES A VITAL CONTRIBUTION TO CANADIAN MANUFACTURING AND TO THE ECONOMY AS A WHOLE.

PRODUCTION OF PETROCHEMICALS AND OTHER CHEMICAL PRODUCTS REPRESENTS AN IMPORTANT UPGRADING OF CANADIAN RESOURCES AND THIS INCREASED PROCESSING BOTH FOR DOMESTIC AND FOREIGN MARKETS IS VERY MUCH IN LINE, AS YOU KNOW, WITH A MAJOR THRUST OF GOVERNMENT ECONOMIC POLICY.

ALTHOUGH YOUR INDUSTRY IS, IN GENERAL, CAPITAL-INTENSIVE IT EMPLOYS A LABOUR FORCE WHICH IS WELL EDUCATED AND WHICH HAS HIGH TECHNICAL CAPABILITIES. MOREOVER, IT HAS HAD AN UNQUESTIONABLY GOOD GROWTH RECORD OVER RECENT YEARS WHICH SHOWS PROMISE OF CONTINUING. THE INDUSTRY HAS VITAL LINKS INTO OTHER SEGMENTS OF CANADIAN INDUSTRIAL PRODUCTION. THE TEXTILE INDUSTRY MUST HAVE ETHYLENE GLYCOL AS A BASE FOR PRODUCING POLYESTER FIBRES. THE PLASTICS INDUSTRY, WITH ITS WIDE VARIETY OF OUTPUT DEPENDS UPON ADEQUATE AND COMPETITIVELY PRICED RESINS. AS AN INDIRECT CONSUMER OF PETROCHEMICALS, A GROWING PERCENTAGE OF FINISHED MOTOR VEHICLES (DESIGNED TO BE LIGHTER AND MORE ENERGY-EFFICIENT) IS MADE UP OF SUCH DOWNSTREAM PRODUCTS AS MOULDED AND EXTRUDED PLASTIC PARTS.

IT IS EVIDENT THAT DOMESTIC AND FOREIGN TRADE BARRIERS ARE BUT ONE INFLUENCE ON THE COMPETITIVE SITUATION FACING THE CHEMICAL PRODUCING INDUSTRY. SCALE OF PRODUCTION, DEGREE OF SPECIALIZATION, UPSTREAM AND DOWNSTREAM RELATIONSHIPS, FEEDSTOCK COSTS RELATIVE TO COMPETITORS IN OTHER COUNTRIES, CAPITAL COSTS AND TAXATION, COMPETITION AND TRANSPORT POLICIES ALL HAVE AN

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INFLUENCE ON OVERALL COMPETITIVENESS. THIS IS TRUE NOW AND WILL BE SO LOOKING DOWN THE ROAD TO THE NEXT GENERATION OF MAJOR INVESTMENTS. WITH OR WITHOUT A MTN, THE PROCESS OF ADJUSTMENT TOWARD GREATER INTERNATIONAL COMPETITIVENESS WILL AND MUST GO ON. THAT IS THE NATURE OF THINGS IN DYNAMIC AND FREE ECONOMIES. THE BASIC ASSUMPTIONS BEHIND THE CCPA'S EXISTING SUBMISSIONS, I BELIEVE, RECOGNIZE THIS, AS DOES YOUR CONFIRMATION OF GENERAL SUPPORT FOR CANADIAN PARTICIPATION IN THE PROCESS OF ONGOING TRADE LIBERALIZATION UNDER THE GATT. ON THE BASIS OF MY OWN MOST RECENT DISCUSSIONS HERE AND ABROAD, I CAN ASSURE YOU THAT POLICY MAKERS AT THE HIGHEST LEVELS ARE INCREASINGLY CONVINCED THAT PROCEEDING TO A SUCCESSFUL CONCLUSION OF THE MTN IS A MUST IF MOUNTING PROTECTIONIST PRESSURES ARE TO BE HELD IN CHECK THROUGHOUT THE INDUSTRIALIZED WORLD. THIS, OF COURSE, WAS THE MESSAGE FROM THE LAST SUMMIT MEETING WHICH IS NOW BEING CONFIRMED IN THE GREATLY INCREASED TEMPO OF THE NEGOTIATIONS IN GENEVA.

C. <u>THE NEGOTIATING SCENE: WHERE THINGS STAND</u>

THE EUROPEAN VISIT FROM WHICH I HAVE ONLY JUST RETURNED INCLUDED DISCUSSIONS IN LONDON, PARIS, BONN, BRUSSELS AND GENEVA.

BY NOW MOST OF YOU I AM SURE HAVE A GENERAL APPRECIATION OF THE TIMETABLE WHICH HAS EMERGED FOR MOVING THE MTN NEGOTIATIONS FORWARD - ONE WHICH WOULD FORESEE THE BEGINNING OF HEAD-TO-HEAD BARGAINING AS EARLY AS JANUARY NEXT YEAR. THERE HAS BEEN SOME SLIPPAGE IN AN ORIGINAL OCTOBER 1 TARGET FOR FULL AGREEMENT ON

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AN OVERALL PLAN FOR THE TARIFF PART OF THE NEGOTIATIONS, INCLUDING AS ONE OF ITS ELEMENTS A TARIFF-CUTTING FORMULA OR TARGET FOR REDUCTIONS. SUCH A TARIFF PLAN IS, HOWEVER, EVOLVING IN GENEVA AND OUR DELEGATION CONTINUES TO PRESS FOR INCORPORATION IN IT OF A NUMBER OF PROVISIONS OF PARTICULAR RELEVANCE TO CANADA.

THE MATHEMATICS OF THE TARIFF REDUCTION FORMULA AS ONE ELEMENT OF THE PLAN REMAIN SOMEWHAT CLOUDY. THE SENIOR USA AND EUROPEAN COMMUNITY NEGOTIATORS SPOKE LESS THAN A MONTH AGO ABOUT USING THE SO-CALLED SWISS FORMULA AS A "WORKING HYPOTHESIS" AGAINST WHICH TO PROCEED. THAT BASIC SUGGESTION IS STILL IN PLAY, BUT HAS BEEN SUBJECT TO CONSIDERABLE DISCUSSION AND INTERPRETATION IN THE INTERVAL. IT REMAINS TO BE SEEN, THEREFORE, PRECISELY WHAT ARITHMETIC WILL BE EMBODIED IN THE ACTUAL TARGET FOR REDUCTIONS IN INDUSTRIAL TARIFFS. WHAT IS CLEAR, HOWEVER, IS THAT THE USA POSITION HAS MOVED ENOUGH AWAY FROM ITS INITIAL TARIFF-CUTTING PROPOSAL OF 18 MONTHS AGO (WHICH WOULD HAVE ENVISAGED ACROSS-THE-BOARD CUTS OF ABOUT 60 PER CENT) TO ACCOMMODATE A SIGNIFICANT ELEMENT OF HARMONIZATION, AS ADVOCATED BY THE EUROPEAN COMMUNITY. BALANCING OFF THIS MODIFICATION IN THE USA POSITION HAS BEEN AN INCREASED EC WILLINGNESS TO CONTEMPLATE SOMEWHAT GREATER OVERALL REDUCTIONS THAN THE AVERAGE 20 OR 25 PER CENT CUTS THE COMMUNITY HAD EARLIER ADVOCATED. THE WILLINGNESS OF THE USA AND IN PARTICULAR THE EEC TO PROCEED ON THIS SORT OF BASIS IN DUE COURSE NOW SEEMS TO BE RELATED MORE CLOSELY ALSO TO THE PROSPECT OF

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ADEQUATE PROGRESS IN OTHER IMPORTANT ELEMENTS OF THE NEGOTIATIONS FOR EXAMPLE SUCH IMPORTANT NON-TARIFF QUESTIONS AS SAFEGUARDS, SUBSIDIES/COUNTERVAIL AND VALUATION.

THE DEGREE OF PROGRESS OVER THE RECENT PAST WAS MADE POSSIBLE WHEN AMONGST OTHER THINGS THE LOG-JAM WITH RESPECT TO NEGOTIATIONS ON TRADE IN AGRICULTURAL PRODUCTS WAS BROKEN BY USA/EC AGREEMENT TO A "REQUEST-AND-OFFER" PROCEDURE FOR THIS AREA OF THE NEGOTIATIONS.

THERE SEEMS TO BE EMERGING ALSO A GENERAL CONSENSUS THAT SCOPE SHOULD BE AVAILABLE FOR AT LEAST SOME OF THE AGREED REDUCTIONS TO BE STAGED OVER A LONGER PERIOD OF TIME - PERHAPS UP TO TEN YEARS - AS A MEANS OF DEALING WITH PARTICULAR IMPORT SENSITIVITIES AND, POSSIBLY, GIVING RECOGNITION TO ECONOMIC CONDITIONS PREVAILING AT THE TIME CONCESSIONS ARE BEING IMPLEMENTED. THERE IS A SCHOOL OF THOUGHT IN EUROPE WHICH WOULD PREFER THE PHASING OF AGREED CUTS TO BE DIVIDED INTO TWO DISTINCT STAGES, WITH THE SECOND CONDITIONAL ON A VARIETY OF FACTORS. PRECISELY WHAT WILL BE AGREED IN THIS AREA AND WHEN REMAINS TO BE SEEN.

SIMILARLY, EXACTLY WHAT THE RULES ON EXCEPTIONS (FULL OR PARTIAL) WILL BE IS ALSO YET TO BE DETERMINED. ONE CONCEPT BEING DISCUSSED IS THAT OF "NO NET EXCEPTIONS", AT LEAST WHEN MEASURING THE RESULTS OF TARIFF CUTS FOR INDUSTRIAL PRODUCTS. TO OBTAIN THIS KIND OF AN OVERALL RESULT WOULD REQUIRE

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SCOPE WITHIN THE TARIFF PLAN TO OBTAIN CREDIT FOR GREATER-THAN-FORMULA CUTS ON SOME ITEMS, IN ORDER TO OFFSET FULL OR PARTIAL EXCEPTIONS ON OTHERS.

IN THE WORK TOWARDS A PLAN TO GOVERN THE TARIFF SIDE OF THESE COMPLEX NEGOTIATIONS THE CANADIAN DELEGATION IS PRESSING TO ENSURE THAT THERE IS SCOPE FOR NEGOTIATING DUTY-FREE ENTRY ON PRODUCTS CURRENTLY SUBJECT TO LOW RATES OF DUTY IN FOREIGN MARKETS. THIS OBJECTIVE IS PARTICULARLY IMPORTANT FOR CANADA IN RESPECT OF OUR EXPORT INTERESTS IN RESOURCE-BASED SECTORS, BUT ALSO HAS APPLICATION ELSEWHERE. THE CANADIAN DELEGATION CONTINUES TO ARGUE STRONGLY ALSO FOR A NEGOTIATING FRAMEWORK IN WHICH TRADE IN CERTAIN RESOURCE-BASED SECTORS COULD BE ADDRESSED IN A COMPREHENSIVE AND CO-ORDINATED WAY, TO PERMIT NEGOTIATIONS ON ALL TRADE BARRIER CONSTRAINTS TO INCREASED PROCESSING OF SUCH CANADIAN RESOURCES INSIDE CANADA AND TO PROVIDE FOR GREATER AND MORE SECURE LIBERALIZATION OF TRADE IN THESE SECTORS THAN MIGHT OTHERWISE BE POSSIBLE IN THE NEGOTIATIONS.

WHATEVER TARIFF PLAN MAY BE AGREED WILL, I BELIEVE, ALSO BE LINKED TO PROGRESS IN OTHER AREAS OF THE MTN, ESPECIALLY AGRICULTURE AND SOME OF THE NON-TARIFF MEASURES I HAVE MENTIONED. AS YOU KNOW, WORK IN GENEVA IS PROCEEDING ON THE ELABORATION OF DRAFT CODES OF CONDUCT ON GOVERNMENT PROCUREMENT PRACTICES, TECHNICAL BARRIERS TO TRADE AND SUBSIDIES AND COUNTERVAILING DUTIES. THE IMMEDIATE OBJECTIVE IN THESE AREAS IS TO TABLE WELL-ADVANCED

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DRAFTS BUT NOT NECESSARILY AGREED TEXTS BEFORE THE END OF THE YEAR SO THAT SUBSEQUENT NEGOTIATING ACTIVITY CAN FOCUS ON SPECIFIC OUTSTANDING ISSUES WITH RESPECT TO EACH SUCH NON-TARIFF MEASURE.

NEGOTIATIONS ON SAFEGUARDS (OR TEMPORARY EMERGENCY RESTRICTIONS MADE NECESSARY WHERE IMPORTS CAUSE OR THREATEN SERIOUS INJURY TO DOMESTIC PRODUCTION) IS ALSO AN IMPORTANT FOCUS OF ACTIVITY IN GENEVA AND WILL BE INCREASINGLY SO OVER THE COURSE OF THE COMING MONTHS. FOR MANY PARTICIPANTS, THE NEED FOR RULES TO ALLOW SUCH MEASURES OF RELIEF TO BE AVAILABLE IN INSTANCES OF REAL NECESSITY BUT NOT TO PERMIT ARBITRARY OR UNWARRANTED UNDERMINING OF NEGOTIATED ACCESS IS A KEY ELEMENT OF THE NEGOTIATIONS. A VERY IMPORTANT ISSUE IN THIS CONNECTION IS WHETHER OR NOT ANY NEW RULES SHOULD PERMIT "SELECTIVE" RATHER THAN "GLOBAL" APPLICATION OF SAFEGUARDS MEASURES.

IT CANNOT BE EMPHASIZED TOO MUCH AT THIS POINT, THAT THE TARIFF PLAN TO BE AGREED IN GENEVA, INEED THE NEGOTIATING FRAMEWORK AS A WHOLE, IS ONLY THE STARTING POINT FOR THE SUBSTANTIVE NEGOTIATIONS. THERE WILL REMAIN THE TOUGH BARGAINING NECESSARY TO SECURE OVERALL AND PARTICULAR RECIPROCITY. WHAT IS NOW THE FOCUS OF ATTENTION WILL CERTAINLY BE SUBJECT TO MODIFICATION THROUGH THE PROCESS AS ACCOMMODATIONS ARE REACHED AND AS THE IMPACT OF OFFERS AND

POSSIBLE EXCEPTIONS BY INDIVIDUAL PARTICIPANTS BECOMES CLEAR.

CAN ALL OF THIS BE TURNED TO THE ADVANTAGE OF CANADA IN GENERAL AND THE CANADIAN CHEMICAL INDUSTRY IN PARTICULAR? MY SHORT ANSWER IS "YES".

THE EVOLVING RULES OF THE NEGOTIATIONS HOLD PROMISE THAT WE CAN WORK OUT A DEAL TO SUIT CANADA'S NEEDS AND FURTHER OUR PARTICULAR INTERESTS WHILE PROVIDING APPROPRIATE ACCOMMODATION TO OUR TRADING PARTNERS. OUR NEGOTIATORS HAVE DONE A GOOD JOB IN ENSURING THAT OTHER PARTICIPANTS ARE FULLY AWARE OF THE KIND OF BENEFITS CANADA WILL NEED TO OBTAIN IF WE ARE TO PLAY A FULL ROLE IN THE NEGOTIATIONS. AND THERE IS INCREASING RECOGNITION BOTH OF THE IMPORTANCE OF PARTICULAR CANADIAN OBJECTIVES AND OF THE NEED TO ACCOMMODATE THEM.

ON CHEMICALS AS ON MANY OTHER INDUSTRIAL PRODUCTS THE GENERAL RULES WHICH ARE CURRENTLY EMERGING - EVEN IF IT IS STILL IMPOSSIBLE TO BE CATEGORIC ABOUT THEIR PRECISE FINAL CONTENT - WILL I BELIEVE IN THE END OFFER SOME FLEXIBILITY AND PROVIDE SCOPE TO ADDRESS SPECIFIC PROBLEMS AND TO PURSUE PARTICULAR OBJECTIVES.

D. <u>CONCLUDING COMMENTS</u>

WHATEVER MAY BE THE SPECIFICS OF A SUCCESSFUL MTN FOR CHEMICALS - BE THEY INORGANICS, ORGANICS, PETROCHEMICALS OR CHEMICAL SPECIALTIES - THE RESULT WILL BE BUT ONE INFLUENCE ON

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THE COMPETITIVE CIRCUMSTANCES FACING THE CANADIAN INDUSTRY OVER THE LONGER TERM FUTURE. IN THAT REGARD, I THINK IT IS WORTH RECALLING THAT WHAT IS AT STAKE IN THESE NEGOTIATIONS IS, IN THE BROADEST TERMS, THE INTERNATIONAL TRADING ENVIRONMENT FOR THE 1980'S AND 90'S.

OTHER ELEMENTS OF THE OVERALL COMPETITIVE SITUATION WILL ALSO HAVE TO BE ADDRESSED BY GOVERNMENTS AND INDUSTRY ALIKE. FOR THE GOVERNMENT'S PART, WE WILL HAVE TO KEEP A CLOSE EYE ON THE ENTIRE POLICY MIX - BE IT COMPETITION POLICY, TAX POLICY, TRANSPORT POLICY OR THE LIKE - AND THE EFFECT OF THESE POLICIES ON COMPETITIVENESS. FOR INDUSTRY'S PART, THERE REMAIN ENTREPRENEURIAL, PRODUCTION AND MARKETING CHALLENGES WHICH WILL CONTINUE TO REQUIRE YOUR BEST EFFORTS. FOR MANY OF YOU, THIS MAY INCLUDE THE CHALLENGE OF PUTTING FORWARD TO PARENT COMPANIES THE STRONGEST POSSIBLE ARGUMENTS FOR PLACING INVESTMENT AND RESEARCH AND DEVELOPMENT DOLLARS IN CANADA RATHER THAN ELSEWHERE.

IN ALL THESE MATTERS THE FACT THAT WE HAVE LAID THE GROUNDWORK FOR ONGOING CONSULTATION CAN BE PARTICULARLY HELPFUL TO BOTH SIDES IN ENSURING THE BEST POSSIBLE AWARENESS OF THE PERCEPTIONS AND PREOCCUPATIONS OF THE OTHER. ON THE MTN IN PARTICULAR, THOSE WHO HAVE SUBMITTED BRIEFS CAN BE ASSURED THAT THE GOVERNMENT WILL BE REFLECTING ABOUT THE INCORPORATION OF ELEMENTS OF THEIR THINKING INTO POSITIONS FOR THE NEGOTIATIONS. CONSULTATIONS WILL CONTINUE; THIS IS NOT TO SAY, HOWEVER, THAT

...13

CANADIAN NEGOTIATING POSITIONS CAN BE CLEARED BACK TO THE NTH DEGREE. I THINK IT IS GENERALLY RECOGNIZED THAT THE ULTIMATE DECISIONS ARE THE RESPONSIBILITY OF THE GOVERNMENT.

ONE GENERAL CONSIDERATION IN THIS REGARD IS THAT THE DEMANDS AND EXPRESSED INTERESTS OF CANADIAN INDUSTRIES, PARTICULAR COMPANIES AND OTHER INTERESTED PARTIES ARE NOT ALWAYS CONSISTENT WITH EACH OTHER. ANOTHER IS THAT THE PROCESS OF NEGOTIATION ITSELF IMPLIES HARD BARGAINING FOR THE BEST DEAL POSSIBLE FOR THE COUNTRY AS A WHOLE AND, IN THAT PROCESS, THERE CAN BE SIGNIFICANT MODIFICATIONS AS BETWEEN A FINAL SETTLEMENT AND WHAT WAS DEMANDED OR PLACED ON THE TABLE AT THE OUTSET. DURING THE PROCESS OF ACTUAL NEGOTIATION, THERE ARE CLEAR DANGERS OF CONFUSING OR MISINTERPRETING ESSENTIALLY TACTICAL POSITIONS ONE MIGHT FOR EXAMPLE HEAR ABOUT OR READ IN THE PRESS, WITH THOSE OF MORE SUBSTANCE. NEVERTHELESS, AS THINGS EVOLVE, I BELIEVE IT IS BECOMING CLEARER THAT IN THE NEGOTIATIONS WE WILL WISH TO TOUCH BASE WITH SPECIFIC INTERESTS AT KEY POINTS ON PARTICULAR ISSUES. I KNOW IN THIS CONNECTION THAT YOUR ASSOCIATION AND ITS MEMBERSHIP WILL BE IN GOOD SHAPE TO RESPOND TO WHATEVER APPROACHES MAY BE FORTHCOMING FROM OUR SIDE.

ALTHOUGH IT SEEMS IMPOSSIBLE TO AVOID FROM TIME TO TIME CIRCUMSTANCES IN WHICH DARK CLOUDS GATHER AND CURRENT WEATHER FORECASTS ARE UNPROMISING, IT IS HARD FOR ME NOT TO

..14

FEEL A MEASURE OF CONFIDENCE THAT, IN AN ENERGY-SHORT WORLD, CANADA HAS THE BUILDING BLOCKS IN TERMS OF BOTH CURRENT AND FUTURE PRODUCTIVE CAPABILITIES TO PROVIDE FOR A PROMISING FUTURE IN YOUR AREA OF ECONOMIC ACTIVITY. THERE CAN SURELY BE LITTLE DOUBT THAT YOUR INDUSTRY HAS THE POTENTIAL TO GROW ON AN INTERNATIONALLY COMPETITIVE BASIS TO SERVE OUR OWN NEEDS AND, THROUGH LIFTING OUR SIGHTS, MORE OF THOSE OF OTHER MARKETS AS WELL. THIS SHOULD PERMIT THE DEVELOPMENT OF A LARGER AND MORE VIABLE INDUSTRY, CONTRIBUTING TO SHARED CANADIAN OBJECTIVES OF NATIONAL DEVELOPMENT, PROSPERITY AND EMPLOYMENT. I THINK THIS CANADIAN INDUSTRY CAN BE ONE OF THE WINNERS OVER THE LONGER TERM AND THAT CANADA, AS A PLACE FOR INVESTMENTS IN THIS INDUSTRY, CAN ALSO BE A WINNER. BUT IT WON'T JUST HAPPEN. LETS GO TO WORK TOGETHER TO MAKE IT SO.

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Government of Canada / Gouvernement du Canada

News Release / Communiqué

Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet: Speech by Ambassador Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Export Association

For release/Pour publication: November 1/77 1:00PM

2/77

Attached are the notes for an address to be made by Ambassador Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Export Association in Ottawa, Ontario, November 1, 1977.

- 30 -

Tel. (613) 593-7815

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NOTES FOR AN ADDRESS BY AMBASSADOR
J.H. WARREN TO THE CANADIAN EXPORT
ASSOCIATION, OTTAWA, NOVEMBER 1,1977

I AM VERY GLAD TO BE BACK AMONG SO MANY OLD FRIENDS OF THE CANADIAN EXPORT ASSOCIATION. THAT THE CLOCK OF FATE SHOULD HAVE BROUGHT US ONCE AGAIN TOGETHER AT THE MOMENT OF JIM MCAVITY'S WITHDRAWAL FROM THE FRONT LINE HAS MADE THIS YEAR'S ANNUAL MEETING, FOR ME, A VERY SPECIAL OCCASION. AND FROM OUR RELATIONSHIP OVER THE YEARS YOU WILL UNDERSTAND ALSO HOW PLEASED I AM TO BE WORKING AGAIN IN CANADA AND IN THE AREA OF OUR COMMERCIAL POLICY, ESPECIALLY OUR PARTICIPATION IN MULTILATERAL TRADE NEGOTIATIONS - AN OLD LOVE BUT VERY MUCH A NEW, COMPLICATED AND DEMANDING AREA OF ENDEAVOUR.

YOUR KIND INVITATION TO SPEAK TODAY ABOUT PROGRESS IN THE MTN COMES AT A PARTICULARLY OPPORTUNE TIME. FOR ONE THING, I HAVE JUST RETURNED FROM TWO WEEKS IN WESTERN EUROPE DURING WHICH I VISITED A NUMBER OF CAPITALS AND TALKED WITH KEY MINISTERS AND SENIOR OFFICIALS ABOUT SOME OF THE MAIN ISSUES CURRENTLY IN THE FOREFRONT OF THE NEGOTIATIONS. THE TIMING IS ALSO OPPORTUNE IN THAT IT COINCIDES WITH AN ESPECIALLY INTERESTING STAGE OF THE NEGOTIATIONS WHERE THE FRAMEWORK FOR BARGAINING IS REALLY BEGINNING TO TAKE SHAPE, BUT MUCH REMAINS FLUID AND CHANGES IN PERCEPTION ARISE FROM DAY TO DAY.

ON TARIFFS, YOU WILL BE AWARE, WORKING HYPOTHESES ABOUT HOW TO PROCEED WITH REDUCTIONS ARE EMERGING. IN ADDITION,

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WITHIN THE NEXT FEW DAYS, WE AND THE OTHER PARTICIPANTS AT GENEVA WILL FORMALLY BE TABLING REQUEST LISTS, CITING THE SPECIFIC NON-TARIFF MEASURES AND AGRICULTURAL TRADE BARRIERS, INCLUDING TARIFFS, ON WHICH WE WOULD WISH TO NEGOTIATE CONCESSIONS. SOMETIME NEXT MONTH, DRAFT BUT INCOMPLETE AGREEMENTS ON POSSIBLE NEW INTERNATIONAL RULES ON A RANGE OF NON-TARIFF MEASURES WILL BE PLACED ON THE TABLE AS A FOCUS FOR ACTUAL NEGOTIATING ACTIVITIES. BY THE MIDDLE OF JANUARY, IF THE CURRENT TIMETABLE HOLDS, THE NEGOTIATING RULES OR FRAME-WORK SHOULD HAVE BEEN ESTABLISHED, AND WE SHOULD BE GETTING DOWN TO THE BUSINESS OF HARD BARGAINING.

SO THE NEGOTIATIONS WHICH WERE LAUNCHED IN TOKYO WAY BACK IN SEPTEMBER 1973 ARE NOW HEATING UP AND, AFTER A LOT OF PRELIMINARY MANOEUVRING, WE FINALLY HAVE MOST OF THE RUNNERS IN THE STARTING GATE AND READY TO RUN.

AS YOU WILL APPRECIATE, THERE ARE A GOOD MANY QUESTIONS AND CONCERNS, WORLD-WIDE, ABOUT THE TIMING OF THESE NEGOTIATIONS, PARTICULARLY AGAINST THE BACKDROP OF THE CURRENT ECONOMIC DIFFICULTIES. BUT, IT IS CLEAR FROM MY RECENT DISCUSSIONS WITH SENIOR POLICY-MAKERS, BOTH IN CANADA AND ABROAD, AS WELL AS WITH AMBASSADOR BOB STRAUSS, THAT THE MAJOR TRADING NATIONS ARE DETERMINED TO PURSUE THE COMMITMENT REAFFIRMED IN LAST MAY'S ECONOMIC SUMMIT IN LONDON TO PROCEED WITH THE MTN AS ONE

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OF THE MEANS TO COPE WITH INFLATION AND HIGH UNEMPLOYMENT AND, IN PARTICULAR, TO AVOID SURRENDER TO THE WIDESPREAD PROTECTIONIST PRESSURES WHICH SO SERIOUSLY THREATEN WORLD PROSPERITY AND TRADE. THIS BROAD POLITICAL/ECONOMIC CONSENSUS DOES NOT, HOWEVER, ANSWER THE CONCERNS BEING VOICED BY MANY IN THE BUSINESS COMMUNITIES OF THE INDUSTRIALIZED COUNTRIES ABOUT THE DANGERS OF EXPOSING PRODUCERS TO EVEN STRONGER IMPORT COMPETITION AT A TIME WHEN GROWTH IS SLOW, IMPORT COMPETITION IS OBVIOUSLY TOUGH, ESPECIALLY FROM NEW SUPPLIERS, AND THERE IS PREVAILING UNCERTAINTY AND UNEASINESS ABOUT THE ECONOMIC OUTLOOK.

SUCH WORRY IS READILY UNDERSTANDABLE, PARTICULARLY, BUT NOT UNIQUELY, IN CANADA, GIVEN OUR HIGH UNEMPLOYMENT, CONTINUING INFLATIONARY PRESSURES AND CURRENT LACK OF RELATIVE COMPETITIVENESS. IN AN MTN CONTEXT, MANY OF THESE PREOCCUPATIONS HAVE BEEN RE-ENFORCED, I SUSPECT, BY A QUITE NATURAL INITIAL FOCUS OF ATTENTION ON THAT PORTION OF THE NEGOTIATIONS RELATIVE TO TARIFFS AND TARIFF CUTTING. THERE IS NO DOUBT THAT THIS IS VERY IMPORTANT, BUT I THINK WE ALL NEED TO APPRECIATE THAT THE NEGOTIATIONS HAVE OTHER EQUALLY IMPORTANT DIMENSIONS. IT HAS BEEN SUGGESTED, IN FACT, THAT THE PROGRESS IT IS HOPED TO MAKE ON NON-TARIFF MEASURES MAY TURN OUT HISTORICALLY TO BE THE MOST SIGNIFICANT PART OF THE NEGOTIATIONS.

THE TOKYO ROUND IS THE SEVENTH ROUND OF MULTILATERAL

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TRADE NEGOTIATIONS WHICH HAS TAKEN PLACE SINCE 1948. THE LAST OF THESE - THE KENNEDY ROUND - SAW AGREEMENT ON AN INTERNATIONAL ANTI-DUMPING CODE BUT, FOR THE MOST PART, PREVIOUS NEGOTIATIONS REVOLVED AROUND THE REDUCTION OF TARIFFS. AS A RESULT, THESE BARRIERS, OR DEFENSES, WHILE STILL CRITICAL IN MANY CASES ARE LESS CENTRAL TO THE BUSINESS OF INTERNATIONAL COMPETITION THAN WAS THE CASE PREVIOUSLY.

NON-TARIFF MEASURES, ON THE OTHER HAND, ARE STILL VERY MUCH WITH US. I DON"T HAVE TO EXPLAIN TO THIS PARTICULAR GROUP THE INFINITE VARIETY OF WAYS IN WHICH ACCESS TO FOREIGN MARKETS CAN BE RESTRICTED, PROHIBITED, OR SIMPLY MADE SO DIFFICULT AS NOT TO BE WORTH THE TROUBLE OF PURSUING. IN SOME CASES, THESE DEVICES ARE DELIBERATELY PROTECTIVE. IN OTHER CASES, THEY ARE NOT. THE EFFECT, HOWEVER, IS MUCH THE SAME.

WHETHER THROUGH NEW RULES OR THE UP-DATING OF OLD ONES, MEANINGFUL RESULTS ON NON-TARIFF MEASURES WOULD BE OF PARTICULAR VALUE TO A COUNTRY LIKE CANADA WHICH HAS A RELATIVELY HIGH PORTION OF ITS ECONOMY DEPENDENT ON EXPORTS. SOME VERY IMPORTANT BENEFITS COULD BE AT STAKE IN TERMS OF ENSURING MORE SECURE AND CONTINUING ACCESS FOR CANADIAN PRODUCTS IN FOREIGN MARKETS. THIS IS THE KIND OF ACCESS WHICH COULD BE CRITICAL IN TERMS OF INVESTOR WILLINGNESS TO BASE PRODUCTION IN CANADA, WHICH, TO BE ECONOMIC, MUST SERVE BOTH DOMESTIC AND FOREIGN MARKETS. AND MORE AND MORE THIS IS THE KEY QUESTION AS PRODUCERS EVERYWHERE STRUGGLE FOR THE SCALE OR OTHER ADVANTAGES PERMITTING THEM TO BE INTERNATIONALLY COMPETITIVE. ONE OBVIOUS EXAMPLE OF A CRITICAL NON-TARIFF

...5

BARRIER IS THAT OF COUNTERVAILING DUTIES, WHERE THE INCORPORATION OF A MEANINGFUL INJURY TEST IN U.S.A. LAW COULD REMOVE MAJOR UNCERTAINTIES IN OUR TRADE AND FROM THE MINDS OF MANY POTENTIAL INVESTORS IN CANADA. PERHAPS LESS OBVIOUS BUT OF GREAT IMPORTANCE TO OUR TRADE AND PRODUCTION ARE THE QUESTIONS OF SUBSIDIES, SAFEGUARDS, VALUATION, GOVERNMENT PROCUREMENT, TECHNICAL STANDARDS AND CUSTOMS FORMALITIES, ALL OF WHICH ARE ON THIS OCCASION UNDER NEGOTIATION BETWEEN TRADING PARTNERS. AND IT IS NOT EVERY YEAR THAT THIS TYPE OF COMPREHENSIVE NEGOTIATION CAN BE UNDERTAKEN. WE ARE TALKING ABOUT THE FRAME-WORK FOR WORLD TRADE INTO THE MID-EIGHTIES AND PERHAPS THROUGH TO THE END OF THE CENTURY.

AS YOU WILL RECALL, OBJECTIVES OF THE MTN AS SET OUT IN TOKYO, INCLUDED:

(1) A SUBSTANTIAL REDUCTION OF TARIFFS ON BOTH INDUSTRIAL AND AGRICULTURAL PRODUCTS;

(2) THE REDUCTION OR ELIMINATION OF TRADE-RESTRICTIVE OR TRADE-DISTORTING EFFECTS OF NON-TARIFF MEASURES, AND THE BRINGING OF SUCH MEASURES UNDER MORE EFFECTIVE INTERNATIONAL SCRUTINY AND DISCIPLINE;

(3) A SIGNIFICANT IMPROVEMENT IN THE TERMS OF ACCESS FOR AGRICULTURAL EXPORTS;AND

(4) EXAMINATION, AS A COMPLEMENTARY TECHNIQUE, OF A COMPREHENSIVE ATTACK ON ALL BARRIERS TO TRADE IN CERTAIN CAREFULLY DEFINED SECTORS (ESPECIALLY,FROM THE CANADIAN PERSPECTIVE, WHERE

...6

THESE IMPEDE THE PROCESSING OR UPGRADING OF RESOURCES IN THE COUNTRY OF ORIGIN).

As I have indicated, we are now in the process of working out the negotiating techniques by which these various objectives can be met. The series of target dates established during the summer in discussions between the U.S.A. and the EC has had the desired effect of imparting new and needed momentum to the negotiations. So now it is possible to build on the careful preparatory work which has been underway since 1973.

By the first of these target dates, October 1, it was envisaged that there was to be general agreement on a so-called "tariff plan", that is to say, on the specific percentages by which tariffs on industrial products were to be reduced, on the degree to which exceptions from such reductions would be permitted, on the period of time over which these cuts would be carried out, and on a number of other related matters. This degree of precision has not however emerged and, while a good deal of substantive progress has been made, it is still not clear how and when all the various elements bearing on tariff reduction will come together, to say nothing of the linkage which most countries will insist be established with the other important parts of the negotiations. Even the mathematics of tariff reduction remain cloudy. The senior American and European

...7

COMMUNITY NEGOTIATORS SPOKE LESS THAN A MONTH AGO ABOUT USING THE SO-CALLED "SWISS FORMULA" AS A "WORKING HYPOTHESIS". THIS CONCEPT OR SOME VARIATION OF IT IS STILL VERY MUCH IN PLAY BUT A DECISION HAS YET TO BE MADE ON PRECISELY WHAT ARITHMETIC THE MAIN PARTICIPANTS WILL ACCEPT AS A STARTING HYPOTHESIS. WHAT IS CLEAR, HOWEVER, IS THAT SOME SORT OF COMPROMISE IS BEING WORKED OUT BETWEEN THE DEEP CUTS (60 PER CENT) ORIGINALLY PROPOSED BY THE U.S.A. AND THE SHALLOWER CUTS (25 PER CENT) SUGGESTED BY THE COMMUNITY. U.S.A. AMBASSADOR STRAUSS HAS MADE IT CLEAR, HOWEVER, THAT HE LOOKS TOWARD AGREEMENT TO AN AVERAGE CUT AMONG INDUSTRIAL COUNTRIES IN EXCESS OF THE 35 PER CENT ACHIEVED DURING THE KENNEDY ROUND. LIKE THE ORIGINAL COMMUNITY PROPOSAL, THE SWISS FORMULA ALSO PROVIDES FOR A SIGNIFICANT DEGREE OF HARMONIZATION BY REDUCING HIGH TARIFFS PROPORTIONATELY MORE THAN IT WOULD LOW TARIFFS. THIS NOTION SEEMS TO HAVE BEEN ACCEPTED BY THE U.S.A., AT LEAST IN PRINCIPLE. SO, WHILE NOTHING IS YET VERY PRECISE, THERE HAS BEEN A GOOD DEAL OF MOVEMENT TOWARDS COMMON GROUND AS BETWEEN THE COMMUNITY AND THE U.S.A.

THE PROBLEM FOR CANADA WITH A FORMULA OF THIS SORT, OF COURSE, IS THAT OUR PATTERN OF PRODUCTION AND TRADE IS MARKEDLY DIFFERENT FROM THAT OF THE U.S.A., THE COMMUNITY AND JAPAN. ON THE IMPORT SIDE, FOR EXAMPLE, OUR TARIFFS ON INDUSTRIAL PRODUCTS ARE RELATIVELY HIGH AND WOULD THUS BE

...8

SUBJECT TO CORRESPONDINGLY SEVERE CUTS. IT IS IN THIS AREA THAT THE BULK OF OUR PURCHASES FROM THE UNITED STATES, JAPAN AND THE COMMUNITY ARE CONCENTRATED. OUR EXPORTS TO THESE SAME COUNTRIES, BY CONTRAST, NOT ONLY COVER A NARROWER RANGE OF PRODUCTS BUT, FOR THE MOST PART, ARE DUTIABLE AT RATES OF 10 PER CENT OR LESS. UNDER THE SWISS TYPE FORMULA, TARIFF CUTTING WOULD BE MINIMAL AT THIS LOWER END OF THE SCALE AND THE NECESSARY DEGREE OF RECIPROCITY FOR CANADA WOULD ACCORDINGLY NOT BE PRESENT.

TO OBTAIN A GREATER DEGREE OF EQUITY ON THE EXPORT SIDE, WE THEREFORE NEED TO GO BEYOND THE SORT OF ARITHMETIC PROVIDED BY THE SWISS FORMULA. SO WE ARE AIMING INTER ALIA FOR THE AGREEMENT OF OUR MAJOR TRADING PARTNERS TO NEGOTIATE THE TOTAL ELIMINATION OF RATES OF 5 PER CENT OR LESS ON A RANGE OF PRODUCTS, PARTICULARLY RESOURCE-BASED PRODUCTS, OF INTEREST TO CANADA. THIS ELEMENT IS PARTICULARLY IMPORTANT IN OUR TRADE WITH THE U.S.A. WHERE TWO-THIRDS OF OUR DUTIABLE EXPORTS FALL WITHIN THIS CATEGORY. ALTHOUGH THE U.S.A. WAS ANXIOUS NOT TO COMPLICATE THE PROPOSALS FOR A GENERAL TARIFF-CUTTING FORMULA BY INTRODUCING A LOW-DUTY ELEMENT, IT HAS EXPRESSED WILLINGNESS TO USE ITS AUTHORITY UNDER THE TRADE ACT TO ADDRESS THESE ITEMS OF INTEREST TO CANADA WITHIN THE NEGOTIATIONS AS A WHOLE. MANY OF YOU MAY HAVE NOTED COMMENTS BY U.S.A. AMBASSADOR THOMAS ENDERS IN THIS REGARD IN RECENT PUBLIC STATEMENTS IN CANADA. IN THE TARIFF PLAN, WE ARE

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LOOKING FOR SOME GENERAL UNDERSTANDING THAT NEGOTIATIONS WILL IN FACT BE PURSUED IN THIS DIRECTION.

ANOTHER OF OUR KEY OBJECTIVES IS TO ACHIEVE THE GREATEST POSSIBLE LIBERALIZATION OF TRADE AND CONTINUING SECURITY OF ACCESS IN A NUMBER OF CLEARLY DEFINED INDUSTRIAL SECTORS. WE HAVE SUGGESTED THE FOREST PRODUCTS AND NON-FERROUS METALS SECTORS FOR THIS SORT OF TREATMENT. THIS IS IN LINE WITH THE GOVERNMENT'S POLICY OF ENCOURAGING THE FURTHER PROCESSING OF OUR NATURAL RESOURCES PRIOR TO EXPORT, AN OBJECTIVE WHICH, TO DATE, HAS BEEN INHIBITED BY THE PROPENSITY OF IMPORTING COUNTRIES TO MAINTAIN HIGHER TARIFFS ON IMPORTS AS THE DEGREE OF PROCESSING INCREASES. THE CONCEPT OF A COMPLEMENTARY APPROACH TO NEGOTIATIONS IN THESE SECTORS HAS NOT AS YET BEEN ACCEPTED BY OUR TRADING PARTNERS, BUT THEY ARE INCREASINGLY AWARE THAT OUR OBJECTIVES IN THIS CONNECTION WILL HAVE TO BE MET IN SOME WAY IF THE NEGOTIATIONS ARE TO PROMISE FOR CANADA THE DEGREE OF RECIPROCITY WHICH WILL PERMIT US TO PLAY OUR FULL PART. AS A RESULT OF OUR RECENT DISCUSSIONS WITH THE UNITED STATES AND THE COMMUNITY, I THINK THERE IS NOW A GREATER ACCEPTANCE OF THE NEED SERIOUSLY TO ADDRESS THE MODALITIES REQUIRED TO ACCOMMODATE CANADIAN NEGOTIATING PRIORITIES IN THE TARIFF PLAN, AS WELL AS THOSE OF THE OTHER MAJOR PARTICIPANTS.

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ON NON-TARIFF MEASURES, WE ARE, ON THE ONE HAND, PUTTING FORWARD REQUEST LISTS TO EACH OF OUR TRADING PARTNERS, INDICATING ALL THOSE POLICIES OR PRACTICES WHICH ARE HAVING AN ADVERSE EFFECT ON CANADIAN EXPORTS AND ASKING FOR SPECIFIC REMEDIAL ACTION. IN SOME INSTANCES, SUCH AS QUANTITATIVE RESTRICTIONS, OUR REQUEST MAY INVOLVE NOTHING MORE COMPLICATED THAN THEIR REMOVAL. IN OTHERS, SUCH AS HEALTH REGULATIONS, MORE COMPLEX UNDERTAKINGS MAY BE INVOLVED, FOR EXAMPLE THE ACCEPTANCE OF TESTING OR CERTIFICATION IN CANADA THAT THE PRODUCTS INVOLVED MEET THE REQUIREMENTS OF FOREIGN STANDARDS.

ON THE OTHER HAND, AS YOU KNOW, WORK IS PROCEEDING IN GENEVA ON THE ELABORATION OF DRAFT CODES OF CONDUCT GOVERNING SOME OF THE MORE COMPREHENSIVE FORMS OF NON-TARIFF MEASURES, SUCH AS GOVERNMENT PROCUREMENT PRACTICES, TECHNICAL BARRIERS TO TRADE, VALUATION AND SUBSIDIES AND COUNTERVAILING DUTIES. THE IMMEDIATE OBJECTIVE IS TO TABLE CLOSE-TO-FINAL DRAFTS BY ABOUT THE MIDDLE OF DECEMBER SO THAT SUBSEQUENT NEGOTIATING ACTIVITY CAN FOCUS ON SPECIFIC OUTSTANDING ISSUES. IN THESE AREAS, APART FROM THE SEARCH FOR A CERTAIN DEGREE OF CONSISTENCY IN THE WAY SUCH MEASURES ARE APPLIED, A MAJOR PRIORITY FOR CANADA IS TO MAKE SURE THAT THERE IS AN EFFECTIVE MECHANISM FOR INTERNATIONAL NOTIFICATION, CONSULTATION AND THE SETTLEMENT OF DISPUTES OR, IN OTHER WORDS, ADEQUATE INTERNATIONAL CONSTRAINT ON THE ABILITY OF GOVERNMENTS UNILATERALLY TO ACT AS THEY SEE FIT IN WAYS WHICH CAN ROB EXPORT ACCESS OF REAL MEANING. THIS

...11

HAS BEEN CALLED THE "REGULARIZATION" AS OPPOSED TO THE LIBERALIZATION OF TRADE, A TERM WHICH SOME FEEL HAS A RATHER NASTY RING TO IT, CONJURING UP AS IT DOES VISIONS OF STILL MORE RULES AND RESTRICTIONS AND BUREAUCRATIC INTERVENTION IN THE DESIRED ORDER OF THINGS. OTHERS HAVE SUGGESTED THAT THE WHOLE THING, WHATEVER IT MAY BE CALLED, COULD AMOUNT TO LITTLE MORE THAN A CODIFICATION OF THE RULES OF TRADE WARFARE AND WOULD DO LITTLE OR NOTHING TO BRING THE WARFARE ITSELF TO AN END. NEITHER OF THESE CHARACTERIZATIONS IS A FAIR PICTURE OF WHAT IS BEING ATTEMPTED IN GENEVA. THE CONCERN IS NOT TO REGULATE FOR THE SAKE OF REULATION BUT TO PUT AN END TO THE UNCERTAINTY THAT HAS SO FAR PREVAILED IN THESE AREAS, TO ENSURE THAT ACCESS TO FOREIGN MARKETS IS NOT IMPROPERLY IMPEDED, TO MAKE SURE THAT WHATEVER MEASURES ARE APPLIED FOLLOW AGREED RULES, AND TO PROVIDE THOSE AFFECTED WITH AN OPPORTUNITY FOR CONSULTATION AND REDRESS.

ANOTHER VERY IMPORTANT PART OF THE NEGOTIATIONS CONCERNS THE APPLICATION OF SAFEGUARDS WHEN IMPORTS ARE CAUSING OR THREATENING SERIOUS INJURY. IN A TRADING ENVIRONMENT CHARACTERIZED BY NEW AND HIGHLY EFFICIENT SUPPLIERS, MANY FROM THE DEVELOPING COUNTRIES, THERE IS A SHARED ANXIETY TO ENSURE, ON THE ONE HAND, THAT SAFEGUARDS CAN BE APPLIED EFFECTIVELY AND PROMPTLY WHEN THE SITUATION WARRANTS AND, ON THE OTHER HAND, THAT DISCIPLINE BE AGREED WHICH WOULD CLOSELY CONFINE SUCH ACTION TO A LIMITED DURATION AND TO CASES OF REAL NEED

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AND WOULD AVOID THE SERIOUS AND POTENTIALLY WIDESPREAD DISRUPTIONS WHICH COULD SO EASILY RESULT IF RECOURSE TO SAFEGUARDS ACTION WERE MADE TOO EASY, OR COULD BE IRRESPONSIBLY UNDERTAKEN.

AS WILL, I THINK, BE EVIDENT, WHAT IS TO HAPPEN IN THE SO-CALLED NON-TARIFF AREAS WHICH I HAVE MENTIONED IS INCREASINGLY SEEN AS CRITICAL TO THE FUTURE TRADING FRAMEWORK. THIS IS BEING REFLECTED IN THE DISCUSSIONS ON THE TARIFF PLAN. UNTIL THE MAJOR PARTICIPANTS CAN SEE A BIT MORE CLEARLY WHAT ARE THE PROSPECTS FOR PROGRESS WITH RESPECT TO THESE ELEMENTS IN THE NEGOTIATIONS, I THINK YOU WILL FIND HESITATION IN AGREEING FORMALLY TO A PARTICULAR TARIFF-CUTTING FORMULA. CERTAINLY THIS SEEMS TO BE THE POSITION OF THE EC AT THE MOMENT.

THE QUESTION OF THE PHASING-IN OF TARIFF CUTS IS ALSO AN IMPORTANT OUTSTANDING ISSUE - AND THIS OF COURSE IS A MAJOR CONSIDERATION IN TERMS OF THE ADJUSTMENT PROCESS. UNDER U.S.A. LEGISLATION, PHASING OF UP TO 10 YEARS CAN BE CONSIDERED AND THIS WOULD PROVIDE SIGNIFICANT FLEXIBILITY. ON THE OTHER HAND THERE IS A SCHOOL OF THOUGHT IN THE EC WHICH FAVOURS A TWO STAGE APPROACH, WITH THE FINAL INSTALLMENTS OF TARIFF-CUTTING BEING MADE CONDITIONAL ON ECONOMIC CIRCUMSTANCES AT THE TIME AND, PERHAPS ALSO, ON EVIDENCE OF IMPLEMENTATION OF UNDERTAKINGS IN THE FIELD OF NON-TARIFF BARRIERS. THIS ISSUE IS, FOR THE MOMENT, UNRESOLVED AND MAY REMAIN SO UNTIL WE ARE A GOOD DEAL FURTHER ALONG IN THE NEGOTIATIONS.

...13

I THINK IT WILL BE EVIDENT FROM WHAT I HAVE SAID THAT WE ARE INVOLVED IN A VERY MAJOR NEGOTIATION AFFECTING THE WHOLE TRADING FRAMEWORK. THIS MAKES IT VITAL THAT CANADA BE A MAJOR PARTICIPANT CAPABLE OF INFLUENCING THE OUTCOME IN DIRECTIONS OF IMPORTANCE TO OUR COUNTRY. SO THERE IS NO REAL POSSIBILITY OF OUR STANDING ASIDE, UNLESS FOR SOME REASON WE WERE PREPARED TO LET OTHERS CALL THE SHOTS AND DICTATE THE RULES TO SUIT THEIR INTERESTS AND CONCERNS. COMFORTING AS IT MIGHT BE TO SOME TO TRY TO HOLD ON TO THE STATUS QUO UNTIL THE ECONOMIC SKIES LOOK BRIGHTER, THIS IS NOT REALLY AN OPTION. FOR ONE THING ON THE EXTERNAL SIDE, IT WOULD SEEM UNREALISTIC TO EXPECT THAT OUR MAJOR TRADING PARTNERS WOULD BE WILLING TO EXTEND THE BENEFITS OF THE NEGOTIATIONS TO CANADA IF WE WERE TO STAND ASIDE FROM THEM. THERE IS NO SUCH THING AS A "FREE RIDE" IN THESE MATTERS, DESPITE WHAT YOU SOMETIMES HEAR FROM UNINFORMED AMERICANS IN THE CONTEXT OF CANADIAN PARTICIPATION IN THE KENNEDY ROUND. WE PAID OUR PRICE THEN AND WILL HAVE TO BE PREPARED TO DO SO IN THE CURRENT NEGOTIATIONS.

EVEN MORE IMPORTANTLY, IF CANADA WERE TO MAINTAIN EXISTING LEVELS OF PROTECTION, THE REDUCTION OF TRADE BARRIERS BY OTHER COUNTRIES WOULD INEVITABLY CREATE A MORE COMPETITIVE INTERNATIONAL TRADING ENVIRONMENT. FAILURE TO EXPOSE CANADIAN FIRMS TO SUCH AN ENVIRONMENT WOULD MAKE IT EVEN MORE DIFFICULT TO CARRY OUT THE STRUCTURAL ADJUSTMENTS NEEDED IN MANY CASES TO INCREASE OUR PRODUCTIVITY. SUCH A RESTRICTIVE POLICY COULD ONLY RESULT IN CANADIAN BUSINESSES BECOMING EVEN

...14

LESS CAPABLE OF TAKING ADVANTAGE OF EXPORT OPPORTUNITIES OR, IN THE LONGER RUN, TO COMPETE WITHIN THE CANADIAN MARKET ITSELF. THIS WOULD UNDOUBTEDLY LEAD TO DEMANDS FOR STILL GREATER PROTECTION. THE NET EFFECT WOULD BE HIGHER PRICES FOR CANADIAN CONSUMERS, HIGHER COSTS FOR CANADIAN PRODUCERS DEPENDENT ON IMPORTED MATERIALS, A REDUCED ABILITY TO CONTAIN INFLATIONARY PRESSURES AND, IN THE LONGER TERM, INCREASING DIFFICULTY IN MAINTAINING ADEQUATE LEVELS OF EMPLOYMENT.

PROBABLY THE MOST IMPORTANT THING TO REMEMBER IN ALL THIS IS THAT THE GENEVA NEGOTIATIONS ARE ONLY ONE ELEMENT IN THE FUTURE DEVELOPMENT OF CANADIAN INDUSTRY. THIS PROCESS OF DEVELOPMENT HAS BEEN A DYNAMIC ONE THROUGHOUT OUR HISTORY AND WILL NO DOUBT ALWAYS REMAIN SO. WE CAN EXPECT CHANGES IN CONSUMER DEMANDS, MAJOR NEW DEVELOPMENTS IN TECHNOLOGY, CHANGES IN INTERNATIONAL POLITICAL AND ECONOMIC RELATIONSHIPS, INCREASES IN THE PRICE OF ENERGY, CHANGES IN THE RELATIVE COMPETITIVE POSITION OF TRADING COUNTRIES, EXCHANGE RATE ADJUSTMENTS AND CHANGES IN MANY OTHER AREAS. THESE CHANGES CAN BE DEALT WITH ONLY IF WE HAVE A STRONG, SOUNDLY BASED AND CONFIDENT INDUSTRIAL STRUCTURE WHICH CAN TAKE ADVANTAGE OF OPPORTUNITY AND COPE WITH THE CHALLENGES TO COME. THE MTN IS BUT ONE ELEMENT IN THE PROCESS OF CHANGE AND ONE TO WHICH CANADA SHOULD PROVE JUST AS CAPABLE OF HANDLING AS THE OTHER PARTICIPANTS, MOST OF WHOM ALSO FACE CURRENT DIFFICULTIES

...15

SIMILAR TO OUR OWN. WE WILL NEED POLICIES TO ENSURE CANADIAN COMPETITIVENESS WHETHER OR NOT THERE IS AN MTN. AND THE MTN SHOULD NOT BE MADE THE FOCUS FOR CONCERNS WHICH SHOULD REALLY BE DIRECTED TO QUESTIONS OF CANADIAN ECONOMIC MANAGEMENT AS A WHOLE.

THE EVOLVING RULES OF THE NEGOTIATIONS HOLD PROMISE THAT WE CAN WORK OUT A DEAL TO SUIT CANADA'S NEEDS AND FURTHER OUR PARTICULAR INTERESTS WHILE PROVIDING APPROPRIATE ACCOMMODATION TO OUR TRADING PARTNERS. OUR NEGOTIATORS HAVE DONE A GOOD JOB IN ENSURING THAT OTHER PARTICIPANTS ARE FULLY AWARE OF THE KIND OF BENEFITS CANADA WILL NEED TO OBTAIN IF WE ARE TO PLAY A FULL ROLE IN THE NEGOTIATIONS. AND THERE IS INCREASING RECOGNITION AMONG OUR TRADING PARTNERS BOTH OF THE IMPORTANCE OF PARTICULAR CANADIAN OBJECTIVES AND OF THE NEED FOR THEM TO BE ACCOMMODATED.

THE GENERAL RULES WHICH ARE CURRENTLY EMERGING - EVEN IF IT IS STILL IMPOSSIBLE TO BE CATEGORIC ABOUT THEIR PRECISE FINAL CONTENT - WILL, I BELIEVE, OFFER IN THE END THE KIND OF FLEXIBILITY NECESSARY TO PERMIT OUR DELEGATION TO ADDRESS SPECIFIC CANADIAN PROBLEMS AND PURSUE PARTICULAR CANADIAN OBJECTIVES.

THE MTN CAN PRODUCE RESULTS OF REAL BENEFIT TO CANADA, RESULTS WITHOUT WHICH IT WILL BE MORE, NOT LESS, DIFFICULT TO COPE WITH OUR ECONOMIC PROBLEMS. INDEED THE MTN CAN BE FACILITATIVE AND CATALYTIC TO AN ADJUSTMENT PROCESS WHICH IS NECESSARY IN

...16

CANADA IN ANY CASE. TO MAKE THE MTN WORK FOR CANADA WILL REQUIRE NOT ONLY THAT CANADA BE AT THE TABLE BUT THAT WE BE AT THE HEART OF THE NEGOTIATING ACTION AND PULL FROM IT, ON THE BASIS OF RECIPROCITY, THE RESULT WE REQUIRE. WE'RE NOT IN BUSINESS TO GIVE AWAY THE STORE AND WE CAN,T BE EXPECTED TO PAY FOR ANYTHING MORE THAN THE VALUE WE RECEIVE. BUT WE HAVE TO BE IN THE THICK OF THINGS, DEFENDING OUR OWN BEST INTERESTS AND FIGHTING FOR OBJECTIVES KEY TO OUR INDUSTRIAL AND TRADING FUTURE. THIS IS WHAT WE INTEND TO DO AND DO IT WE SHALL - AND WELL.

---30---

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News Release Communiqué

Subject/Sujet

MTN: Request Lists on Agricultural Products and Industrial Non-Tariff Measures

For release/Pour publication

25 Nov. 1977

CCTN/1/77

1. Canada has tabled in Geneva a series of request lists seeking improved access for Canadian exports of agricultural, fisheries and alcoholic beverage products to a variety of foreign markets, as part of the on-going multilateral trade negotiations. These requests will serve to indicate to other countries which tariffs and non-tariff barriers to Canadian exports of these products we are seeking to have reduced, eliminated or brought under international discipline in the negotiation. These request lists cover approximately $2.1 billion of Canadian export trade. In accordance with the negotiating rules, the content of request lists is held in confidence.

2. The Canadian MTN Delegation has also tabled a series of request lists seeking the reduction or elimination of non-tariff measures affecting Canadian trade in industrial products, and the bringing of such measures under greater international scrutiny and discipline. The requests will serve to indicate to some 31 MTN participants those non-tariff measures maintained by them on which Canada is seeking concessions. These lists cover a wide range of non-tariff measures, including quantitative restrictions, import licensing requirements, customs practices,

.../2

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government procurement policies, technical barriers to trade (standards) and other forms of import restrictive and export incentive devices maintained by other major participants. A number of such measures are of general interest to participants - eg. technical barriers to trade (product standards), government purchasing policies, subsidies/countervailing duties and customs valuation - and are being considered in the context of possible new international codes of trading conduct. The immediate objective is to lay the ground for tabling texts of such possible codes in an advanced stage of drafting by the end of the year, to facilitate subsequent negotiations.

3. Similar request lists covering the above areas of negotiation have been or will soon be submitted by other participants. All lists are preliminary in nature and subject to modification as the negotiations proceed.

4. In formulating the Canadian request lists on industrial non-tariff measures maintained by our main trading partners, and measures affecting Canadian trade in agricultural, fisheries and alcoholic beverage products, the Government took into account and found particularly helpful the comments and views expressed to date by Provincial governments, industry associations, producer groups and others interested in these negotiations.

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Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet: Speech by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Importers' Association

For release/Pour publication: 2.00 P.M. December 5, 1977

3/77

Attached are the notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Importers' Association, Park Plaza Hotel, Toronto, Ontario, December 5, 1977.

TO BE CHECKED AGAINST DELIVERY

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News Release | Communiqué

Subject/Sujet | For release/Pour publication

Speech by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Importers' Association | December 5, 1977

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REMARKS BY AMBASSADOR J.H. WARREN, CANADIAN COORDINATOR FOR THE MULTILATERAL TRADE NEGOTIATIONS TO THE CANADIAN IMPORTERS ASSOCIATION, TORONTO
DECEMBER 5,1977

I AM PLEASED TO HAVE THIS OPPORTUNITY TO SPEAK TO YOU ABOUT CANADIAN PARTICIPATION IN THE MULTILATERAL TRADE NEGOTIATIONS. YOUR ASSOCIATION HAS ALWAYS SHOWN A PRAISE-WORTHY INTEREST IN WHAT WAS GOING ON WITH RESPECT TO THESE NEGOTIATIONS, BOTH IN OTTAWA AND GENEVA. IN THE PAST FEW YEARS AMBASSADOR GREY, BOB JOYCE OF FINANCE AND MR. COUILLARD'S PREDECESSOR AS CHAIRMAN OF THE CANADIAN TRADE AND TARIFFS COMMITTEE HAVE ALL ADDRESSED YOU ON THE SUBJECT. YOU HAVE SENT REPRESENTATIVES TO ALL THE FORMAL BRIEFINGS HELD BY THE CANADIAN TRADE AND TARIFFS COMMITTEE SINCE 1974. AND, IF ONE CAN JUDGE FROM THE NUMBER OF EXCERPTS REPRODUCED IN YOUR REGULAR BULLETIN FROM THE COMMITTEE'S RECENT "REVIEW OF DEVELOPMENTS IN THE MTN", YOUR MEMBERS MUST BE BETTER INFORMED THAN MOST ON THE BACKGROUND OF THE NEGOTIATIONS. FINALLY, OF COURSE, BOTH KEITH DIXON AND YOUR CHAIRMAN ARE ACTIVE PARTICIPANTS IN THE CANADIAN BUSINESS GROUP ON THE MTN, WITH WHOM ROD GREY AND I, ALONG WITH OTHER SENIOR OFFICIALS IN OTTAWA, MET EARLIER THIS FALL.

SO CLEARLY, YOUR ASSOCIATION HAS A KEEN INTEREST IN AND A FAIRLY EXTENSIVE KNOWLEDGE ABOUT WHAT IS GOING ON. IN THE CIRCUMSTANCES, I AM A BIT PUZZLED THAT YOU HAVE NOT YET MADE A FORMAL SUBMISSION TO THE CTTC. PERHAPS YOU

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CONSIDER THAT GOVERNMENT IS ALREADY SUFFICIENTLY AWARE OF YOUR INTERESTS AND HAS AN ADEQUATE FEEL FOR THE DESIRABLE DIRECTION OF POSSIBLE ADJUSTMENTS FROM YOUR POINT OF VIEW. OR PERHAPS, AS AN ASSOCIATION, YOU MAY HAVE FOUND THE KINDS OF PROBLEMS FACED BY YOUR MEMBERS TO BE SPECIFIC RATHER THAN GENERAL AND, FOR THAT REASON, DIFFICULT TO WORK INTO A SINGLE BRIEF. FOR WHATEVER REASONS THE FACT IS THAT YOUR VIEWS HAVE NOT BEEN FORMALLY SUBMITTED AND THAT IS, OF COURSE, A MATTER FOR YOUR DECISION. WHAT I DO WISH TO REITERATE, HOWEVER, IS THAT RECEIPT OF YOUR COMMENTS WOULD BE WELCOME AND THAT IT IS NOT TOO LATE FOR THE CANADIAN AUTHORITIES TO DERIVE BENEFIT FROM AN ANALYSIS OF YOUR INTERESTS AND CONCERNS.

YOU MAY BE SURE THAT OTHER GROUPS IN CANADA HAVE AND ARE TAKING GREAT CARE TO MAKE THEIR VIEWS KNOWN BEFORE THE GOVERNMENT TAKES ANY FINAL DECISIONS ON HOW THE NEGOTIATIONS SHOULD BE CONDUCTED AND WHAT THE SHAPE OF OUR OBJECTIVES AND CONTRIBUTION SHOULD BE.

AS CANADIAN BUSINESSMEN CONCERNED IMPORTANTLY WITH THE IMPORT SIDE OF THE TRADING PICTURE, IT WOULD SEEM THAT YOU WOULD BE IN AN EXCEPTIONALLY GOOD POSITION TO TELL US SOMETHING, FOR EXAMPLE, ABOUT THE WAY IN WHICH NON-TARIFF MEASURES OF VARIOUS SORTS MAY UNNECESSARILY BE INTERFERING WITH THE FLOW OF TRADE. THUS THERE MAY BE CASES WHERE THE APPLICATION OF REGULATIONS GOES IN YOUR VIEW BEYOND WHAT IS

...3

REALLY NECESSARY TO ATTAIN THEIR LEGITIMATE OBJECTIVES. SUCH ADVICE COULD BE PARTICULARLY HELPFUL TO US AS WE CONSIDER THE CONTENT OF THE DRAFT INTERNATIONAL CODES OF CONDUCT WHICH ARE BEING PUT FORWARD IN GENEVA TO DEAL WITH SOME OF THE MORE COMPREHENSIVE TYPES OF NON-TARIFF MEASURES. YOUR EXPERIENCE AS CANADIAN BUSINESSMEN COULD ALSO BE USEFUL IN OUR EVALUATION OF SOME OF THE REQUESTS WITH RESPECT TO CANADIAN NON-TARIFF BARRIERS BEING SENT IN BY OUR TRADING PARTNERS. THERE ARE MANY MATTERS TO BE DEALT WITH IN THIS FIELD, AND I AM SPEAKING NOT JUST OF OBVIOUS TRADE RESTRICTIVE MEASURES SUCH AS EMBARGOES, IMPORT QUOTAS OR PERMIT REQUIREMENTS, BUT ALSO OF CUSTOMS PROCEDURES, GOVERNMENT PURCHASING PRACTICES, VALUATION FOR DUTY OR PRODUCT STANDARDS, PACKAGING AND LABELLING REQUIREMENTS, AND A HOST OF OTHER MEASURES WHICH, IN ONE WAY OR ANOTHER, INFLUENCE TRADE. THERE IS A TENDENCY, IN DISCUSSIONS ON THIS SUBJECT, TO CONCENTRATE ON THE NON-TARIFF BARRIERS WHICH CANADIAN PRODUCERS FACE IN THEIR MARKETS ABROAD. IT WOULD BE TIMELY TO HAVE A VIEW FROM CANADIAN IMPORTERS ABOUT THE IMPLICATIONS OF OUR OWN, JUST AS WE HAVE HEARD FROM CANADIAN INTERESTS WHO VALUE THE PROTECTIVE EFFECT OF SOME OF THEM. REMEMBER IT IS PART OF MY JOB TO ENSURE THAT ADVICE GIVEN TO THE GOVERNMENT IN THESE MATTERS IS AS BALANCED AND OBJECTIVE AS POSSIBLE.

THERE IS A VIEWPOINT WHICH SUGGESTS THAT FROM A NATIONAL POINT OF VIEW EXPORTS ARE, BY DEFINITION, GOOD AND IMPORTS BAD. THIS SORT OF THINKING HAS BEEN WITH US SINCE

MERCANTILIST DAYS. IT WAS TOO SIMPLE A GENERALIZATION THEN AND IT REMAINS TOO SIMPLE A GENERALIZATION NOW. AS A PHILOSOPHY IT DOES, HOWEVER, ATTRACT A MEASURE OF SUPPORT PARTICULARLY IN TIMES LIKE THE PRESENT WHEN GROWTH IS SLOW, UNEMPLOYMENT IS REGRETTABLY HIGH AND WHEN, AS A RESULT OF A RELATIVE DECLINE IN COMPETITIVENESS AND THE EMERGENCE OF NEW AND EFFICIENT SUPPLIERS, IMPORTS BEGIN TO TAKE A RISING SHARE OF TOTAL CONSUMPTION.

EXPORTS CLEARLY PROVIDE MUCH OF THE BASE ON WHICH OUR STANDARD OF LIVING IN CANADA DEPENDS. THE FACT IS OFTEN OVERLOOKED, HOWEVER, THAT MANY OF THESE EXPORTS WOULD NOT TAKE PLACE WITHOUT RELATED IMPORTS, FOR THE LATTER INCLUDE NOT ONLY RAW MATERIALS BUT OTHER ESSENTIAL INPUTS INTO FULLY MANUFACTURED GOODS AND CAPITAL EQUIPMENT WITHOUT WHICH SOME OF OUR MOST PRODUCTIVE INDUSTRIES WOULD FIND IT DIFFICULT TO MAINTAIN THEIR COMPETITIVE POSITION IN FOREIGN AND DOMESTIC MARKETS. CERTAIN OF THESE IMPORTS, OF COURSE, COMPETE WITH DOMESTIC PRODUCTION, BUT OTHERS DO NOT. THIS OBSERVATION SHOULD NOT BE UNDERSTOOD AS UNDERSTATING THE CHALLENGE REPRESENTED BY OUR TRADE DEFICIT IN END PRODUCTS, BUT RATHER AS A REMINDER THAT IMPORTS, AS EXPORTS, SERVE AN ECONOMIC PURPOSE TO THE PURCHASER AND THAT THESE PURPOSES REFLECT AN ENORMOUS RANGE OF DEMAND, A CONSIDERABLE PORTION OF WHICH IS COMPLEMENTARY TO CANADIAN PRODUCTION. AND, OF COURSE, TRADE IS A TWO-WAY STREET; WHILE THERE IS NO AUTOMATIC BALANCING AND OTHER PAYMENTS FLOWS MUST BE TAKEN

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INTO ACCOUNT, IT REMAINS TRUE THAT IN THE REAL WORLD ONE MUST BE PREPARED TO BUY IF ONE WISHES TO SELL.

As you are well aware, however, imports can sometimes also give rise to serious and injurious competitive problems for Canadian producers. Action to deal with such disruptive situations is permitted under international trade agreements. And, in some cases, it has been necessary for the Government to take special and temporary trade restrictive measures to ease the impact of such injurious competition and to provide breathing space for adjustment. On occasions it has been necessary also to seek the cooperation of Canadian importers as well as other countries in dealing with cases of real or apprehended injury from imports. I think that in cases of this kind it is important for importers to appreciate where the balance of national interest relates to their own and where the balance between short term business advantage and their longer term commercial interest may lie. Certainly the question of "safeguards" action is very much to the forefront at the moment, both as a reality in international trade and as a subject for international negotiation in Geneva as regards possible changes in existing trade rules and obligations.

Looking at the negotiations as a whole, you will recall that the objectives of the so-called "Tokyo Round" included not only a substantial reduction of tariffs on both industrial and agricultural products, but also

...6

(A) THE REDUCTION OR ELIMINATION OF TRADE-RESTRICTIVE OR TRADE-DISTORTING EFFECTS OF NON-TARIFF MEASURES, AND THE BRINGING OF SUCH MEASURES UNDER MORE EFFECTIVE INTERNATIONAL SCRUTINY AND DISCIPLINE;

(B) A SIGNIFICANT IMPROVEMENT IN THE TERMS OF ACCESS FOR AGRICULTURAL EXPORTS;

(C) EXAMINATION, AS A COMPLEMENTARY TECHNIQUE, OF A COMPREHENSIVE ATTACK ON ALL BARRIERS TO TRADE IN CERTAIN CAREFULLY DEFINED SECTORS (ESPECIALLY, FROM THE CANADIAN PERSPECTIVE, WHERE THESE IMPEDE THE PROCESSING OR UPGRADING OF RESOURCES IN THE COUNTRY OF ORIGIN);AND

(D) EXAMINATION OF THE ADEQUACY OF THE MULTILATERAL SAFEGUARD SYSTEM WITH A VIEW TO FURTHERING TRADE LIBERALIZATION AND PRESERVING ITS RESULTS.

WHAT THE PARTICIPATING COUNTRIES ARE NOW DOING IS WORKING OUT THE WAYS AND MEANS BY WHICH THESE VARIOUS OBJECTIVES CAN REALISTICALLY BE ADDRESSED AND HOPEFULLY MET IN THE NEGOTIATIONS. THE SERIES OF PREPARATORY TARGET DATES ESTABLISHED DURING THE SUMMER IN DISCUSSIONS BETWEEN THE UNITED STATES AND THE EUROPEAN COMMUNITY HAVE HAD THE EFFECT OF IMPARTING NEW MOMENTUM TO THE NEGOTIATIONS. BOTH IN GENEVA AND OTTAWA, THE PACE OF MTN ACTIVITY HAS MARKEDLY ACCELERATED. ON THE BASIS OF DISCUSSIONS I HAD IN WASHINGTON LAST WEEK WITH THE USA SPECIAL TRADE REPRESENTATIVE, AMBASSADOR BOB STRAUSS, AND WITH THE EC VICE-PRESIDENT AND COMMISSIONER FOR EXTERNAL RELATIONS,

...7

WILHELM HAFERKAMP, IT IS SAFE TO ASSUME THAT THE PRESSURE WILL REMAIN STRONG TO ACHIEVE THE MEASURE OF PROGRESS REQUIRED BY WAY OF TECHNICAL PREPARATION, PRIOR UNDERSTANDING AND RELATED CONDITIONS TO PERMIT THE LAUNCHING OF THE SUBSTANTIVE NEGOTIATIONS SOMETIME NEXT JANUARY.

A GREAT DEAL OF REAL PROGRESS HAS ALREADY BEEN MADE ALTHOUGH IT IS NOT YET CLEAR HOW AND WHEN ALL THE VARIOUS ELEMENTS BEARING ON TARIFF REDUCTION WILL COME TOGETHER, OR WHAT LINKAGES COUNTRIES WILL REQUIRE TO BE ESTABLISHED WITH THE OTHER IMPORTANT PARTS OF THE NEGOTIATIONS. THE PRECISE MATHEMATICS OF POSSIBLE TARIFF REDUCTION ARRANGEMENTS ARE STILL UNCLEAR, BUT THE SO-CALLED "SWISS FORMULA" SEEMS LIKELY TO BE EMPLOYED IN ONE WAY OR ANOTHER AS A "WORKING HYPOTHESIS". THIS WOULD MEAN, AS A STARTING POINT FOR THE NEGOTIATION OF INDUSTRIAL TARIFFS, A COMPROMISE BETWEEN THE DEEP CUTS (60 PER CENT) ORIGINALLY PROPOSED BY THE UNITED STATES AND THE MUCH SHALLOWER CUTS (25 PER CENT) PREFERRED BY THE COMMUNITY. U.S. AMBASSADOR STRAUSS HAS MADE IT CLEAR, HOWEVER, THAT HE LOOKS TOWARD AGREEMENT TO AN AVERAGE CUT AMONG INDUSTRIAL COUNTRIES IN EXCESS OF THE 35 PER CENT ACHIEVED DURING THE KENNEDY ROUND, AND CURRENT DISCUSSIONS ARE TENDING TO CENTRE AROUND A WEIGHTED AVERAGE REDUCTION OF SOME 40 PER CENT. LIKE THE COMMUNITY PROPOSAL, THE SWISS FORMULA WOULD PROVIDE FOR A SIGNIFICANT DEGREE OF TARIFF HARMONIZATION THROUGH REDUCING HIGH TARIFFS PROPORTIONATELY MORE THAN LOW ONES. THIS NOTION SEEMS TO

...8

HAVE BEEN ACCEPTED BY THE UNITED STATES, AT LEAST IN PRINCIPLE. SO, WHILE NOTHING IS YET VERY PRECISE, THERE HAS BEEN A GOOD DEAL OF MOVEMENT IN THIS AREA TOWARDS COMMON GROUND AS BETWEEN THE COMMUNITY AND THE UNITED STATES.

THE QUESTION OF THE PHASING-IN OF TARIFF CUTS - A MAJOR CONSIDERATION IN THE ADJUSTMENT PROCESS - IS ALSO STILL OUTSTANDING. DISCUSSION IN GENEVA WHICH PREVIOUSLY SEEMED FOCUSSED ON A SHORTER PERIOD ARE NOW, IN RECOGNITION OF CURRENT ECONOMIC DIFFICULTIES IN MANY COUNTRIES - ARE NOW LOOKING TOWARDS A PERIOD OF 8 YEARS, OR PERHAPS AS MUCH AS 10 IN SOME CASES, WITHIN WHICH TO SCHEDULE AGREED TARIFF REDUCTIONS. THERE IS A SCHOOL OF THOUGHT IN THE COMMUNITY, HOWEVER, WHICH FAVOURS A TWO-STAGE APPROACH. UNDER THIS, TARIFFS MIGHT BE REDUCED BY SAY 5 PER CENT ANNUALLY FOR 5 CONSECUTIVE YEARS FROM THE COMMENCEMENT DATE, PERHAPS 1980. BEFORE THE REMAINING CUTS WERE CARRIED OUT, HOWEVER, INTERNATIONAL CONSIDERATION WOULD BE GIVEN TO THE ECONOMIC SITUATION AT THE TIME, AND PERHAPS ALSO TO THE EXTENT TO WHICH UNDERTAKINGS IN CERTAIN FIELDS - NON-TARIFF MEASURES IN PARTICULAR - HAD ACTUALLY BEEN IMPLEMENTED. THE IDEA OF SOME SUCH POSSIBILITY OF PAUSE IS VERY MUCH IN PLAY AT THE MOMENT, BUT BY WHAT PROCEDURE IT WOULD BE DETERMINED - I.E. WHETHER IT WOULD TAKE A POSITIVE DECISION TO PROCEED OR REACH A DECISION NOT TO PROCEED HAS NOT BEEN DETERMINED. INDEED, IT WOULD SEEM AT THE MOMENT THAT THE ULTIMATE AGREEMENT ON PHASING WILL NOT BE STRUCK UNTIL THE FINAL STAGE OF THE NEGOTIATIONS.

...9

THE RULES FOR EXCEPTIONS HAVE ALSO NOT YET BEEN AGREED; THAT IS TO SAY, THE EXTENT TO WHICH PARTICIPATING COUNTRIES WOULD BE PERMITTED TO EXCEPT FROM THE FORMULA FOR INDUSTRIAL TARIFFS CUTTING PRODUCTS ON WHICH FOR ONE REASON OR ANOTHER THEY ARE UNWILLING TO SEE THEIR TARIFFS REDUCED, AT LEAST NOT TO THE FULL EXTENT REQUIRED UNDER THE FORMULA. A CONCEPT WHICH IS, HOWEVER, CURRENTLY BEING DISCUSSED IN GENEVA IS THAT OF "NO NET EXCEPTIONS". THIS WOULD ENVISAGE A PROVISION IN THE TARIFF PLAN WHEREBY COUNTRIES WOULD BE EXPECTED TO OFFER DEEPER THAN FORMULA CUTS FOR SOME PRODUCTS (AND BE GIVEN CREDIT FOR SO DOING) IN ORDER TO COMPENSATE FOR FAILING TO MAKE THE ENVISAGED FORMULA CUTS IN OTHERS.

BY AGREEMENT, THE NEGOTIATIONS ON AGRICULTURAL, FISHERIES AND A FEW OTHER PRODUCTS ARE TO BE CONDUCTED ON A DIFFERENT BASIS FROM THAT WHICH I HAVE JUST DESCRIBED. IN THESE CASES COUNTRIES WILL EXCHANGE REQUEST AND OFFER LISTS RELATED TO PARTICULAR PRODUCTS AND THE NON-TARIFF BARRIERS CONCERNED. THE FIRST PART OF THIS PROCESS, THE TABLING IN CONFIDENCE OF REQUEST LISTS HAS ALREADY TAKEN PLACE. THE ACTUAL NEGOTIATIONS ARE SCHEDULED TO COMMENCE IN JANUARY WHEN OFFER LISTS ARE DUE TO BE TABLED AT THE SAME TIME AS COUNTRIES INDICATE THEIR INTENTIONS WITH RESPECT TO THE WORKING HYPOTHESIS FOR THE REDUCTION OF TARIFFS ON INDUSTRIAL GOODS.

MEANTIME, IN LONDON PRELIMINARY DISCUSSIONS ARE UNDER-WAY ABOUT THE POSSIBLE CONTENT OF A NEW AND MORE MEANINGFUL INTERNATIONAL WHEAT AGREEMENT.

A PROBLEM FOR CANADA WITH THE KIND OF TARIFF-CUTTING HYPOTHESIS BEING CONSIDERED FOR INDUSTRIAL GOODS IS THAT OUR PATTERN OF PRODUCTION AND TRADE IS MARKEDLY DIFFERENT FROM

...10

THAT OF OUR MAJOR TRADING PARTNERS. ON THE IMPORT SIDE CANADIAN TARIFFS ON MANUFACTURED GOODS TEND TO BE RELATIVELY HIGH, AND WOULD THUS BE SUBJECT TO CORRRESPONDINGLY SEVERE CUTS. IT IS IN THIS AREA THAT THE BULK OF OUR PURCHASES FROM THE UNITED STATES, THE COMMUNITY AND JAPAN ARE CONCENTRATED. OUR EXPORTS TO THESE SAME COUNTRIES, BY CONTRAST, NOT ONLY COVER A NARROWER RANGE OF PRODUCTS BUT, FOR THE MOST PART, ARE DUTIABLE AT RATES OF 10 PER CENT OR LESS. UNDER THE SWISS TYPE FORMULA, TARIFF CUTTING AT THIS LOWER END OF THE SCALE WOULD BE LIMITED, RELATIVELY AS WELL AS IN ABSOLUTE TERMS, AND THE NECESSARY DEGREE OF RECIPROCITY FOR CANADA WOULD ACCORDINGLY NOT BE PRESENT.

TO MAKE SURE THAT THERE IS SCOPE FOR A GREATER DEGREE OF EQUITY SO FAR AS CANADA IS CONCERNED WE ARE SEEKING AGREEMENT TO GO BEYOND THE SORT OF ARITHMETIC PROVIDED BY THE SWISS FORMULA IN CERTAIN AREAS. WE ARE, FOR EXAMPLE, SEEKING TO NEGOTIATE ELIMINATION OF RATES OF 5 PER CENT OR LESS ON A RANGE OF PRODUCTS, PARTICULARLY RESOURCE-BASED PRODUCTS, WHICH ARE OF INTEREST TO CANADA. THIS ELEMENT IS PARTICULARLY IMPORTANT TO OUR TRADE WITH THE UNITED STATES, WHERE TWO-THIRDS OF OUR DUTIABLE EXPORTS FALL WITHIN THIS CATEGORY. WE ARE ENCOURAGED TO BELIEVE THAT THE UNITED STATES WILL BE WILLING TO USE THEIR AUTHORITY UNDER THE U.S. TRADE ACT TO ADDRESS SUCH ITEMS IN THE NEGOTIATIONS AND AS WELL TO CONSIDER DEEPER THAN FORMULA CUTS IN OTHER AREAS OF THE U.S. TARIFF OF INTEREST TO CANADA. WE WILL BE LOOKING FOR SIMILAR RESPONSES FROM OUR EUROPEAN AND JAPANESE TRADING PARTNERS.

A RELATED OBJECTIVE IS TO ACHIEVE THE GREATEST POSSIBLE LIBERALIZATION OF TRADE AND CONTINUING SECURITY OF ACCESS IN A NUMBER OF CLEARLY DEFINED INDUSTRIAL SECTORS. WE HAVE SUGGESTED THE FOREST PRODUCTS AND NON-FERROUS METALS SECTORS FOR THIS SORT OF TREATMENT. THIS IS IN LINE WITH THE GOVERNMENT'S POLICY OF ENCOURAGING THE FURTHER PROCESSING OF OUR NATURAL RESOURCES PRIOR TO EXPORT, - THIS DESIRABLE DEVELOPMENT HAS BEEN INHIBITED BY TARIFF STRUCTURES IN FOREIGN COUNTRIES WHICH THROUGH THE IMPOSITION OF HIGHER TARIFFS AS YOU MOVE UP THE SCALE OF PRODUCTION HAVE TENDED TO FAVOUR THE IMPORTATION OF RAW MATERIALS RATHER THAN OF UPGRADED AND MANUFACTURED PRODUCTS FROM CANADA. THE CONCEPT OF THIS COMPLEMENTARY APPROACH TO NEGOTIATIONS HAS NOT AS YET BEEN ACCEPTED BY OUR TRADING PARTNERS, BUT THEY ARE INCREASINGLY AWARE THAT OUR OBJECTIVES IN THIS CONNECTION WILL NEED TO BE MET IF THE NEGOTIATIONS ARE TO PROMISE FOR CANADA THE DEGREE OF RECIPROCITY NECESSARY TO PERMIT US TO PLAY A FULL PART.

ON NON-TARIFF MEASURES, WE HAVE PUT FORWARD REQUEST LISTS TO MANY OF OUR TRADING PARTNERS, INDICATING THOSE POLICIES OR PRACTICES WHICH ARE HAVING AN ADVERSE EFFECT ON CANADIAN EXPORTS AND ASKING FOR SPECIFIC REMEDIAL ACTION. MANY OF THESE ARE SPECIFIC TO PARTICULAR PRODUCTS SUCH AS THE REMOVAL OF A QUOTA OR QUANTITATIVE RESTRICTION, OTHERS ARE MUCH MORE COMPLICATED INVOLVING THE ADVERSE IMPACT ON OUR EXPORTS OF REGULATIONS AND PRACTICES OF FOREIGN COUNTRIES WHICH PRIMARILY

...12

CONCERN MATTERS OTHER THAN TRADE.

AS I MENTIONED EARLIER, CANADA IS ALSO PARTICIPATING IN EFFORTS TO WORK OUT DRAFT INTERNATIONAL CODES OF CONDUCT COVERING NON-TARIFF MEASURES OF GENERAL APPLICATION, SUCH AS GOVERNMENT PURCHASING PRACTICES, TECHNICAL BARRIERS TO TRADE, SUBSIDIES AND COUNTERVAILING DUTIES. AND THE EEC IS PROPOSING CONSIDERATION OF A NEW INTERNATIONAL CODE ON CUSTOMS VALUATION. THE IMMEDIATE OBJECTIVE IS TO HAVE WORKING, BUT NOT NECESSARILY AGREED, DRAFTS ON THE TABLE IN GENEVA BEFORE THE END OF THE YEAR, FOLLOWING WHICH NEGOTIATING ACTIVITY CAN FOCUS ON SPECIFIC OUTSTANDING ISSUES. IN THESE AREAS, APART FROM THE SEARCH FOR A CERTAIN DEGREE OF CONSISTENCY IN THE WAY SUCH MEASURES ARE APPLIED, A MAJOR PRIORITY FOR CANADA IS TO MAKE SURE THAT THERE IS AN EFFECTIVE MECHANISM FOR INTERNATIONAL NOTIFICATION, CONSULTATION AND THE SETTLEMENT OF DISPUTES OR, IN OTHER WORDS, ADEQUATE INTERNATIONAL CONSTRAINT ON THE EXTENT TO WHICH GOVERNMENTS CAN ACT UNILATERALLY OR IN AN ARBITRARY FASHION. THE OBJECTIVE HERE IS NOT TO REGULATE SIMPLY FOR THE SAKE OF REGULATING, BUT TO PUT AN END TO THE UNCERTAINTY THAT HAS SO OFTEN PREVAILED IN THESE AREAS, TO ENSURE THAT ACCESS TO FOREIGN MARKETS IS NOT IMPROPERLY IMPEDED, TO MAKE SURE THAT WHATEVER MEASURES ARE APPLIED FOLLOW AGREED RULES, AND TO PROVIDE THOSE AFFECTED WITH AN OPPORTUNITY FOR CONSULTATION AND REDRESS.

THIS SORT OF PROSPECT, IT SEEMS TO ME, SHOULD STRIKE A RESPONSIVE CHORD AMONGST CANADIAN IMPORTERS AS WELL AS EXPORTERS. THE PROSPECT OF GREATER CERTAINTY, NOT TO MENTION

...13

INTERNATIONAL CONSISTENCY, CANNOT HELP BUT BENEFIT THOSE WHO HAVE TO DEAL ON A DAY-TO-DAY BASIS WITH SUCH MATTERS AS CUSTOMS VALUATION AND OTHER GOVERNMENTAL REGULATIONS BEARING ON THE IMPORTATION OF GOODS. AND THE SAME, I SUSPECT, IS TRUE IN RESPECT OF SUCH MATTERS AS THE SALE OF FOREIGN GOODS TO GOVERNMENT AGENCIES, LABELLING AND PACKAGING REQUIREMENTS, PRODUCT STANDARDS AND THE LIKE. AS I INDICATED PREVIOUSLY INPUTS FROM YOU TO GOVERNMENT THINKING ON SOME OR ALL OF THESE ISSUES WOULD BE WELCOME AND WOULD BE GIVEN CAREFUL CONSIDERATION TOGETHER WITH THE OTHER REPRESENTATIONS WHICH WE HAVE RECEIVED.

I ALSO REFERRED EARLIER TO THE NEGOTIATIONS ABOUT THE APPLICATION OF "SAFEGUARDS"; THAT IS TO SAY, THE MANNER IN WHICH RESTRICTIONS MAY BE IMPOSED WHERE IMPORTS ARE CAUSING OR THREATENING TO CAUSE SERIOUS INJURY TO DOMESTIC PRODUCERS. THIS IS AN ISSUE WHICH HAS GAINED INCREASING PROMINENCE IN A TRADING ENVIRONMENT CHARACTERIZED NOT ONLY BY STIFF COMPETITION BETWEEN OLDER INDUSTRIAL COUNTRIES, BUT ALSO BY THE EMERGENCE OF NEW AND HIGHLY EFFICIENT SUPPLIERS, MANY FROM THE DEVELOPING COUNTRIES. IT IS NOT SURPRISING, THEREFORE, THAT THERE IS A STRONG PREOCCUPATION AMONGST THE MAJOR PARTICIPANTS TO ENSURE THAT SAFEGUARDS CAN BE APPLIED EFFECTIVELY AND PROMPTLY WHEN THE SITUATION WARRANTS. INDEED, THIS IS A KEY CONDITION OF FURTHER TRADE LIBERALIZATION IN THE MINDS OF MANY. AT THE SAME TIME THERE IS A SHARED INTEREST IN SEEING THAT RECOURSE

...14

TO RESTRICTIVE ACTIONS OF THIS SORT IS LIMITED TO CASES OF REAL NEED AND LASTS NO LONGER THAN NECESSARY. A VERY IMPORTANT ISSUE IN THESE DISCUSSIONS IS WHETHER IN THE FUTURE SUCH SAFEGUARDS COULD BE APPLIED ON A "SELECTIVE" RATHER THAN A "GLOBAL" BASIS.

WHAT IS TO HAPPEN OVER THE WHOLE NON-TARIFF SIDE OF THE NEGOTIATIONS IS BEING SEEN AS MORE AND MORE CRITICAL TO THE FUTURE WORLD TRADING FRAMEWORK. THIS IS VERY MUCH REFLECTED IN THE CURRENT DISCUSSIONS ON THE TARIFF PLAN. UNTIL THE MAJOR PARTICIPANTS CAN SEE A BIT MORE CLEARLY THE PROSPECTS FOR PROGRESS ON NON-TARIFF MATTERS, I SUSPECT YOU WILL FIND CONTINUING HESITATION IN AGREEING FORMALLY TO ANY PARTICULAR TARIFF-CUTTING FORMULA.

NEEDLESS TO SAY, CANADA HAS A MAJOR INTEREST IN DEALING WITH THE TRADE-RESTRICTING AND TRADE-DISTORTING EFFECTS OF NON-TARIFF MEASURES AND IN BRINGING SUCH DEVICES UNDER BETTER INTERNATIONAL DISCIPLINE AND SCRUTINY. WITHOUT SUCH ACHIEVEMENTS, THE NEGOTIATIONS WILL FALL SHORT OF THEIR POTENTIAL. THIS IS THE MORE TRUE AS TARIFF LEVELS ARE DECREASED AND NON-TARIFF BARRIERS ARE REVEALED IN MANY CASES AS THE EFFECTIVE INHIBITORS OF TRADE EXPANSION. AND NATURALLY IN SUCH A BROADLY BASED NEGOTIATION IT CANNOT BE EXPECTED THAT CANADIAN PRACTICES WHICH MAY BE CONSIDERED TO HAVE AN UNFAVOURABLE IMPACT ON TRADING OPPORTUNITIES IN THIS MARKET WILL ESCAPE THE ATTENTION OF OUR TRADING PARTNERS.

...15

I BELIEVE THE RULES OF THE NEGOTIATIONS, AS THEY ARE NOW EVOLVING, SHOULD ALLOW US TO WORK OUT A DEAL WHICH WILL SUIT CANADA'S PARTICULAR NEEDS AND ADVANCE OUR PARTICULAR INTERESTS AT THE SAME TIME THAT IT OFFERS ADEQUATE ACCOMMODATION TO OUR TRADING PARTNERS. CERTAINLY OTHER PARTICIPANTS HAVE BEEN MADE WELL AWARE OF THE KIND OF BENEFITS WE SHALL NEED IF WE ARE TO BE ABLE TO PLAY THE ROLE EXPECTED OF A MAJOR TRADING COUNTRY SUCH AS CANADA. I BELIEVE THEY INCREASINGLY ALSO UNDERSTAND THE LIKELY CONSEQUENCES OF FAILURE TO GIVE US ADEQUATE RUNNING ROOM.

THE NEXT FEW WEEKS WILL BE MORE THAN USUALLY BUSY ON THE MTN FRONT AS GOVERNMENTS MAKE FINAL PREPARATIONS FOR THE TOUGH BARGAINING STAGE OF THE NEGOTIATIONS SCHEDULED TO COMMENCE IN MID-JANUARY. WHAT WILL BE AT ISSUE WILL IN EFFECT BE THE KIND OF WORLD IN WHICH WE SHALL BE LIVING AND TRADING THROUGH THE 1980'S AND PROBABLY BEYOND. THE PROCESS OF ACHIEVING RECIPROCITY IN SUCH A BROAD NEGOTIATION WILL NOT BE EASY AND FINAL RESULTS WILL NO DOUBT BE VERY DIFFERENT FROM STARTING POSITIONS. BUT THESE RESULTS WILL AFFECT US ALL AND WILL BE A DETERMINANT NOT ONLY OF OUR OPPORTUNITIES AND CHALLENGES AS A MAJOR WORLD EXPORTER AND IMPORTER, BUT ALSO OF THE TOTAL ENVIRONMENT IN WHICH WE SHALL BE STRIVING FOR A MORE HEALTHY, PRODUCTIVE AND VIABLE CANADIAN ECONOMY OVER THE YEARS AHEAD.

Government of Canada
Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations
Bureau du Coordonnateur Négociations commerciales multilatérales

Bulletin No. 1.

December 15, 1977

MULTILATERAL TRADE NEGOTIATIONS

SITUATION REPORT

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Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

Bulletin No. 1.

December 15, 1977

Multilateral Trade Negotiations

Situation Report as of December 1, 1977

Last August, the Canadian Trade and Tariffs Committee published a "Review of Developments in the GATT Multilateral Trade Negotiations in Geneva" which described in some detail the general background to the negotiations and the state of play at that particular time. Since then, the pace of activity has not only increased sharply but a number of new developments have taken place. The following notes provide some indication of where the discussions stand at the moment and what is expected to happen in the course of the next few months.

One of the most important developments during the summer was the breaking of the procedural impasse between the United States and the European Community as to how the agricultural side of the negotiations would be handled and the decision that, to a large degree, they would be dealt with on a request-and-offer basis. As a result, it proved possible to set out a tentative negotiating schedule, including a series of target dates for key decisions. These were:

October 1, 1977	Agreement to a tariff plan, including a tariff-cutting formula for industrial tariffs, rules for exceptions and the staging of tariff reductions, and linkages to other areas of the negotiations;
November 1, 1977	Tabling of request lists on all non-tariff measures and on agricultural tariffs;
December 15, 1977	Tabling of draft, but not necessarily agreed, texts of possible agreements or codes on such non-tariff measures as technical barriers to trade, subsidies/countervail and government

January 15, 1978 — Tabling of tariff exceptions lists by those countries applying the formula reduction and of tariff offer lists by others.

Tariff Plan

Despite the target date, the expected degree of precision on this aspect of the negotiations has not yet emerged. Although a good deal of substantive progress has been made, it is still not clear how and when the various elements bearing on the reduction of tariffs will come together, to say nothing of the linkage which most countries will insist be established with other important areas of the negotiations. The senior American and Community negotiators spoke earlier this fall about using the so-called "Swiss formula" as a working hypothesis. This idea, or some variation of it, is still very much in play but a decision has yet to be made on precisely what arithmetic the main participants will accept as a starting point. It is clear only that some sort of compromise is being worked out between the deep across-the-board cuts of 60 per cent originally proposed by the United States and the shallower cuts - averaging somewhere between 20 and 25 per cent - which were suggested by the Community. While it is obviously impossible at this point to predict any specific figures, Ambassador Strauss - President Carter's Special Trade Representative - has expressed the hope that the average cut among the industrial countries will be somewhat higher than the 35 per cent achieved during the Kennedy Round, and discussions are, in fact, tending to centre around a weighted average reduction of some 40 per cent. Like the Community proposal, the Swiss formula would provide for a significant degree of harmonization by reducing high tariffs proportionately more than it would low tariffs. This concept, at least in principle, also seems to have been accepted by the United States.

Any formula of this sort poses a problem for Canada in that our pattern of production and trade is markedly different from that of our main trading partners. On the import side, for example, our tariffs on industrial products are relatively high and would thus be subject to correspondingly severe cuts. It is in this area that the bulk of our purchases from the United States, Japan and

the Community is concentrated. Our exports to these same countries, by contrast, not only cover a narrower range of products but, for the most part, are dutiable at rates of 10 per cent or less. Under a Swiss-type formula, tariff cutting would be of a much lesser magnitude at this lower end of the scale and would accordingly not provide Canada with the necessary degree of reciprocity.

To obtain a greater degree of equity on the export side, it will therefore be necessary to secure concessions which in some respects go beyond the sort of arithmetic provided by the Swiss formula. We have accordingly been seeking, inter alia, the agreement of our major trading partners to negotiate the total elimination of rates of 5 per cent or less on a range of products, including resource-based products, of interest to Canada. This is particularly important in our trade with the United States where two-thirds of our dutiable exports fall within this category. The United States, while not prepared to support the inclusion of such a low-duty element in a general tariff-cutting formula, has expressed willingness to use its authority under the U.S. Trade Act to address those items of interest to Canada within the negotiations as a whole. The Canadian delegation continues to seek agreement on provisions for the tariff plan which would ensure that negotiations along these lines can be pursued with our main trading partners.

Sector Negotiations

Another of Canada's key objectives is to achieve the greatest possible liberalization of trade and continuing security of access in a number of clearly defined industrial sectors. We have suggested the forest products and non-ferrous metals sectors for this sort of treatment. This is in line with the government's policy of encouraging the further processing of Canada's natural resources prior to export, an objective which, to date, has been inhibited by the propensity of importing countries to maintain higher tariffs on imports as the degree of processing increases. The concept of a complementary approach to negotiations in these sectors has not as yet been accepted by our trading partners, but they are increasingly aware that our objectives in this regard will have to be met in one way or another if the negotiations are to provide Canada with the degree of reciprocity that will permit us to play our full part.

Phasing

The question of the phasing-in of tariff cuts - a major consideration in the adjustment process - is also still outstanding. Discussion in Geneva currently revolves around the possibility of a period somewhere between 5 and 10 years, the latter representing the limit authorized under the U.S. Trade Act. For the moment at any rate, a period of 8 years appears to have been accepted as a tentative compromise. There is a school of thought in the Community, however, which favours a two-stage approach. Under this, tariffs might be reduced by 5 per cent annually for 5 consecutive years, beginning in 1979 or 1980. Before the remaining cuts were carried out, however, consideration would be given to the economic situation at the time, and perhaps also to the extent to which undertakings in certain other fields - non-tariff measures in particular - had actually been implemented. Whether such a pause would require a specific decision to proceed or not to proceed has not yet been determined. It is doubtful at the moment whether the entire issue will be resolved until we are a great deal further along in the negotiations.

Exceptions

It also remains to determine the rules on exceptions, that is to say, on the extent to which participating countries will be allowed to except from the formula for industrial tariffs products on which, for one reason or another, they would prefer not to see their tariffs reduced, at least not to the full extent required under the formula. A concept which is being currently discussed is one of "no net exceptions". This would require provision in the tariff plan for obtaining credit for greater-than-formula cuts on some products in order to offset the exception - whether full or partial - of others.

Non-Tariff Barriers

One of the main objectives of the negotiations is the reduction or elimination of the trade-distorting or trade-restricting effects of non-tariff measures, and the bringing of such measures under more effective international scrutiny and discipline. One of the ways this is being handled, as suggested in the list of target dates above, is through requests which each country has made to its trading partners, indicating the particular policies or practices which are adversely affecting its access to that

market and the specific remedial action which it would like to see taken. In some instances, such as quantitative restrictions, the request may involve nothing more complicated than their removal. In others, such as health regulations, more complex undertakings may be involved as, for example, the acceptance of Canadian testing procedures or Canadian certification that the products involved meet foreign standards.

At the same time, work is proceeding in Geneva on the elaboration of draft international codes of conduct governing some of the more comprehensive forms of non-tariff measures such as government procurement practices, technical barriers to trade, customs valuation, and subsidies and countervailing duties. The immediate objective is to table reasonably final drafts by about the middle of December so that negotiators will be subsequently able to focus on specific outstanding issues. In these areas, apart from the search for a certain degree of consistency in the way such measures are applied and expansion of the effective area of trading opportunities, a major priority is to make sure that there is an effective mechanism for international notification, surveillance, consultation and the settlement of disputes or, in other words, adequate international constraints on the ability of governments to act in these areas as they see fit. In short, such codes are expected to put an end to some of the uncertainty that has so far prevailed in these areas, to ensure that access to foreign markets is not improperly impeded, to guarantee that whatever measures are applied follow agreed rules, and to provide those affected with an opportunity for consultation and redress.

So far as the specific codes are concerned, the various delegations in Geneva are now consulting together informally on government purchasing practices with a view to putting together a single integrated text by the mid-December target date which will serve as a basis for subsequent negotiation. It is thought unlikely that there will be a similarly advanced text by that date on subsidies and countervailing duties, but delegations are developing a checklist of issues on which to focus early in the coming year. With regard to customs valuation, a draft text has already been tabled by the Community which, subject to comments by other delegations in the meantime, may provide a basis for subsequent bargaining. Finally, a fairly advanced text on technical barriers to trade is already

being studied in Geneva with a view to refining various provisions and isolating those areas - such as rules on surveillance and the settlement of disputes - on which negotiators will need particularly to concentrate. Last August's Review contained a summary of these main provisions.

Agriculture

In accordance with the tentative schedule, request lists on agricultural and fisheries products have now been tabled in Geneva by most participants, indicating to each country the specific concessions in that field which its trading partners would like to obtain. This includes both tariff and non-tariff measures. Such lists are not considered final in their present form but can be subsequently modified, either by adding or withdrawing items. By January 15, 1978, corresponding offer lists are scheduled to be tabled, that is to say, lists of the agricultural concessions which each participating country is willing to offer to form the basis for subsequent negotiations. Under the negotiating rules, all such lists are held to be confidential.

Safeguards

The Tokyo Declaration suggested that the negotiations should include an examination of the adequacy of the multilateral safeguard system, considering in particular the way in which GATT Article XIX - under which imports which threaten serious injury to domestic producers can be restricted - is applied. In a trading environment characterized by new and highly efficient suppliers, many from the developing countries, there is a shared anxiety to ensure, on the one hand, that safeguards can be applied effectively and promptly when the situation warrants and, on the other hand, that discipline be agreed which would closely confine such action to a limited duration and to cases of real need and would avoid the serious and potentially widespread disruptions which could so easily result if recourse to safeguards action were made too easy, or could be irresponsibly undertaken.

One of the key issues in this area is whether the selective application of safeguards - that is to say, discrimination among sources of imports - should be allowed. The United States is currently working on a draft code which is expected to be tabled before the end of the year.

Conclusions

The general situation in Geneva is still fairly fluid. The target date for the tabling of request lists on agriculture products and on non-tariff measures affecting industrial products has been met, and it is hoped that advance drafts of the various codes under consideration will also be ready on time. It has so far proved difficult, however, to reach agreement on the tariff plan itself. Although the substance of almost every element of it is being actively discussed among delegations, the close interrelationship among these elements, as well as that between the plan and other aspects of the negotiations - particularly in the area of non-tariff measures - has made it hard to reach a decision on any one point until it is clear what progress is being made on others. In the circumstances, it is possible that the shape of the negotiations as a whole will not become evident until next January 15, the date on which preparations are expected to be complete and the groundwork laid for the hard bargaining that will inevitably follow. It remains to be seen whether this groundwork will take the form of a single comprehensive and explicit agreement or a series of interrelated understandings among the negotiating parties.

Conclusions

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News Release Communiqué

Subject/Sujet

"CANADA AND THE GATT TRADE NEGOTIATIONS: PERSPECTIVES".

For release/Pour publication

January 17, 1978

Attached are the notes for an address made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations before the Chambre de commerce du district de Montréal, Mount Royal Hotel, Montreal, Quebec, January 17, 1978.

FINAL TEXT

Des exemplaires du discours original prononcé en français sont disponibles à l'adresse suivante: Ottawa, Canada, K1A 0H5. Tél. (613) 593-7815.

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January 17, 1978

"CANADA AND THE GATT TRADE NEGOTIATIONS: PERSPECTIVES"

I. Introduction

I appreciated very much the invitation to address the Chambre de Commerce du District de Montréal at this time. As many of you will be aware, this week and next mark a key stage in this seventh round of major GATT negotiations since the end of World War II. The next few days will, in fact, see a gathering in Geneva of senior trade people from the major participants in the multilateral trade negotiations (MTN) - the objective being to ensure and to mark a successful "lift-off" for the hard negotiating which is to take place over the coming months. I will be joining Ambassador Rodney Grey in Geneva at the beginning of next week for this gathering.

As many of you may already know, this most complex negotiation in GATT's 30 year history involves some 95 countries which together account for something in excess of 90% of world trade. On this occasion, there will be a serious and systematic effort to address the adverse trade effects of non-tariff measures, as well as further to reduce tariff barriers. Tariffs have been the focus of most previous GATT negotiating rounds. The results at the current negotiations will have important implications for the shape of the international trading system which emerged during the post-War period - much as recent initiatives on the monetary front in the International Monetary Fund have altered some of the rules and precepts originally agreed at Bretton Woods.

II. MTN in Context

Later, I shall attempt to convey something of the flavour of the marching orders which I expect to be carrying with me to Geneva next week.

I might begin, however, by highlighting some of the reasons why these negotiations are important - in both current and potential terms.

Canada has been an active participant in the negotiating activity to date. This has been consistent with a determination that this country could not and would not wish to stand aside from this only major opportunity in the foreseeable future to address the trade barrier constraints to a more domestically and internationally healthy Canadian economy. Our participation has consistently been premised on the expectation that the end results, and the rules and procedures designed to secure those results, would hold promise of a reciprocal and beneficial package for Canada.

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In preparing for Canadian participation, there has been and promises to continue to be close and detailed consultation between the Federal and Provincial Governments. This is only to be expected, given the significance which the diverse regions of the country attach to a beneficial outcome from the negotiations. Indeed, the final MTN package negotiated by Canada will have to be reflective of the interests and aspirations of the various regions if it is to be of maximum value to us.

It would not be going too far to say that there is a good deal of common ground and coincidence of interest as between the Federal and Quebec Governments concerning the objectives to be pursued in these negotiations. I and a group of senior Federal officials had a good opportunity in Quebec City a few weeks ago to continue the process of close consultations and to confirm again the extent of such common ground. More detailed, follow-up discussions will ensue. The Federal side is committed to meaningful consultation with the Quebec and other Provincial Governments and to ensuring that this process is as mutually beneficial as possible. The basis for such on-going consultation has been well laid by the completion of detailed and highly professional submissions by the Quebec Government. These have already been the focus of both technical and policy level discussions between the two levels of Government.

For Quebec, as for Canada as a whole, income from sales in markets abroad makes an important contribution to standards of living and levels of economic activity. By the same token, imports (be they complementary or directly competitive with domestic production) play an important and influential role in our overall economic performance and in fulfilling some of our needs. In these circumstances, Canadian and Quebec Governments have, I believe, a shared perception about the need to make maximum use of the MTN to encourage the development of strong and viable production in Canada, as well as greater and more profitable foreign sales by our producers.

In general terms, there is also coincidence of view about the importance of diversifying the composition and distribution of exports through better multilateral access for processed resource-based products and manufactures. Perhaps as much if not more than other regions of the country, Quebec sees a large proportion of its industrial goods exports (something in the area of 2/3, I am informed) moving in the form of raw materials and semi-processed products. Many of these are concentrated in one market - the USA - which takes in excess of 60% of Quebec's sales to foreign markets. This leads me to think that Quebec endorses the Federal Government's objective to attain maximum possible reductions in tariff and non-tariff trade barriers affecting sales of processed Canadian resources in markets all around the world.

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It goes without saying that both levels of government also recognize the importance of facilitating industrial restructuring and adjustment, particularly in certain sectors which are already facing the need for basic adjustment, partly in the wake of intensified import competition. Some parts of the textile, clothing, footwear and, perhaps, furniture industries are examples which spring to mind. The question of potential further trade liberalization in these sectors is, therefore, a difficult one - not only for Government in Canada, but also for governments elsewhere in industrially mature countries. This question is naturally being addressed with great care. In situations of this kind, the need for adjustment assistance in appropriate cases is fully accepted by the Federal Government, as well as by Provincial Governments. While details remain to be worked out, there is clear recognition of the need to ensure close consultation between the Federal Government and Provincial Governments to help affected industries, workers and communities.

It is clear from our consultations with the Government of Quebec, as it is from the submissions which have been received from Quebec industry, that both public and private sector interests endorse the appropriateness of Canadian participation in multilateral efforts to eliminate or greatly reduce the negative trade effects of many non-tariff measures maintained in foreign markets. This very important aspect of the current round of negotiations has already been the focus of in-depth, technical consultations between Federal officials and both Provincial Government and the private sector representatives in Quebec and other regions of Canada. The issues involved are complex. The Canadian non-tariff measures of interest to our trading partners relate, for example, to Provincial as well as Federal laws, regulations and practices. Such consultations promise to become more and more detailed as the content of draft international codes of conduct designed to deal with some of those problems and specific demands by other participants about our regimes become clearer. It goes without saying that meaningful Canadian participation in the negotiations on non-tariff measures requires the fullest possible appreciation by all concerned - inside Government and out - of both the export benefits and import implications of the changes which are likely to ensue.

My preceding comments have referred particularly to the views which have come in from Governments. But in addition, we have received those of the private sector via the Canadian Trade and Tariffs Committee headed by Mr. L. Couillard who is with us today. Of the 350 briefs received to date, an important proportion have been from firms or individuals located within the Province or from associations (business, farm, labour, fisheries, consumers etc.) whose membership includes many from Quebec. The advice and views expressed in such submissions range from the general to the specific, from dogmatic opposition to change to export-oriented optimism. In sum, we have heard from those who represent pretty well all aspects of Canadian production and trade. Some 175 of those who made initial submissions to the CTTC have chosen to supplement

these; and close to 100 of the briefs have been followed by meetings with Federal officials to explore views, advice and data in more detail.

III. The MTN: Where It Is Now and Where It Is Headed

The main point of public attention in the MTN over the past few months has been the prospect that meaningful tariff negotiations - a de facto prerequisite for significant forward movement in the rest of the negotiations - would begin in mid-January with the tabling in Geneva of confidential offers which would outline the kinds of concessions which individual participants would be prepared to negotiate. That date for the beginning of serious bargaining is now upon us. Last summer, a tentative negotiating timetable had been set out on the basis of understandings reached between the United States and the European Community. It involved: (i) a target date of October 1 for agreement on a tariff plan, including a working hypothesis for entering the tariff negotiations; (ii) the exchange of requests between participants with respect to non-tariff measures and agricultural and fisheries items by November 1; (iii) the tabling of draft texts of codes on various non-tariff measures in December as a basis for subsequent negotiations; and (iv) the tabling of tariff and non-tariff offers by mid-January.

Agreement to an overall tariff plan has not proven possible, despite a considerable measure of consensus on its broad outline. Nevertheless, the targets for the exchange of non-tariff and agricultural requests and for the tabling of draft codes have been substantially met. In addition, it is now intended that initial tariff and other offers be made (or indicated in broad terms) at the meetings next week. So far as industrial tariffs are concerned, such offers are expected to be based on a formula for reductions which would see high tariffs reduced proportionately more than low tariffs (harmonization), with the objective of an agreed weighted average reduction expressed in percentage terms (perhaps of 40%), together with phased implementation of such tariff reductions over a period of eight years and possibly more in some cases.

Canada has made it clear that a balanced and reciprocally beneficial package on the industrial tariff side would not be in prospect for Canada if the industrial tariff negotiation did not go beyond the sort of mathematics for reduction which I have just mentioned. Such an approach would, for example, involve little reduction in the numerically low (but often highly effective) rates of foreign duties applying to the bulk of our exports; at the same time more substantial cuts would be called for in the higher rates which characteristically apply to dutiable imports into Canada.

So we are looking in the tariff negotiations on industrial products for concessions going beyond this sort of arithmetic in a number

of areas of particular interest to Canada, in order to ensure the achievement of adequate reciprocity in this area of the negotiations as well as in the negotiations as a whole.

Such reciprocity and Canada's willingness to grant compensatory concessions in its own industrial and other tariffs will depend in part on progress achieved in the negotiations with respect to agricultural and fisheries products of interest to Canada. It will depend also on the degree of success achieved in bringing major non-tariff barriers under effective control, and on the willingness of other participants to meet Canada's stated objectives for the elimination of low duties of interest to us and greater liberalization of tariff and non-tariff barriers in the key resource-based sectors of Canada's export trade.

To achieve this last objective, we have proposed sector negotiations for non-ferrous metals and forest products and will be looking for:

(a) tariff reductions greater than called for under the industrial tariff working hypothesis;

(b) the reduction or elimination of non-tariff measures or, where this is not appropriate, the reduction or elimination of their trade restricting or distorting effects, and the bringing of such measures under more effective international discipline; and

(c) the establishment of institutional machinery and appropriate provisions to ensure that the liberalization of trade achieved in the MTN is preserved.

To what extent will Canada's particular sectoral objectives be achieved? The answer to that question will be an important element in our calculation of the extent to which a reasonable balance of concessions has been achieved in the MTN. The same will be true in the area of low duty removal, which I have mentioned, and a member of other factors for example an adequate opening of markets by certain countries which are unlikely to enter the negotiations on the same formula basis as the main participants. We will also be looking for reciprocity, from state trading countries, some of which are also taking part. And we will be expecting a reasonable contribution to the negotiations from developing countries as well as, in certain areas considering special and differential treatment to facilitate their trade and economic growth.

I have mentioned earlier new draft codes of conduct addressed to a range of non-tariff barriers which are of common concern to trading countries. These will address such matters as government procurement, technical barriers to trade and, I expect, the valuation of goods for duty purposes, as well as the rules with respect to the use of subsidies and the application of countervailing duties. All of these areas are important to our export trade and to the importation of goods to the Canadian market.

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Also very important is the question of safeguards - that is, the action which countries may take when imports are causing or threatening to cause serious injury. Recently, Canada has acted under existing rules and arrangements to protect our clothing and footwear industries from such competition. Here, we are looking for improvements which would permit more effective and less complicated and time-consuming procedures to deal with such situations while, from the point of view of our export interests, endeavouring to make sure that the rules and procedures are not open to abuse and irresponsible application. Amongst other things, a number of participants have suggested that consideration be given to whether safeguards action could be taken on a selective basis rather than globally, as at present. Any such change would permit protective action to be more precisely focussed on the source of damage or potential damage. On the other hand, such a change would raise important questions with respect to the general trade rule of non-discrimination.

I have now arrived, Mr. Chairman, at the point where some concluding remarks are in order.

Canada and the other main MTN participants are about to embark upon the toughest and potentially most productive stage of one of the most complicated trade negotiations ever undertaken. The challenge before negotiators over the course of the head-to-head bargaining of the next few months will be formidable. With current economic difficulties in so many countries, including Canada, the ambience for negotiation is less promising than for past negotiations and none of them was easy. But it is to be remembered that what is at issue is the shape and degree of openness of the world trading system for the 1980's and 90's. This is something of vital concern to a major trading country such as Canada and we must be at the table to see that our interests are protected and furthered and that the future environment for world trade is responsive to our interests as well as those of other countries.

The information, advice and views of the Provinces and the private sector conveyed to the federal authorities has been invaluable in preparing the Canadian position for the across the table bargaining about to commence. It is important to remember, however, that the activity this week and next in Geneva mark only the start of the actual negotiation process. The negotiators still have a number of laps to run and a number of difficult turns to navigate before entering the final stretch. We may have as much as a year of intensive negotiations before us before the bargaining is brought to a successful conclusion and the runners cross the finish line. Over this period, the need for consultation with the Provinces and private sector interests will continue and in some areas will intensify. I expect such confidential consultations will involve variations of approach from issue to issue and interested party to interested party. These highly focussed exchanges will be designed to ensure that we extract from the negotiations the maximum of concessions which are of real value to Canada. Equally, they will help to ensure that Canadian concessions are "fine tuned" to Canada's production and trading needs for the years ahead, while taking into account current economic difficulties, including, of course, unemployment and problems in particular regions.

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The Geneva negotiations will be conducted in confidence and some of the material, particularly the offer lists of the participants, will carry a "secret" security rating. Nonetheless, media stories about the progress being made and the difficulties encountered are bound to appear. Some such speculative articles are likely to be misleading, if only because they may reflect tactical positions being taken for negotiating purposes. This should be borne in mind. Given the nature of this broad and complicated negotiation, you can at this stage be sure of only one thing, it is that the results at the end of the day will be different from what might have been demanded or offered at the outset.

Mr. Chairman, the final stages of the negotiations will not be easy, neither for Canada nor for the other main participants. The current world economic climate is not an ideal one against which to conduct an operation aimed at the further liberalization of trade. The challenge is even more difficult when the negotiations are to cover both tariff and non-tariff barriers and are designed simultaneously to reshape some of the existing trading rules and to introduce new codes of trading conduct. But the stakes are high. We must consider the consequences of failure, as well as the rewards and challenges of success. For Canada, a country which in any event must aim to improve the performance of its economy in many areas, the results of a successful negotiation could be an important plus in facilitating the changes necessary to meet the competitive world of the future. The consequences of failure, which could bring in its train victory for protective pressures throughout the world, could be particularly serious for Canada which has to export some 50% of the goods and materials it produces. It is, therefore, of the utmost importance that the negotiations be brought to a successful conclusion and that their results adequately reflect our economic and trading interests. This is the challenge for Canada. This is the challenge we are preparing to meet.

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News Release Communiqué

Subject/Sujet

CANADA TABLES STATEMENTS ON PARTICIPATION IN THE MULTILATERAL TRADE NEGOTIATIONS

For release/Pour publication

January 19, 1978
Immediate

5/78

The Canadian Delegation in Geneva has been authorized by the Government to table with the Secretariat of the General Agreement on Tariffs and Trade statements formally setting out the basis on which Canada will be participating in the industrial tariff negotiations.

In making public these statements, the Secretary of State for External Affairs, the Minister of Finance and the Minister of Industry, Trade and Commerce emphasized the importance of these negotiations to Canada. They said that the statements reflected Canada's determination to achieve overall reciprocity and to ensure that Canada's special interests and concerns are fully taken into account in the negotiations.

The tabling of these statements comes at the beginning of the intensive phase of the multilateral trade negotiations as the leading trading countries set out the basis for their participation. These negotiations cover not only industrial tariffs and non-tariff barriers but measures affecting trade in agricultural and fishery products as well. Ministers noted that Canada has major interests in each of these areas.

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Agreements reached in Geneva will have an important bearing on the international framework for trade and production for many years to come. In this context Ministers underlined the importance of ensuring that such agreements are responsive to Canadian interests and that the benefits to Canada are shared by all sectors and regions of the country.

Ministers pointed out that the first of the statements which the Delegation will be tabling indicates the basis on which Canada is prepared to enter the negotiations on industrial tariffs. The second statement sets out a proposed basis for complementary negotiations designed to achieve the greatest possible liberalization of trade in certain resource-based sectors. Copies of these statements are attached.

Ministers emphasized that Canada is prepared to participate in the industrial tariff negotiations on the basis of the elements and considerations set out in these statements, subject to the willingness of other major trading countries to enter on the basis of the same elements, and to the achievement of overall reciprocity. For Canada to achieve such reciprocity, satisfactory progress will need to be made in three areas of particular interest to Canada: the elimination or substantial reduction of many of the low tariffs faced by Canadian exports; the elimination, reduction and bringing of certain non-tariff measures under more effective international control; and the greater liberalization of tariff and non-tariff barriers to trade in the key resource-based sectors

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of forest products and non-ferrous metals. Trade liberalization through these negotiations should contribute to the Government's objective of bringing about further processing and manufacturing of raw materials prior to export.

In developing its position on the negotiations, the Government has had close consultations with the Provinces. It has also had the benefit of hundreds of submissions from individual Canadian firms, industry associations, business and labour groups, which have been followed up in many cases by direct consultations. The consultations will continue and intensify in the months ahead.

Ministers pointed out that the Government is very conscious that, in certain cases, there may be a need for special assistance to facilitate adjustment to new market opportunities and new competitive conditions. The provision of such assistance to Canadian industry has been an important function of Government for many years and a considerable range of programs is already available to facilitate adaptation to various kinds of changes. While a large part of the Government's role in the adjustment process will be concerned with creating and maintaining a business environment as favourable as possible to such adjustment, it is recognized that special help should be available where it is needed. In this regard, it is the Government's intention to work very closely with the Provinces.

Multilateral Trade Negotiations

Canadian Participation in the Industrial Tariff Negotiations

January 19, 1978
OTTAWA, Canada

The Tokyo Declaration, which governs these negotiations, provides inter alia that:

> "The negotiations shall aim to achieve the expansion and ever greater liberalization of world trade... objectives which can be achieved, inter alia, through the progressive dismantling of obstacles to trade...
>
> - coordinated efforts shall be made to solve in an equitable way the trade problems of all participating countries, taking into account the specific trade problems of the developing countries...
>
> - the negotiations should aim, inter alia, to conduct negotiations on tariffs by employment of appropriate formulae of as general application as possible...
>
> - the negotiations shall be conducted on the basis of the principles of mutual advantage, mutual commitment and overall reciprocity, while observing the MFN clause, and consistently with the provisions of the General Agreement relating to such negotiations.
>
> - participants shall jointly endeavour in the negotiations to achieve, by appropriate methods, an overall balance of advantage at the highest possible level...
>
> - the negotiations shall be considered as one undertaking, the various elements of which shall move forward together."

The Basis for Tariff Negotiations on Industrial Products:

The Canadian Government has noted that a number of major participants have indicated their intention, subject to the achievement of overall reciprocity, to enter the negotiations on a basis which includes as elements:

> - a working hypothesis having as its objective the reduction of industrial tariffs by a weighted average of forty per cent;

- the reduction of numerically higher rates by proportionately more than lower rates;

- provision for greater-than-hypothesis reduction;

- provision for less-than-hypothesis reductions or complete exceptions but such exceptions to be kept to a minimum;

- provision for the phasing-in of such tariff reductions over a period of at least eight years, the first reduction being made only after all major participants have implemented undertakings with respect to the main non-tariff measures; and

- the elaboration of provisions for special and differential treatment for developing countries.

The scope for Canadian participation in the industrial tariff negotiations on the basis of the elements indicated above, and Canada's ability to achieve reciprocity, will depend upon a number of considerations:

- the willingness of other major participants also to enter the negotiations on the basis of the above elements;

- the elimination or substantial reduction of many numerically low tariffs which face some ninety per cent of Canadian dutiable industrial exports to the markets of the other main participants;

- the degree of success achieved in eliminating, reducing and bringing under effective control certain non-tariff measures, and on the willingness of other participants to meet Canada's objective of a greater liberalization of tariff and non-tariff barriers in the key resource-based sectors of Canada's export trade (non-ferrous metals and forest products);

- reciprocity from developed countries which will not be participating under the working hypothesis, as well as from those which are participating on that basis, and from non-market economy countries: appropriate contributions in terms of access to their markets from the developing countries other than the least developed;

- full account being taken of the differential impact of tariff reductions on participants who value imports for duty on an FOB rather than a CIF basis;

- arrangements to assist adjustment to a more liberal trading environment and agreement on appropriate measures to facilitate the implementation of trade concessions, including the phasing-in process with respect to both tariffs and other trade measures.

The Canadian Government is prepared to enter the tariff negotiations with respect to industrial products on the basis of the above elements and considerations and the provisions of Article XXVIII bis. These together constitute the basis and define the potential scope of Canadian participation, subject to achievement of reciprocity in the multilateral trade negotiations as a whole.

The Canadian Government will be negotiating on the basis of Canadian tariff rates bound in GATT or, for products not covered by items bound in GATT, the permanent statutory rates.

Resource-Based Sectors of Trade

The Canadian Government would expect all participants to take full account of the interests of those countries, such as Canada, whose export interests are limited in number and are concentrated in certain resource-based sectors. To this end, it should be one of the objectives of participants, to be attained through complementary negotiations as necessary, to achieve the maximum degree of liberalization in such sectors through inter alia:

- tariff reductions and tariff harmonization greater than called for under the working hypothesis;

- the reduction or elimination of non-tariff measures or, where this is not appropriate, the reduction or elimination of their trade restricting or distorting effects, and the bringing of such measures under more effective international discipline; and

- institutional machinery and provisions to ensure that the liberalization of trade achieved in the MTN is appropriately preserved.

Low Duties

The great majority of Canadian dutiable industrial exports or potential industrial exports to the markets of other participants face numerically low rates. However, these rates are often high in terms of effective protection and have a decisive effect on trade and production. Accordingly Canada will be seeking substantial reductions in a number of such tariff rates, and indeed the elimination of many of them.

Interests of Developing Countries

The Canadian Government agrees that there is scope for the application of special and appropriate differential measures in favour of developing countries. For example, in response to detailed product requests, it should be possible to consider:

1. greater reductions than called for under the tariff working hypothesis;

2. special efforts to offer some tariff reduction on items on which full reductions under the hypothesis are not possible;

3. the keeping of exceptions covering products of interest to developing countries to a minimum;

4. the phasing-in of agreed tariff reductions over less than the eight-year period envisaged;

5. modification of tariff product descriptions to permit application of the above measures should this not be possible under existing tariff nomenclature.

Multilateral Trade Negotiations

Proposed Basis for Negotiations in Certain Resource-Based Sectors

January 19, 1978
OTTAWA, Canada

Multilateral Trade Negotiations

Proposed Basis for Negotiations

in Certain Resource-Based Sectors

January 19, 1973
OTTAWA, Canada

Ministers agreed in the Tokyo Declaration that:

- "Participants shall jointly endeavour in the negotiations to achieve, by appropriate methods, an overall balance of reciprocity at the highest possible level...

- The negotiations should aim, inter alia, to... include an examination of the possibilities for the co-ordinated reduction or elimination of all barriers to trade in selected sectors as a complementary technique...

- The negotiations shall be considered as one undertaking, the various elements of which shall move forward together".

The Canadian capacity to achieve overall reciprocity in the negotiations will depend to an important extent on the elimination or substantial reduction of many numerically low tariffs which face some ninety per cent of Canada's dutiable industrial exports to the markets of the other main participants. It will also depend, inter alia, on the degree of success achieved in eliminating, reducing and bringing certain non-tariff measures under more effective control and on the willingness of other participants to meet Canada's objective of a greater liberalization of tariff and non-tariff barriers in the key resource-based sectors of Canada's export trade (non-ferrous metals and forest products).

In the Canadian view, the objective of sector negotiations should be to liberalize trade in a range of resource-based products, to reduce the trade-distorting effects of such restrictive measures as cannot be removed and to bring such measures under more effective international discipline. In order to ensure that the liberalization of trade thus achieved is not impaired, there should be rights and obligations

additional to those now in the GATT relating to impairment, surveillance and dispute settlement.

The results of these negotiations would complement the liberalization of trade being sought elsewhere in the MTN; they would, in fact, be expected to go further than would the general solutions. The Canadian Government does not exclude the possibility that progress towards the achievement of its sectoral objectives with respect to non-tariff measures and enforcement may be accomplished in the general negotiations.

Particular attention should be given in these sector negotiations to the important interests which are involved for developing countries.

Product Coverage

The Canadian Government envisages that sector negotiations would apply to raw, semi-processed and certain processed products in the non-ferrous metals and forest product sectors. The precise product coverage would be subject to negotiation.

The essential elements for sector negotiations should include:

Tariffs

Greater tariff reductions and a greater measure of tariff harmonization than called for under the general working hypothesis for the reduction of industrial tariffs.

Staging of Tariff Reductions

In order to meet the adjustment problems of some producers, the agreed reductions of most-favoured nation duties might be implemented over a period longer than that envisaged under the general rules for staging.

Export Measures

Certain participants have indicated an interest in the issue of supply. Canada is prepared to consider this issue in the context of sector negotiations which provide for substantial liberalization of trade. In such negotiations

Canada would be prepared to examine rights and obligations additional to those now in the GATT regarding security of supplies in these sectors. The sectoral negotiations could address, for example, provisions:

1. establishing the purposes for and the conditions under which export restrictions might or might not be used;
2. relating to the binding of export taxes and the circumstances surrounding their use.

Emergency Action

Emergency action affecting trade in products to be covered by sector negotiations can have serious effects on the economies of certain countries and on the availability of supplies of such products. The development of additional rights and obligations should therefore be considered, designed to avoid, limit or control recourse to emergency action affecting the trade in these products.

Government Procurement

To the extent that government procurement accounts for a significant part of the consumption of certain resource-based products, consideration should be given to provisions which would ensure that procurement laws, regulations, procedures and practices of public entities are based on non-discrimination between foreign products or suppliers and domestic products or suppliers.

Export Subsidies and Domestic Subsidies

Consideration should be given to detailed and specific rules with respect to subsidies and countervailing measures for trade in these sectors to the extent that an adequate framework of rules and obligations is not arrived at in the general negotiations.

Restrictive Business Practices

Sector negotiations might address provisions regarding restrictive business practices relevant to trade in these sectors.

Consultations, Nullification and Impairment

Sector negotiations should address the need for additional institutional machinery and arrangements to ensure that the agreed liberalization of trade is preserved. Account should be taken in this regard of progress in these matters in the general negotiations. Provision might also be made for an annual review of the trade and outlook in the sectors and of the operation of arrangements flowing from the sector negotiations.

Government of Canada | Gouvernement du Canada

News Release | Communiqué

Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet

Canadian Participation in the Multilateral Trade Negotiations

For release/Pour publication

January 24, 1978

Attached is the text of a statement made in Geneva on January 23, 1978 by Ambassador J. H. Warren, Canadian Coordinator for Multilateral Trade Negotiations.

Copies disponibles dans la version française à l'adresse ci-haut mentionnée.

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Government of Canada
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Office of the Coordinator Multilateral Trade Negotiations
Bureau du Coordonnateur Négociations commerciales multilatérales

- 4 -

News Release Communiqué

Subject/Sujet

For release/Pour publication

January 26, 1978

Canadian Participation in the Multilateral Trade Negotiations

Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, made the following statement in Geneva yesterday to a gathering of high-level representatives from the major participating countries:

"It was six years ago - in February 1972 - that the Canadian Government decided to associate itself with joint declarations by the United States with the European Economic Community and with Japan, setting out their intention to engage in a comprehensive round of multilateral trade and tariff negotiations. In so doing, the Canadian Government considered that a further round of trade negotiations could be important and mutually beneficial. It would be useful in advancing Canadian interests, and would enable Canada to play its part in dealing with issues of concern to others and which impinge on us.

In September 1973, the Tokyo Declaration was adopted by Ministers and the new round of trade negotiations was officially launched. Since that time, the shared commitment and common will to negotiate have been reaffirmed at a number of international meetings, including three consecutive Summit Meetings of the leaders of the major industrialized countries.

It is evident that the political will to move forward has indeed been reflected in the negotiations as we move today to the detailed and intensive stage of the negotiations. The Canadian Government has tabled two papers which have been made public in Canada. One is entitled "Canadian Participation in the Industrial Tariff Negotiations", and the other "Proposed Basis for Negotiations in Certain Resource-Based Sectors". It will be clear from these papers that the Canadian Government joins its trading partners in seeking a meaningful outcome from the negotiations and is prepared to play its part accordingly.

I would like to explain our position in somewhat more detail. The Canadian Government has noted that a number of major participants have indicated their intention, subject to the achievement of overall reciprocity, to enter the tariff negotiations on the basis of certain broad understandings:-

(1) A working hypothesis that would aim at the reduction of industrial tariffs by a proposed weighted average of forty per cent.

(2) Within this context, numerically higher rates would be reduced by proportionately more than lower rates;

..2

(3) There would be provision for tariff reductions and for partial or complete exceptions, but such exceptions to be kept to a minimum;

(4) Tariff reductions would be phased in over a period of at least eight years, the first reduction being made only after all major participants had implemented undertakings with respect to the main non-tariff measures; and

(5) The elaboration of provisions for appropriate special and differential treatment for developing countries.

The scope for Canadian participation in the industrial tariff negotiations on the basis of these understandings and our ability to secure reciprocity will depend upon a number of considerations:-

(1) The willingness of other major negotiating countries also to enter the negotiations on the basis of such understandings;

(2) The elimination or substantial reduction of many numerically low tariffs which face some ninety per cent of Canadian dutiable industrial exports to the markets of the other main participants;

(3) The degree of success achieved in eliminating or reducing and bringing under effective international control certain non-tariff measures, and the willingness of other participants to meet Canada's stated objective of a greater liberalization of tariff and non-tariff barriers in the key resource-based sectors of Canada's export trade;

(4) Reciprocity from developed countries which will not be participating under the working hypothesis, as well as from those which are participating on that basis, and from non-market economy countries;

(5) Full account being taken of the differential impact of tariff reductions on participants who value imports for duty on an FOB rather than a CIF basis;

(6) Arrangements to assist adjustment to a more liberal trading environment and agreement on appropriate measures to facilitate the implementation of trade concessions, including the phasing-in process with respect to both tariffs and other trade measures.

The Canadian Government is prepared to enter the tariff negotiations with respect to industrial products on the basis of these understandings and considerations, and the provisions of Article XXVIII bis. These, together with the requirement of the Tokyo Declaration that "Participants shall jointly endeavour....to achieve by appropriate methods an overall balance of advantage at the highest possible level," constitute the basis and define the potential scope of Canadian participation.

Let me refer briefly to the issues involved in resource-based trade. The Canadian Government would expect all participants to take full account of the concerns of those countries, such as Canada, whose export interests are limited in number and are concentrated in certain resource-based sectors. To this end, it should be an objective of participants, to be attained, as foreseen in the Tokyo Declaration, through complementary negotiations as necessary, to achieve the maximum degree of liberalization in such sectors. The Canadian statement which has been circulated on this subject sets forth a number of particular ways whereby this objective might be achieved.

The great majority of Canadian dutiable industrial exports, or potential industrial exports, to the markets of other participants enter, as I have indicated, at numerically low rates. However, these rates are often high in terms of effective protection and can have a decisive effect on trade and production. Accordingly, Canada will be seeking the elimination or substantial reductions of such tariff rates.

Mr. Chairman, it should be clear from my statement today and from the two texts which have been circulated that the Canadian Government attaches major importance to dealing in these negotiations with non-tariff measures. I would wish to underline also Canada's substantial interest in the results of the negotiations with regard to agricultural and fisheries products.

The detailed supporting papers with respect to Canada's offers in these negotiations will be tabled very shortly.

In the days and weeks ahead delegations will, of course, be carefully examining the offers of others to judge the extent to which such preferred concessions meet national and, in the case of the EEC, Community objectives. We look forward to detailed negotiations with our trading partners leading to results which will bring real and lasting benefits to all participants. We are dealing with the trading framework for at least the decade ahead.

...4

Much work remains to be done and many difficult sessions lie ahead; but we are at last getting down to the real business. With the necessary resolve it should prove possible to attain our goals".

- 30 -

President
Privy Council

Président
Conseil privé

Leader of the Government
in the House

Leader du gouvernement
aux Communes

Release

Communiqué

DATE: February 9, 1978

RELEASE: 1300 hours

CANADA AND THE TRADE NEGOTIATIONS

BUILDING BLOCKS OR BARRICADES?

BY: The Honourable Allan J. MacEachen
Deputy Prime Minister

The Empire Club of Canada
Toronto

Check against delivery

President
Privy Council

Leader of the Government
in the House

Release

Communiqué

Président
Conseil privé

Leader du gouvernement
aux Communes

DATE: February 9, 1972

RELEASE: 1300 hours

Address by the Honourable A. J. MacEachen

The Empire Club of Canada
Toronto, February 9, 1978

Canada and the Trade Negotiations
Building Blocks or Barricades?

I am very pleased to be able to talk to you today about a major international development which will touch us all and which has become a focus of public attention in the past few months. I refer to the multilateral trade negotiations in Geneva in which Canada and ninety-seven other countries are currently participating - countries which together account for nearly 95 per cent of total world trade.

I do not intend to go into the technical side of these negotiations. But I wish to put them into their world perspective; to explain why they are so critically important. And I shall talk about Canada's role in the negotiations, the advantages which we expect to derive from them, as well as the challenges we face in moving forward to a more competitive international environment.

Canada is a great trading country. Half of all the goods we produce must be exported. This is not the first major trade negotiation in which we have been involved. Six major rounds of international bargaining have taken place since the General Agreement on Tariffs and Trade had its beginnings in 1948. Each of these was designed to increase the wealth of nations through the flow of world trade. In each we have advanced Canadian interests. Canada - and despite current difficulties this should be remembered - Canada through its production and trade has come a long way since the early negotiations. We are now numbered among the major economic entities of the western world, taking our place

...2

as a matter of right at the Summit Meetings of the industrialized nations.

The most recent world-wide trade negotiation, the so-called "Kennedy Round", was concluded in the summer of 1967. It dealt primarily with the reduction of tariffs. It was already evident, however, that steps would soon have to be taken to deal with a broad range of non-tariff measures which in many cases, represented even greater obstacles to trade. Indeed a beginning was made in the Kennedy Round through the negotiation of a new international code on anti-dumping of which Ambassador Rodney Grey, who now heads our Geneva team, was one of the main architects. By the beginning of the seventies, it had become apparent that still another round of negotiations would be needed, not only to deal with non-tariff obstacles and to carry forward the reduction of tariff barriers but also to address a number of important changes that were taking place in the international trading system, including the growing rôle of the developing countries and their demands for a better deal in world trade.

The Tokyo Round

The formal decision to move ahead with these new negotiations was taken by Ministers at a meeting in Tokyo in late 1973. Canada was represented by the Honourable Alastair Gillespie, one of your own, and then Canada's Minister of Industry, Trade and Commerce. Since then, the participating countries have been preparing for the actual bargaining stage which has just been initiated in Geneva. Given the wide range of issues which is being dealt with, these preparations were not easy.

...3

The world has not stood still. Japan has further enhanced its position as a major economic power alongside the United States and the European Community. We have lived through and are still trying to cope with the world energy crisis, and its attendant rising costs and serious balance-of-payments problems. Growth has slowed down, inflation has undermined confidence, unemployment has reached unprecedented levels. And the old order changeth; new suppliers have come on stream from the developing countries, helping to improve their less favoured lot, but sometimes intensifying the problems of the more mature industrial nations. Not surprisingly, there has been some clamour to revert to more restrictiveness and protectionism in world trade. But we remember from the thirties what can happen when beggar-your-neighbour policies take the ascendant, when barriers to trade and payments multiply on every side and all countries are impoverished together.

We are determined not to let this happen again. And so are the leaders in the United States, the European Economic Community and Japan. At the Summit Meeting last summer, the restrictive protectionist route was rejected and the collective determination expressed to proceed with trade liberalization as the better way to cope with slow growth, unemployment and inflation. As a result of this political will, it was possible by mid-summer to impart new momentum to the Geneva negotiations and a series of target dates was established designed to move them from the preparatory to the substantive stage. The last of these deadlines was to be mid-January 1978. At this point, it was envisaged that the

...4

preparations would be complete, the necessary documentation would be on the table, the negotiating rules and procedures would have been established, and participants would be ready to sit down and start face-to-face bargaining.

To an encouraging extent, this timetable was met. On January 23 the main trading countries recorded their separate and collective willingness to enter into negotiations on industrial tariffs on the basis of a number of common elements. These include the so-called "working hypothesis" which has as its objective a weighted average tariff reduction of some 40 per cent. Scope is, however, provided for greater tariff reductions than those envisaged under the hypothesis as well as provision for lesser reductions or, in some cases, complete exception from tariff cuts. It is further expected, under the concept of "harmonization", that higher tariffs would be cut more than those already at low levels. It is also common ground that tariff reductions would be phased in over a period of at least eight years. Canada is among the countries entering into the industrial negotiations on the basis of these elements as well as of a number of particular considerations closely tailored to our national objectives and to the achievement of overall reciprocity. I shall return to these considerations in more detail later.

There is more to the negotiations, of course, than the reduction of industrial tariffs. Agricultural products, fisheries products and alcoholic beverages are being handled differently and on the basis of the more traditional request-and-offer procedures. That is to say, each participant lists the specific tariff and non-tariff concessions it seeks

...5

from other participants. The others reply with lists of the concessions that they are prepared to offer, and the two sides then bargain their way towards a mutually acceptable deal. The same procedure is being used for a variety of non-tariff barriers affecting industrial products. Additionally, in the field of agriculture, we are negotiating for a new International Wheat Agreement. Trade in coarse grains, dairy products and beef is also the subject of special attention, looking towards both freer and better managed trading arrangements.

Draft codes of international behaviour governing certain of the more comprehensive non-tariff measures are now on the table. Such drafts cover government procurement practices, customs valuation and technical barriers to trade. The whole issue of the use of subsidies and countervailing duties is being addressed, but differences have so far prevented the emergence of anything like a document which could be taken as an agreed basis on which to focus negotiations. The same is by and large true for possible new rules on "safeguards" - that is to say, the measures which a country may take to protect its industries against sudden or excessive import penetration which either injures or threatens injury to domestic production.

Despite those areas where the negotiating parameters have yet to be fully laid out, enough progress had been made in the run-up period for the GATT Director General to conclude after the January 23 meeting that the preparatory phase was indeed over and the real negotiations now engaged.

...6

The Canadian Position

A good deal of public concern has been expressed about the possible impact of the Tokyo Round on the Canadian economy. Businessmen are asking, do we really expect to get anything important out of these negotiations? If we do get adequate concessions from our trading partners, can we afford to pay for them? Are we in a position to assure that reciprocity will in fact be attainable for Canada? Why do we place so much importance on the reduction of tariffs when such concessions can so easily be offset by other and more devious types of barriers? Can we afford to expose ourselves to more competition at a time when our domestic industries are facing so many difficult problems, including pressure from existing imports? Would it not be better to delay the whole affair until economic skies are brighter? If we are determined to go ahead, why do we not seek more advice from those in the private sector who are surely in a far better position to advise the Government than are public service officials?

Concerns such as these are understandable. But they are by no means limited to Canada. Similar views have been expressed in other industrialized countries. And this is natural when economic performance has, for some years, been below par and unemployment and inflation remain such serious problems. I should like to deal with some of these concerns, beginning with the question of inputs from the business community.

Canadian participation in these negotiations has been most carefully prepared. Consultation with the private sector and the Provinces has been carried out on a broad front. In the past four years, we have

...7

received over 350 submissions from individual companies, business groups and industry or labour associations and these have covered every element of Canadian production and trade. Many of them gave rise to valuable follow-up consultations. And there has been a multitude of direct contacts between industry and the government departments most immediately concerned, both at the Ministerial and at the senior official and technical levels. We have not set up in Canada the same sort of formal advisory committees and related machinery which is required in the United States under their trade legislation. This was, of course, considered but it was concluded that a less cumbersome set of procedures would be more effective here and that less structured arrangements could respond more quickly and with greater flexibility to the needs of the situation.

Over the past months, as the pace of preparations sped up in Geneva, the prospective shape and real scope of the negotiations began to emerge. It then became possible to provide more relevant and timely information to the public and to business about what was going on over there as well as about related activities here in Canada. This was done through reports made public by the Canadian Trade and Tariffs Committee, through periodic situation reports, through meetings with a great variety of associations and through speeches by the Coordinator, Jake Warren. More recently a series of confidential meetings with certain industry associations and companies has been initiated in which Canada's current negotiating position is being explained in greater detail and advice sought as to how best to proceed in particular areas of the negotiations. These consultations continue as we move ahead. And we have, of course,

...8

been working closely with the Provinces over the whole range of issues comprehended in the Geneva discussions. These Federal/Provincial consultations, which have proven most useful, will also continue over the period ahead. In no previous trade negotiation has there been the degree of intimacy of contact with the Provinces and the private sector that we have seen with respect to the current talks.

There are, of course, limits to what can be said even in confidential consultations. The negotiations are naturally conducted behind closed doors and there are times when tactical considerations must be taken into account. And, as you will understand, the demands of one domestic industry, in Canada as in other countries, are not always consistent with those of others and the confidences which each places in the Government's hands must be respected. Thus while we try to be as frank as we can, we cannot always be as frank as we would wish. In the last analysis, the Government must decide on its course of action, having sought out the best possible advice from the private sector. And, once positions are determined, the play of the Canadian hand must be left in the hands of our highly skilled and experienced negotiators in Geneva. I am happy to say that they are a team which enjoys the confidence of business and provincial leaders who have met them. They certainly have the respect of those whose job it is to negotiate with them. Indeed one of the challenges we face this time around is a perception that Canadians got away with more than they should have in the Kennedy Round and previous negotiations. Personally I do not believe that in normal trade negotiations the participants can be categorized in winner and loser columns. It's the nature of the game

that a deal is struck which is acceptable to the two sides. Otherwise negotiations do not succeed. Thus the point of balance eventually found is one presumed to bring mutual advantage to the participants which is, after all, what trade itself is about. But, having said this, it remains the fact that our trading partners consider us to be very tough negotiators. I am sure you will agree that this is as it should be.

I wish now to underline the vital importance of these negotiations for Canada. As a major exporting country, whose sales abroad account for almost one-quarter of its Gross National Product, Canada stands to benefit directly from the general reduction of tariffs and the removal of non-tariff barriers and these benefits would be spread across the country. Canadian producers who are already competitive should enjoy greater returns. Those who are not will have an opportunity to improve their position through the increased specialization and longer production runs made possible by the wider markets opened up abroad. In this regard, we have set two special conditions to our participation in the industrial tariff negotiations, both of them designed to make sure that tariffs are reduced in areas of particular importance to Canada. One of these is the willingness of other participants to go beyond the average percentage cut envisaged in the working hypothesis and to reduce to a greater extent or eliminate altogether a wide range of numerically low tariff rates. These are the rates faced by the great majority of our dutiable industrial exports. Although these foreign tariffs may be low in absolute terms, they are often high in terms of effective protection and can have a decisive effect on trade and thus on the location of production and

...10

investment. This is particularly important in our exchanges with the United States where about two-thirds of our dutiable exports fall within the "low duty" category. U.S. willingness substantially to meet us on this point, as intimated by Vice-President Mondale during his recent visit to Canada, should, accordingly, prove of great importance in providing scope for Canada to meet its negotiating objectives.

A second condition we have placed on our participation is the willingness of other countries to move towards a greater liberalization of trade than might otherwise result from the negotiations in certain selected resource-based sectors. We have put forward non-ferrous metals and forest products for such consideration. These so-called "sector" negotiations would be expected to contribute to Canada's objective of carrying out further processing and manufacturing of our raw materials prior to export, an objective which is currently constrained by the tendency in importing countries to impose higher rates of duty in step with the degree of processing of the product concerned.

You will note that I have referred to all these possible benefits in terms of opportunities. We cannot force Canadian firms to sell abroad. We can only ensure that they are given the opportunity to do so and that they are provided with whatever advice and assistance they need to take advantage of these opportunities. In the last analysis, we must depend on the competitiveness of Canadian production and the aggressiveness and keenness of Canadian producers and exporters, which have already carried Canadian products into every corner of the world. It is not good enough to argue that current lack of competitiveness must inevitably keep us out

...11

of foreign markets and that therefore Canadian tariffs must be maintained, if they cannot be increased. These expanded markets, and the lower costs and higher productivity which will result from sales in them, will help improve our competitiveness both at home and abroad. Nor should we overlook the fact that the freer access we are seeking may benefit products which as yet have not been conceived but which, in this age of rapid technological development, may at some point take an important place in our export trade. There will be increased competition as Canadian tariffs and other barriers are lowered; this is the reciprocal of the improved access Canada will have to world markets. But this increased competition can help to lower costs to industry and to consumers and in some cases will be a factor in bringing about adjustments which are necessary to the modernization and future efficiency of parts of Canadian production.

And, of course, in negotiating for improved export access we must be particularly careful to ensure that what is being paid for is not frustrated by the imposition of new obstacles. It is precisely for this reason that so much time in Geneva is being given to the question of non-tariff barriers. Our objectives in many cases are relatively simple, involving as they do the elimination of such direct restrictions on trade as import quotas and prohibitions facing our exports. In the long run, however, the proposed codes of international conduct and new or revised general trading rules are probably even more significant. Thus the proposed code on technical barriers to trade is intended to deal, for example, with such problems as widely varying standards, testing, and certification procedures for electrical equipment, a state of affairs which has tended to increase the costs of selling abroad, to cause unnecessary delays and to create a general climate of uncertainty which, in many cases, has made

sales impossible or at least has discouraged attempts to sell in the market concerned. This code, it is hoped, will provide a far greater degree of consistency among participating countries in the way such measures are applied as well as dealing with those aspects of national standards practices which unfairly or unnecessarily discriminate against imported products. This code and others directed to government purchasing and the like are also expected to provide an effective mechanism for notification of any problems encountered, for consultation between the parties concerned and for the eventual settlement of disputes. Thus there will be new constraints on the ability of governments to do as they see fit in areas which, deliberately or not, can have a serious effect on the flow of trade.

The Achievement of Reciprocity

The notion of overall reciprocity is fundamental to these negotiations. It is a concept to which we ourselves attach special importance. In the tariff field, as I have indicated, we have made it clear that our acceptance of the working hypothesis is conditional on adequate progress being made in the elimination of low duties against our exports and the liberalization of trade in resource-based sectors of interest to Canada. But other issues are involved as well. What countries offer by way of lower tariffs is not necessarily finely balanced only against the reduction of tariffs by others. In terms of the national interest all elements must be taken into account - tariff concessions on industrial goods, the degree of access offered for agricultural and fisheries products, the reduction of non-tariff barriers

...13

and agreements on codes of international conduct. It will not be an easy measurement to make and qualitative as well as quantitative considerations will be involved. But in making these judgments we will have had the benefit of the confidential consultations with industry and the Provinces which I have mentioned. No simple arithmetical notion is adequate for this kind of judgment nor indeed would be the simple acceptance of the advice submitted by particular companies, associations or indeed Provinces. This is so because it is the national interest which must be served and by definition this cannot wholly correspond to the divergent private sector and regional interests which have been brought to our attention.

The Question of Adaptation and Adjustment

Let me turn now to the important question of Canadian industry's ability to adapt itself to this new trading environment. Clearly it is not the intention of any participating government to impose changes on its industrial structure at a faster rate than that structure can absorb. At the moment, the first reduction in tariffs seems unlikely to take place until the beginning of 1980, nearly two years from now. Subsequent reductions would be carefully phased in over a period of not less than eight years. We are looking, therefore, not at the economic situation we see in 1978 but at a progressive and gradual adaptation to a more liberal trading environment which will not be completed until at least 1987. While the eventual rules for the staged implementation of tariff reductions will probably not be settled until the end of the negotiations later this year, it is worth noting that the European Community has suggested that the changes should be addressed in two stages. This would involve a review of the

...14

situation after the first five years of tariff reduction, with the possibility of postponing the remaining cuts if, among other things, the state of the world economy suggested that it would be wise to do so. I think it will be clear from what I have said that there is a general disposition to avoid any unnecessary disruption arising from changes in the trading framework.

We have not overlooked the possibility either that, in certain cases, Canadian firms or industries may find it genuinely difficult to adjust to new conditions. In some instances, we may find it necessary to ask that they be excepted from the proposed tariff cuts, either partially or completely, or that they be allowed a longer phasing-in period than that applied to other industries. I should point out, however, that we do not have unlimited scope in this regard. Apart from the fact that such exceptions may have to be paid for by offsetting concessions in other areas, it is evident that undue resort to exceptions by any one of the main participants could precipitate a chain reaction leading to the breakdown of the negotiations or a result so limited as to amount to their failure - a failure the world could ill afford given the tensions that are now present in world trading relationships, not least the pressures of protectionism.

Quite apart from any exceptions or partial exceptions it is, of course, necessary to consider what should be done by governments - Federal and Provincial - to facilitate change. This would be a priority whether or not the Geneva negotiations were taking place for few, if any Canadians are satisfied with our present economic performance. When we seem to

...15

have lost our competitive edge and unemployment remains so unacceptably high change must be the order of the day.

Direct assistance to industry has, as you know, been an important element in the work of governments for many years and a considerable range of programmes is already available to facilitate adaptation by firms and workers to various kinds of change. We are now actively considering the question of new machinery to assist such adjustment as well as changes in the application of existing programmes. The most important part of government's role in the adjustment process will undoubtedly be the creation and maintenance of a business environment as favourable as possible to such adjustment and indeed to the healthy expansion of production and investment in Canada. It is recognized that special help will be required for workers, firms or communities which may be particularly vulnerable. We shall be working closely with the Provinces and others concerned in developing the right kind of measures to help deal with situations of this kind.

I think I have said enough to make it clear that we have embarked on these negotiations in a most careful and considered fashion and on the basis of conscientious analysis of the private sector views which have been made available to the Government. We foresee clear advantages to Canada in the negotiations, but our participation is predicated on overall reciprocity being obtained for our country. We recognize that time will be required to permit our industries to adjust to the new challenges and opportunities. And appropriate programmes of adjustment assistance will be available for those who would otherwise find adaptation difficult.

...16

The results of the Geneva negotiations are likely to establish a framework for international trade not only for the years immediately ahead but for many years to come. In the circumstances, the question of whether we should or should not participate answers itself. We have played a leading role in the international search for political security. We must do the same in the search for greater economic security and prosperity. The negotiations are far more than a traditional exercise in the reduction of tariffs. They are intended to establish new rules for world trade, to cope with issues which scarcely existed when the General Agreement came into force, including the aspirations of the developing countries. And they will deal also with a number of issues of critical concern to the trade of developed countries including the use of subsidies and countervailing duties and the rules to govern future resort to import restrictions in the case of disruption arising from injurious imports. It is up to us to make sure, by our active participation, that whatever new rules and understandings emerge are every bit as responsive to Canadian interests and concerns as they are to those of the other countries at the bargaining table.

Mr. Chairman, it is not easy at a time when our country faces so many current problems to look ahead to the world in which we will be living and working 10 or 20 years from now. But look ahead we must if we are to be faithful to the responsibilities placed in the hands of today's leaders. There is no turning back; the world moves on and we must be part of that movement. We must shape our policies not just for now but for the generation of Canadians who will follow in our train. This is so for business, for our farmers, and our trade union leadership as it is for

...17

governments.

Policies for the future, and that is what the MTN negotiations are about, should not be predicated on false optimism about our country nor on the notion that somehow the rest of the world will look after our concerns. Neither should they be based on the sort of mid-winter pessimism which suggests that Canada has no place to go; that we have no option but to cling as long as possible to the status quo. No, Mr. Chairman, such policies should reflect the reality that we live in a competitive world and that our economic performance relative to others will in the end dictate the measure of our well being. That is the heart of the matter. If, as is the Government's intention, we get the economy back on track and create the climate in which Canadian producers, manufacturers and investors can fulfill their potential then I foresee a very different mood from the attitude of unease prevailing today. We shall be facing up to the import challenge in our market and penetrating that of others. We shall be producing more of the right things and our employment patterns will be less vulnerable. We shall be investing more of our savings here in Canada and with good prospects for return. This is the sort of climate all Canadians should be working for. The Government is doing so and will continue to do so. The underlying indicators are already moving in the right direction, our trade surplus is rising, inflation is declining. While unemployment remains at intolerable levels, it too will decline although less quickly than one would wish. A successful result to the trade negotiations will provide greater world-wide scope for Canadian endeavours. Such a conclusion should also help, through greater interaction between markets, to shape our production, employment

...18

and investment for more viable and sustainable performance in the years ahead. The negotiations should therefore not be seen as a threat to a static Canada but rather as important building blocks for a dynamic future. We should be seeking not a future where Canadians cling to each other in the cold behind protective barricades. We should be seeking a future in which Canadians walk again with pride and confidence in this market and in the markets of the world.

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Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

News Release | Communiqué

Subject/Sujet: Address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Federation of Agriculture

For release/Pour publication
0930
February 16, 1978

Attached are the notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Federation of Agriculture, Annual Meeting, Quebec City, February 16, 1978

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ADDRESS BY AMBASSADOR J. H. WARREN
TO CANADIAN FEDERATION OF AGRICULTURE
ANNUAL MEETING - QUEBEC CITY
FEBRUARY 16, 1978

AFTER SEVERAL YEARS, MUCH DISCUSSION AND A GREAT DEAL OF PREPARATION IN GENEVA AND IN CAPITALS, THE MULTILATERAL TRADE NEGOTIATIONS HAVE FINALLY REACHED THE TAKEOFF POINT. ON JANUARY 23, SENIOR TRADE POLICY OFFICIALS OF THE PARTICIPATING COUNTRIES CONVENED IN GENEVA TO STATE THEIR OPENING POSITIONS, PARTICULARLY WITH RESPECT TO INDUSTRIAL TARIFFS, AND TO UNDERLINE ELEMENTS IN THE NEGOTIATIONS AS A WHOLE TO WHICH THEY ATTACHED IMPORTANCE. AT THE END OF THE MEETING, THE DIRECTOR GENERAL OF THE GATT INDICATED THAT THE NEGOTIATIONS HAD NOW PASSED FROM THE PREPARATORY STAGE TO THAT OF SUBSTANTIVE BARGAINING.

IT IS CLEAR FROM THE STATEMENTS MADE IN GENEVA THAT THE MAJOR PARTICIPANTS REMAIN COMMITTED TO THESE NEGOTIATIONS. IF ANYTHING THERE IS NOW A HEIGHTENED SENSE OF THE IMPORTANCE AND URGENCY OF BRINGING THEM TO A SUCCESSFUL AND MUTUALLY BENEFICIAL CONCLUSION. AMBASSADOR BOB STRAUSS REAFFIRMED THE AMERICAN INTEREST IN A BROAD NEGOTIATION WITH SUBSTANTIVE RESULTS. THE UNITED STATES, LIKE THE OTHER MAIN INDUSTRIALIZED PARTICIPANTS, IS PREPARED TO ENTER INTO TARIFF NEGOTIATIONS ON INDUSTRIAL PRODUCTS ON THE BASIS OF A WORKING HYPOTHESIS WHICH CALLS FOR A WEIGHTED AVERAGE REDUCTION IN TARIFFS OF 40%. THEY HAVE ALSO ACCEPTED THE NOTION OF TARIFF HARMONIZATION WHEREBY DEEPER CUTS ARE ENVISAGED FOR HIGHER TARIFFS AND SHALLOWER CUTS FOR LOWER TARIFFS. THIS CONCEPT HAD BEEN ADVANCED EARLIER IN THE

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NEGOTIATIONS AS A MATTER OF PRIORITY BY THE EC.

THE AMERICANS ATTACH CONSIDERABLE IMPORTANCE TO NEGOTIATIONS LEADING TO THE REDUCTION OR ELIMINATION OF NON-TARIFF BARRIERS AND IN THIS REGARD ARE PARTICULARLY INTERESTED IN THE AREAS OF PRODUCT STANDARDS, GOVERNMENT PROCUREMENT AND SUBSIDIES. THEY HAVE ALSO REITERATED THEIR COMMITMENT TO SEEK SUBSTANTIAL IMPROVEMENT IN THE TERMS AND CONDITIONS OF AGRICULTURAL TRADE. AND WHILE THEY HAVE BEEN ABLE TO ACCEPT THE EC PREMISE THAT THE AGRICULTURAL NEGOTIATIONS SHOULD, AS A PRACTICAL MATTER, BE DEALT WITH UNDER DIFFERENT PROCEDURES FROM THOSE BEING FOLLOWED FOR INDUSTRIAL TARIFFS, IT IS, I THINK, CLEAR THAT THE UNITED STATES WILL NOT BE SATISFIED WITH ANYTHING LESS THAN SUBSTANTIVE AND MEANINGFUL RESULTS IN THE AGRICULTURAL AREA.

THE EUROPEAN COMMUNITY HAS ALSO ACCEPTED THAT THE INDUSTRIAL TARIFF NEGOTIATIONS SHOULD GO FORWARD ON THE BASIS OF A WORKING HYPOTHESIS AIMED AT A "HARMONIZED" WEIGHTED AVERAGE REDUCTION OF 40%. SO FAR AS NON-TARIFF BARRIERS ARE CONCERNED THE COMMUNITY PLACES PARTICULAR EMPHASIS ON THE QUESTION OF THE SELECTIVE APPLICATION OF SAFEGUARDS MEASURES WHICH CAN BE INTRODUCED WHEN IMPORTS ARE CAUSING OR THREATENING SERIOUS INJURY. MOREOVER THEY ARE ANXIOUS TO ENSURE THAT ALL COUNTRIES APPLY PROPER INJURY TESTS BEFORE LEVYING ANTI-DUMPING AND COUNTERVAILING DUTIES ON IMPORTS. THIS LATTER CONCERN IS FOCUSSED SPECIFICALLY ON THE UNITED STATES WHERE, UNDER EXISTING

...3

LEGISLATION, COUNTERVAILING DUTIES CAN BE APPLIED TO DUTIABLE IMPORTS WITHOUT SUCH A TEST. THE COMMUNITY ATTACHES GREAT IMPORTANCE TO THE NEGOTIATION OF A NEW INTERNATIONAL CODE ON CUSTOMS VALUATION - THAT IS, THE BASIS ON WHICH AD VALOREM DUTIES ARE LEVIED.

FROM A POINT OF VIEW SIGNIFICANTLY DIFFERENT FROM THAT OF THE UNITED STATES AND A NUMBER OF OTHER TRADITIONAL EXPORTING COUNTRIES, THE COMMUNITY HAS ALSO EMPHASIZED THE IMPORTANCE OF THE AGRICULTURAL NEGOTIATIONS. IN GENERAL, THEIR VIEW IS THAT MARKET STABILIZATION RATHER THAN TRADE LIBERALIZATION HOLDS THE KEY TO THE PROBLEMS THAT BESET INTERNATIONAL AGRICULTURAL TRADE. IT REMAINS TO BE SEEN IN THE NEGOTIATING PERIOD AHEAD WHETHER THE EC WILL BE ABLE TO GO FAR ENOUGH IN TERMS OF IMPROVED ACCESS TO SATISFY THE UNITED STATES, CANADA AND OTHER EXPORTERS TO THE COMMUNITY WHO ATTACH REAL IMPORTANCE TO BETTER SALES OPPORTUNITIES WITHIN THAT MARKET.

THE JAPANESE HAVE AGREED TO NEGOTIATE INDUSTRIAL TARIFFS ON THE SAME BASIS AS THE EC AND THE USA. AND THEY HAVE SAID THAT AS FAR AS AGRICULTURE IS CONCERNED, THEIR OFFERS WILL REFLECT "SINCERE EFFORTS TO MEET, AS EXTENSIVELY AS POSSIBLE, THE REQUESTS WHICH HAVE BEEN MADE ON JAPAN." JUST WHAT THIS MEANS WILL, OF COURSE, ONLY BECOME CLEAR WHEN THEIR OFFERS HAVE BEEN ANALYZED AND PROBED IN THE COURSE OF THE NEGOTIATIONS. IN THE PAST, JAPAN HAS BEEN PRETTY RELUCTANT TO OPEN UP REAL

...4

COMPETITION IN THE AGRICULTURAL SECTOR. I UNDERSTAND THAT IN THE DISCUSSIONS SO FAR, THE JAPANESE HAVE TENDED TO FAVOUR THE EC AS OPPOSED TO THE AMERICAN APPROACH TO AGRICULTURAL TRADE. ON NON-TARIFF BARRIERS JAPAN HAS INDICATED A FORTHCOMING ATTITUDE AND APPEARS TO ACCEPT THAT PROGRESS IN THESE AREAS IS ESSENTIAL TO THE HEALTH OF THE INTERNATIONAL TRADE AND PAYMENTS SYSTEM. JAPANESE INTENTIONS IN THIS AREA WILL NO DOUBT BE A SIGNIFICANT FOCUS OF ATTENTION IN THE NEGOTIATION OF BOTH AGRICULTURAL AND INDUSTRIAL PRODUCTS, GIVEN THE EXTENSIVE ARRAY OF NON-TARIFF BARRIERS WHICH IS SUCH AN IMPORTANT PART OF THE JAPANESE PROTECTIVE SYSTEM.

AUSTRALIA AND NEW ZEALAND WILL NOT BE PARTICIPATING IN THE INDUSTRIAL TARIFF NEGOTIATIONS ON THE SAME FORMULA BASIS AS THE OTHER MAIN INDUSTRIALIZED COUNTRIES. THE EXTENT OF THEIR EVENTUAL TRADE CONCESSIONS WILL, NO DOUBT, BE PARTICULARLY INFLUENCED BY THE OUTCOME OF THE AGRICULTURAL NEGOTIATIONS WHICH ARE OF SUCH PARAMOUNT INTEREST TO THEIR EXPORT TRADE.

THE DEVELOPING COUNTRIES ARE PRESSING FOR SPECIAL AND DIFFERENTIAL TREATMENT IN THE NEGOTIATIONS WHICH WOULD FACILITATE THEIR PARTICIPATION IN WORLD TRADE. THEY ARE DETERMINED TO PRESS FOR RESULTS IN THE MTN WHICH WILL GIVE SUBSTANCE TO THE RESOLUTIONS SEEKING THEIR ECONOMIC BETTERMENT THAT HAVE BEEN PASSED IN A DECADE OF MEETINGS ON THE "NORTH/SOUTH" ISSUE. WHILE IT IS RECOGNIZED THAT FULL RECIPROCITY SHOULD NOT BE DEMANDED FROM DEVELOPING COUNTRIES IT IS EXPECTED THAT MEANINGFUL CONCESSIONS WILL, ON THIS OCCASION BE SOUGHT FROM

A NUMBER OF THE MORE ADVANCED NATIONS AMONG THEM, FOR EXAMPLE BRAZIL, MEXICO AND SOUTH KOREA.

THE CANADIAN POSITION IN THE NEGOTIATIONS HAS BEEN OUTLINED IN STATEMENTS RELEASED ON JANUARY 19 AND JANUARY 24. BRIEFLY, CANADA HAS AGREED TO START THE BARGAINING ON INDUSTRIAL TARIFFS ON THE BASIS OF THE WORKING HYPOTHESIS ADOPTED ALSO BY THE OTHER MAJOR PARTICIPANTS. WE HAVE MADE IT CLEAR HOWEVER THAT WE, LIKE OTHERS, CAN ONLY AGREE TO A FINAL PACKAGE ON INDUSTRIAL TARIFFS THAT YIELDS RECIPROCITY FOR CANADA. WE HAVE ALSO POINTED OUT THAT THE EVENTUAL SCOPE OF CANADIAN PARTICIPATION IN THE INDUSTRIAL TARIFF NEGOTIATIONS WILL DEPEND ON A NUMBER OF CONSIDERATIONS WHICH INCLUDE, AMONG OTHER THINGS: THE WILLINGNESS OF OTHERS TO OFFER MEANINGFUL TARIFF CONCESSIONS TO CANADA (INCLUDING THE ELIMINATION OF CERTAIN LOW DUTIES WHICH ARE OF SPECIAL IMPORTANCE TO OUR TRADE); THE DEGREE OF SUCCESS THAT IS ACHIEVED IN REDUCING OR ELIMINATING NON-TARIFF BARRIERS OF CONCERN TO US; SUBSTANTIAL PROGRESS IN THE LIBERALIZATION OF TARIFF AND NON-TARIFF BARRIERS TO TRADE IN OUR RESOURCE-BASED PRODUCTS AND THE ADOPTION OF APPROPRIATE RULES FOR THE PHASING IN OF TARIFF REDUCTIONS THAT ARE NEGOTIATED.

CANADIAN MINISTERS HAVE PARTICULARLY NOTED CANADA'S MAJOR INTERESTS IN MEASURES AFFECTING TRADE IN AGRICULTURAL AND FISHERIES PRODUCTS. THEY HAVE EMPHASIZED OUR DETERMINATION TO ACHIEVE OVERALL RECIPROCITY, NOT JUST A SQUARE DEAL WITHIN THE INDUSTRIAL TARIFF, FISHERIES OR AGRICULTURAL NEGOTIATIONS. AND THEY HAVE UNDERLINED THE IMPORTANCE OF ENSURING THAT CANADA'S

...6

SPECIAL INTERESTS AND CONCERNS ARE FULLY TAKEN INTO ACCOUNT.

IN EXAMINING THE POSITION OF MAJOR PARTICIPANTS IT IS CLEAR THAT THERE ARE SEVERAL KEY ELEMENTS THAT ARE FUNDAMENTAL TO ALL. FIRST, AND PERHAPS FOREMOST, ALL COUNTRIES WILL INSIST ON RECIPROCITY. THE BALANCES EVENTUALLY STRUCK IN EACH OF THE MAIN AREAS OF THE NEGOTIATIONS WILL HAVE TO BE MUTUALLY BENEFICIAL AND ACCEPTABLE. BUT AT THE END OF THE DAY, COUNTRIES WILL ALSO LOOK AT THE WHOLE PACKAGE AND WILL WISH TO SATISFY THEMSELVES THAT OVERALL A FAIR BARGAIN HAS BEEN STRUCK.

THEN TOO, THERE IS A CONCERN THAT THE RULES FOR PHASING IN OF TARIFF REDUCTIONS MUST BE ADEQUATE. NO COUNTRY AT THIS POINT IN INTERNATIONAL ECONOMIC HISTORY WOULD BE PREPARED TO CONTEMPLATE SUDDEN AND DRAMATIC CHANGE IN ACCESS TO ITS MARKET. THIS IS USUALLY THE CASE IN ANY NEGOTIATION, BUT IT IS PARTICULARLY IMPORTANT IN THE PRESENT DIFFICULT ECONOMIC CIRCUMSTANCES. THEREFORE, WHILE IT IS ACCEPTED THAT COUNTRIES MUST COME TO TERMS WITH EVOLUTION AND CHANGE IN TRADING AND COMPETITIVE RELATIONSHIPS, IT IS ALSO RECOGNIZED THAT TIME MUST BE PROVIDED FOR ADJUSTMENT AND THAT FURTHER LIBERALIZATION OF TRADE BARRIERS SHOULD BE ACHIEVED IN A CONSIDERED AND ORDERLY MANNER. THERE IS NOT YET AGREEMENT ON THE PRECISE LENGTH OF TIME THAT WOULD BE REQUIRED, BUT THE DISCUSSION TO DATE HAS BEEN IN TERMS OF A MINIMUM OF 8 YEARS. AND IN SOME SENSITIVE AREAS, COUNTRIES MAY WISH TO DELAY THE COMMENCEMENT OF TARIFF REDUCTIONS OR PHASE THEM IN OVER A LONGER PERIOD OF TIME THAN IS ENVISAGED FOR OTHER LESS SENSITIVE SECTORS.

...7

AND ALL PARTICIPANTS SEEM AGREED THAT AN EFFECTIVE SAFEGUARDS AND SURVEILLANCE SYSTEM IS OF PRIME IMPORTANCE. THEY ARE VERY MUCH AWARE OF THE NEED TO REVAMP, MAKE MORE EFFICIENT AND EFFECTIVE, THE PROVISIONS DEALING WITH DISRUPTIVE AND INJURIOUS IMPORTS AND UNFAIR TRADING PRACTICES. INDEED THE ABILITY OF COUNTRIES TO MOVE FORWARD IN THE LIBERALIZATION OF TRADE AT THIS TIME IS CLOSELY LINKED TO THEIR RIGHTS AND CAPACITIES TO DEAL WITH UNFAIR OR INJURIOUS SHIFTS IN IMPORT PATTERNS OR DISRUPTIVE PARTICULAR IMPORT SITUATIONS.

YOU MAY WITH SOME JUSTIFICATION BE THINKING THAT MOST OF MY REMARKS THUS FAR AND INDEED MOST OF THE PUBLIC DISCUSSION TO DATE HAS TENDED TO FOCUS ON THE INDUSTRIAL TARIFF NEGOTIATIONS. IT IS A FACT THAT UP UNTIL NOW THERE HAS BEEN VERY LITTLE MEDIA DISCUSSION OF THE AGRICULTURAL NEGOTIATIONS AND WHAT HAS APPEARED HAS BEEN RATHER GENERAL IN NATURE. I AM HERE TODAY TO TELL YOU THAT AGRICULTURE IS BY NO MEANS THE LOST CHILD OF THESE NEGOTIATIONS. INDEED THEY ARE OF CRITICAL IMPORTANCE AND WILL INCREASINGLY BE SEEN AS ONE OF THE VITAL ELEMENTS WHICH COULD WELL DICTATE THE SUCCESS OR FAILURE OF THE ENDEAVOUR AS A WHOLE.

THE DELIBERATIONS OF THE AGRICULTURAL GROUP IN THE MTN DID NOT GET OFF TO A PROMISING START. FROM THE OUTSET, THE USA AND THE EC WERE AT ODDS AS TO HOW TO HANDLE AGRICULTURE AND BOTH TENDED TO ADOPT DOCTRINAIRE POSITIONS WHICH LED TO A PROTRACTED DEBATE ON PROCEDURAL RATHER THAN SUBSTANTIVE ISSUES.

THE UNITED STATES STARTED FROM THE POSITION THAT THE RESULTS OF THE KENNEDY ROUND IN AGRICULTURE FELL SHORT OF BEING

ADEQUATE. THEY INSISTED THAT THE TOKYO ROUND SHOULD PRODUCE REAL AND TANGIBLE GAINS IN ACCESS FOR AGRICULTURAL PRODUCTS AND THAT REAL PROGRESS SHOULD BE MADE IN THE DIRECTION OF LIBERALIZING AGRICULTURAL TRADE. THIS LED THEM TO THE CONCLUSION THAT GENERAL SOLUTIONS SHOULD BE DEVELOPED IN THE MTN WHICH WOULD APPLY TO BOTH AGRICULTURAL AND INDUSTRIAL PRODUCTS.

THE EUROPEAN COMMUNITY, ON THE OTHER HAND, WITH SOME SUPPORT FROM OTHER WESTERN EUROPEAN COUNTRIES AND JAPAN, TOOK THE POSITION THAT CLASSICAL TRADE LIBERALIZATION WAS NEITHER PRACTICAL NOR APPROPRIATE FOR AGRICULTURE. THE EC INSISTED ON THE FUNDAMENTAL POLITICAL IMPORTANCE AND INVIOLABILITY OF ITS COMMON AGRICULTURAL POLICY. THEIR NEGOTIATORS TOOK THE POSITION, THAT EXPANSION OF AND STABILITY IN WORLD AGRICULTURAL TRADE COULD BEST BE ACCOMPLISHED THROUGH MANAGED MARKETS. THIS IN TURN COULD BE ACHIEVED THROUGH INTERNATIONAL AGREEMENTS ON ESSENTIAL FOOD PRODUCTS AND AN INTERNATIONALLY AGREED FRAMEWORK OF RULES TO GOVERN TRADE IN THESE AND MOST OTHER AGRICULTURAL PRODUCTS IMPORTANT IN INTERNATIONAL TRADE. THEY WERE THUS OPPOSED TO THE US IDEA THAT AGRICULTURAL PRODUCTS SHOULD BE SUBJECT TO THE SAME RULES AND CONDITIONS THAT MIGHT APPLY TO INDUSTRIAL GOODS IN THE NEGOTIATIONS.

CANADA DID NOT TAKE A STRONG STAND ON THIS PROCEDURAL ISSUE, BEING MORE CONCERNED WITH THE SUBSTANCE OF WHAT MIGHT BE ACHIEVED. WE INDICATED A CERTAIN FLEXIBILITY WITH RESPECT TO

...9

THE PROCEDURES TO BE ADOPTED IN THE MTN FOR AGRICULTURE AND WE ACKNOWLEDGED THAT INTERNATIONAL MARKET STABILITY WAS AN IMPORTANT FACTOR TO BE TAKEN INTO ACCOUNT IN THE AGRICULTURAL NEGOTIATIONS. WE ALSO STRESSED, HOWEVER, THAT MAINTENANCE OF THE STATUS QUO IN AGRICULTURE WOULD NOT BE AN ACCEPTABLE RESULT OF THE TOKYO ROUND AND THAT IMPROVED TERMS OF ACCESS AND LIMITATIONS AND DISCIPLINES ON THE USE OF EXPORT SUBSIDIES ON AGRICULTURAL PRODUCTS, WOULD HAVE TO BE INCLUDED IN ANY FINAL MTN PACKAGE.

WITH THE ADVENT OF THE NEW AMERICAN ADMINISTRATION IN 1977 AND WITH A RENEWED COMMITMENT AT THE LONDON SUMMIT MEETING LAST SPRING TO THE GOALS FOR THE MTN ESTABLISHED IN THE 1973 TOKYO DECLARATION, THE USA AND THE EC WERE ABLE TO BREAK THE AGRICULTURAL IMPASSE. THEY AGREED TO LEAVE ASIDE THE DEBATE ON PROCEDURES AND TO FIND MEANS FOR GETTING ON WITH THE AGRICULTURAL NEGOTIATIONS. THIS IMPROVED THE ATMOSPHERE BUT DID NOT, OF COURSE, INVOLVE ANY REAL CHANGE IN THE BASIC POSITION OF THE MAIN PARTICIPANTS.

THE METHOD WORKED OUT FOR DEALING WITH AGRICULTURAL PRODUCTS IN THE NEGOTIATIONS IS QUITE DIFFERENT FROM THAT BEING FOLLOWED FOR INDUSTRIAL PRODUCTS. NO ACROSS THE BOARD FORMULA IS INVOLVED. INDEED THERE IS CONSIDERABLE VARIANCE OF APPROACH WITHIN THE AGRICULTURAL SECTOR ITSELF.

IN PART, THE AGRICULTURAL NEGOTIATIONS ARE PROCEEDING ON THE TRADITIONAL BASIS OF REQUESTS AND OFFERS EXCHANGED BETWEEN COUNTRIES. THESE THEN FORM THE BASIS FOR NEGOTIATIONS BETWEEN

...10

PARTNERS WITH ANY RESULTING NEW TARIFF LEVELS THEN BEING GENERALIZED TO OTHER COUNTRIES AS IN THE CASE FOR ALL CONCESSIONS EXCHANGED UNDER THE GATT, IN KEEPING WITH THE MOST FAVOURED NATION PRINCIPLE. THIS IS ALSO THE PROCEDURE BEING FOLLOWED FOR FISHERIES AND ALCOHOLIC BEVERAGES.

IN NOVEMBER AND DECEMBER OF LAST YEAR COUNTRIES TABLED A SERIES OF SPECIFIC REQUEST LISTS SEEKING IMPROVED ACCESS FOR THEIR EXPORTS OF AGRICULTURAL PRODUCTS. THESE REQUEST LISTS SERVED TO INDICATE TO OTHER COUNTRIES, WHICH TARIFFS AND NON-TARIFF MEASURES A COUNTRY IS SEEKING TO HAVE ELIMINATED, REDUCED, OR BROUGHT UNDER SOME INTERNATIONAL DISCIPLINE IN THE MTN. THE SECOND STEP CAME IN JANUARY WHEN SEVERAL COUNTRIES INCLUDING THE USA, JAPAN AND THE EC TABLED THEIR INITIAL OFFERS IN RESPONSE TO THE REQUESTS WHICH HAD BEEN MADE ON THEM. CANADA IS SIMILARLY EXPECTED TO TABLE ITS OFFER ON AGRICULTURAL TARIFF AND NON-TARIFF BARRIERS AND I ANTICIPATE WILL BE IN A POSITION TO DO SO IN A VERY FEW DAYS FROM NOW.

THE TABLING OF SPECIFIC REQUESTS AND OFFERS IS, OF COURSE, A VERY PRELIMINARY STAGE OF THE NEGOTIATING PROCESS. AS I HAVE INDICATED THESE LISTS SERVE ONLY AS A STARTING POINT FOR THE REAL BARGAINING WHICH WILL BE CONDUCTED LARGELY ON A BILATERAL BASIS. AND YOU CAN BE SURE THAT ALL PARTICIPANTS WILL INSIST ON GETTING AS GOOD AS THEY GIVE. IN OUR OWN CASE NO FINAL OR IRREVOCABLE DECISIONS ON THIS PART OF THE NEGOTIATIONS WILL BE TAKEN UNTIL THIS PROCESS IS COMPLETE - UNTIL ALL BETS ARE IN AND MINISTERS ARE ABLE TO JUDGE WHETHER THE DEAL IS A FAIR ONE FOR CANADA. AND INDEED THE RESULT OF THESE NEGOTIATIONS ON

...11

SPECIFIC PRODUCTS WILL ALSO HAVE TO TAKE INTO ACCOUNT WHAT HAS HAPPENED ELSEWHERE IN THE AGRICULTURAL NEGOTIATIONS AND INDEED THE NEGOTIATIONS AS A WHOLE.

THE REQUEST AND OFFER PROCEDURE ON SPECIFIC TARIFF AND NON-TARIFF BARRIERS IS ONLY ONE FACET OF WHAT IS GOING ON. THERE ARE ALSO THREE AGRICULTURAL SUB-GROUPS WHICH HAVE BEEN SET UP TO LOOK AT SPECIAL PROBLEMS IN THE GRAINS, MEAT AND DAIRY SECTORS. IT IS IN THESE GROUPS THAT THE EC AND OTHERS WILL PURSUE THEIR OBJECTIVES WITH RESPECT TO MARKET STABILIZATION AND THE REGULATION OF AGRICULTURAL TRADE. AND IT IS IN PART IN THESE GROUPS THAT WE CAN EXPECT THE BATTLE OVER INCREASED STABILIZATION, VERSUS IMPROVED TERMS OF MARKET ACCESS, TO BE JOINED.

OF THE THREE SUB-GROUPS, THE WORK OF THE GRAINS SUB-GROUP IS LEAST ADVANCED. THIS REFLECTS THE FACT THAT THERE IS A PARALLEL BUT RELATED SET OF NEGOTIATIONS ALSO TAKING PLACE IN GENEVA TOWARDS THE DEVELOPMENT OF A NEW INTERNATIONAL WHEAT AGREEMENT. IF THESE CLOSELY RELATED AND IMPORTANT NEGOTIATIONS ARE SUCCESSFUL, IT MAY PROVE POSSIBLE TO ESTABLISH A NEW FRAMEWORK FOR TRADE IN WHEAT AND PERHAPS OTHER GRAINS. IN THIS CONTEXT, IT IS HOPED THAT BY FORMULATING AGREED MEASURES OF STABILIZATION WE WOULD BE ABLE TO ELIMINATE OR GREATLY MODERATE THE EXTREME SWINGS IN PRICES THAT HAVE PLAGUED THE WORLD IN RECENT YEARS. THE EXTENT TO WHICH THE EC WILL BE PREPARED TO GO FURTHER AND DEAL WITH THE PROBLEMS RELATING TO MARKET ACCESS FOR WHEAT AND OTHER GRAINS AND THE WAY IN WHICH ANY AGREEMENT ON

...12

WHEAT THAT DOES EMERGE IS LINKED TO THE MTN NEGOTIATIONS, REMAINS TO BE DETERMINED. AND THERE IS ALSO THE DIFFICULT QUESTION OF HOW AND IN WHICH FORUM THE NEGOTIATING COUNTRIES CAN COME TO GRIPS WITH THE VEXED ISSUE OF THE COMMUNITY'S SUBSIDIZATION OF ITS EXPORTS OF WHEAT, WHEAT FLOUR AND OTHER GRAINS. NEEDLESS TO SAY, CANADA AS A MAJOR PRODUCER AND EXPORTER OF GRAINS HAS A VITAL INTEREST IN THE EVOLUTION OF THE NEGOTIATIONS IN BOTH THE MTN AND IWC CONTEXTS.

THE DELIBERATIONS OF THE MEAT AND DAIRY SUB-GROUPS ARE FURTHER ALONG, BUT A GREAT DEAL MORE WORK MUST BE DONE BEFORE WE CAN JUDGE WHETHER THERE ARE REALISTIC AND MEANINGFUL SOLUTIONS WHICH CAN BE FOUND TO THE TRADE PROBLEMS ARISING IN THESE SECTORS. SEVERAL COUNTRIES, INCLUDING NEW ZEALAND, AUSTRALIA AND THE EC HAVE PROPOSED VARIOUS MECHANISMS RANGING FROM ELABORATE CONSULTATIVE AND SURVEILLANCE PROCEDURES IN BOTH SECTORS TO SPECIFIC UNDERTAKINGS WITH RESPECT TO PRICES AND SUPPLY IN THE DAIRY SECTOR. ALL OF THESE IDEAS ARE ON THE TABLE AND ALL WILL HAVE TO BE THOROUGHLY INVESTIGATED BY EACH COUNTRY WHOSE INTERESTS ARE AT STAKE BEFORE PROGRESS CAN BE MADE. FROM THE CANADIAN POINT OF VIEW, THE SUCCESS OR FAILURE OF THESE SUB-GROUPS WILL DEPEND IN LARGE MEASURE ON THE WILLINGNESS OF ALL MAJOR PARTICIPANTS AND PARTICULARLY THE EC AND JAPAN TO RELAX SOME OF THEIR MORE RESTRICTIVE POLICIES WITH RESPECT TO TRADE IN MEAT AND TO COME TO GRIPS WITH THE POLICIES AND PRACTICES THAT HAVE GIVEN RISE IN THE PAST TO SUCH TREMENDOUS PRESSURES ON WORLD MARKETS FOR DAIRY PRODUCTS.

...13

IT IS TOO EARLY TO PREDICT WHAT THE OUTCOME OF THE WORK OF THESE SUB-GROUPS WILL BE OR HOW ANY AGREEMENTS OR ARRANGEMENTS THAT EMERGE FROM THESE GROUPS WILL BE INCORPORATED INTO A FINAL MTN PACKAGE AND THE OVERALL STRUCTURE OF GATT RULES AND OBLIGATIONS. WHAT IS CLEAR THOUGH IS THAT A NUMBER OF PARTICIPANTS, INCLUDING CANADA AND THE UNITED STATES, WILL INSIST THAT NEW RULES SHOULD ONLY BE ADOPTED IF THEY ARE USEFUL AND MEANINGFUL. WE WILL BE PRESSING FOR RESULTS WHICH ENHANCE OUR ABILITY TO PRODUCE AND COMPETE ON A FAIR AND EQUITABLE BASIS IN OUR OWN AND WORLD MARKETS AND TO PURSUE SOUND AND REASONABLE DOMESTIC AGRICULTURAL POLICIES.

AS YOU CAN IMAGINE, THE TASK OF FORMULATING A DETAILED CANADIAN POSITION IN THE AGRICULTURAL NEGOTIATIONS IS NOT AN EASY ONE. CANADA HAS A WIDE RANGE OF CONCERNS, INTERESTS AND ASPIRATIONS, SOME OF THEM CONFLICTING. MINISTERS MUST CAREFULLY WEIGH THE VIEWS OF PRODUCERS, PROCESSORS AND CONSUMERS, IMPORTERS AND EXPORTERS AND THOSE OF PROVINCIAL GOVERNMENTS. IT IS NOT EASY TO FIND A BALANCE AND DEVISE AN MTN POSITION WHICH FITS THE WHOLE RANGE OF OBJECTIVES AND PROBLEMS THAT ARE PECULIAR TO THE CANADIAN AGRICULTURAL INDUSTRY. INDEED THE LOWEST COMMON DENOMINATOR OF CONSENSUS WOULD PROVE A POOR GUIDE TO THE FUTURE, JUST AS WOULD ACCEPTANCE OF A PARTICULAR BUT EXTREME POINT OF VIEW.

IN THIS DIFFICULT JOB, THE GOVERNMENT HAS HAD THE BENEFIT OF A GREAT DEAL OF ADVICE. OFFICIALS HAVE BEEN ABLE TO PASS ON TO MINISTERS THE COMMENTS AND CONCERNS THAT HAVE BEEN

...14

PUT FORWARD THROUGH BRIEFS TO THE CANADIAN TRADE AND TARIFFS COMMITTEE, THROUGH REPRESENTATIONS TO INDIVIDUAL GOVERNMENT DEPARTMENTS AND THROUGH CONSULTATIONS BETWEEN FEDERAL OFFICIALS AND REPRESENTATIVES OF PRODUCER GROUPS AND ASSOCIATIONS, AND PROVINCIAL GOVERNMENTS. THERE IS ALSO A LARGE BODY OF ACCUMMULATED KNOWLEDGE IN KEY DEPARTMENTS IN OTTAWA WHICH DEAL WITH PROBLEMS IN THE AGRICULTURAL SECTOR ON A DAILY BASIS. IT IS MY JOB AS CANADIAN COORDINATOR FOR THE MTN TO ENSURE THAT ALL OF THESE ELEMENTS ARE PULLED TOGETHER AND BROUGHT TO BEAR IN THE DECISION-MAKING PROCESS. MINISTERS WILL NOT LACK FOR INFORMATION AND ANALYSIS IN ADDRESSING THOSE DECISIONS.

IN THE DECISION-MAKING PROCESS THERE ARE A NUMBER OF BASIC ELEMENTS WHICH STAND OUT - WHATEVER THE SCENARIO.

FIRST OF ALL, CANADIAN AGRICULTURAL TARIFFS ARE IN MANY CASES LOWER THAN THOSE OF THE US WHICH IS OUR MAJOR TRADING PARTNER. BUT, RIGHTLY OR WRONGLY, THAT IS THE STARTING POINT OF THIS PARTICULAR HORSE RACE. IT DOES MEAN, HOWEVER, THAT IN SOME AREAS WE WILL EXPECT A MAJOR AGRICULTURAL COMPETITOR LIKE THE UNITED STATES TO MOVE SUBSTANTIALLY TO OPEN ITS MARKET BEFORE WE SHOULD BE EXPECTED FURTHER TO OPEN OURS. ON THE OTHER HAND, CHARITY IS NOT A NOTABLE COMPONENT OF TRADE NEGOTIATIONS AND THERE IS RARELY MUCH ON OFFER FOR FREE. THIS MEANS THAT IF WE ARE TO SECURE IMPROVED ACCESS FOR PRODUCTS OF EXPORT INTEREST TO CANADA, WE MUST BE PREPARED TO OFFER SOMETHING IN RETURN. JUST WHAT, WHERE AND HOW MUCH IS A MATTER OF CAREFUL DECISION AND SKILLED NEGOTIATION.

...15

SECONDLY, THE CANADIAN AGRICULTURAL ECONOMY IS BASED ON A SMALLER DOMESTIC MARKET THAN MANY OF OUR MAJOR COMPETITORS AND FOR A NUMBER OF PRODUCTS OUR COMPETITIVE POSITION IS AT THE MARGIN, SOMETIMES SIMPLY FOR GEOGRAPHIC REASONS. THIS SITUATION IS OFTEN EXACERBATED BY THE EXPORT SUBSIDIES AND LIKE PRACTICES OF OTHERS ARISING FROM THE SURPLUSES WHICH THEIR SUPPORT PROGRAMMES OFTEN ENGENDER. WE WILL WISH TO ENSURE THEREFORE THAT ANY GAINS WE SECURE IN THE WAY OF INCREASED ACCESS FOR CANADIAN AGRICULTURE AND FOOD PRODUCTS, ARE NOT UNDERCUT BY UNFAIR, OR INDEED ILLEGAL, TRADING PRACTICES OF OTHER COUNTRIES. IT IS THUS ONE OF OUR NEGOTIATING OBJECTIVES TO BRING EXPORT SUBSIDIZATION OF AGRICULTURAL SALES UNDER BETTER CONTROL AND AT THE SAME TIME TO ENSURE THAT WE ARE IN A POSITION TO COPE WITH ANY SITUATIONS WHERE UNFAIR TRADING PRACTICES OF OTHER COUNTRIES INJURE OR THREATEN TO INJURE OUR DOMESTIC PRODUCTION AND SALES. AND, OF COURSE, WE WOULD ACCEPT THAT OTHER COUNTRIES SHOULD SIMILARLY BE IN A POSITION TO DEAL WITH UNFAIR TRADING PRACTICES.

THIRDLY, THE CANADIAN HORTICULTURAL SECTOR FACES A NUMBER OF SPECIAL PROBLEMS. IN ADDITION TO THE EVIDENT EROSION IN THE OVERALL LEVEL OF EFFECTIVE PROTECTION OFFERED BY SPECIFIC RATES OF DUTY, CANADIAN HORTICULTURAL PRODUCERS MUST COPE WITH THE PROBLEMS THAT ARISE INEVITABLY WHEN OUR COUNTRY IS SITUATED NEXT DOOR TO A SOUTHERLY NEIGHBOUR WITH AN EARLIER MARKETING SEASON AND A LARGER PRODUCTION BASE.

THE TARIFF BOARD REPORT ON FRESH AND PROCESSED FRUITS AND VEGETABLES HAS ANALYZED THESE PROBLEMS AND HAS RECOMMENDED

...16

SOLUTIONS. SHOULD THE GOVERNMENT ACCEPT THE BOARD'S RECOMMENDATIONS FOR ALL OR THE MOST PART, WE WILL FIND OURSELVES WITHDRAWING A SERIES OF CONCESSIONS THAT WE HAVE GRANTED IN PAST NEGOTIATIONS AND WHICH OTHER COUNTRIES HAVE PAID FOR WITH CONCESSIONS TO CANADA. WE MAY, THEREFORE, HAVE TO ENTER INTO A CONVENTIONAL COMPENSATORY NEGOTIATION UNDER GATT ARTICLE XXVIII AT THE SAME TIME THAT WE ARE INVOLVED IN AN MTN NEGOTIATION AIMED AT LIBERALIZING TRADE IN THE AGRICULTURAL SECTOR AS A WHOLE. THIS RAISES A NUMBER OF PROBLEMS, NOT THE LEAST OF WHICH IS THE REQUIREMENT TO FIND A WAY TO PAY SIMULTANEOUSLY FOR INCREASED PROTECTION OF PART OF THE CANADIAN MARKET AND INCREASED ACCESS TO FOREIGN MARKETS. THESE OBJECTIVES ARE NOT MUTUALLY EXCLUSIVE BUT OUR CAPACITY TO FIND SUCH PAYMENT IS NECESSARILY CIRCUMSCRIBED.

IN SUMMING UP, MAY I SOUND A NOTE OF CAUTION. IT WOULD BE WRONG TO ASSUME THAT THE MTN CAN OR WILL PROVIDE A SOLUTION TO ALL, OR EVEN MOST, OF THE PROBLEMS THAT BESET THE AGRICULTURAL SECTOR OF OUR ECONOMY. EVEN IF WE DO SUCCEED IN CREATING EXPANDED TRADING OPPORTUNITIES, EVEN IF WE DO ACHIEVE A MORE STABLE TRADING ENVIRONMENT WITH EFFECTIVE RULES AND DISCIPLINES TO FORESTALL EXTREME FLUCTUATIONS IN PRICES AND TO DEAL WITH DISRUPTIVE IMPORTS - SEASONAL AND OTHERWISE - THERE WILL STILL BE A REQUIREMENT TO CONTINUE TO SEARCH FOR METHODS TO DEAL WITH THE PROBLEMS THAT ARE IN SOME WAYS UNIQUE TO THE CANADIAN ECONOMY. WITH OR WITHOUT AN MTN, WE WILL STILL BE

...17

SIMULTANEOUSLY AN INDUSTRIAL AND FOOD AND RAW MATERIAL PRODUCING ECONOMY, HEAVILY DEPENDENT ON TRADE, WITH A SMALL DOMESTIC MARKET IN A NORTHERN CLIMATE. WE WILL HAVE TO FIND WAYS TO MEET OUR NATIONAL OBJECTIVES AS A COUNTRY WITH A HIGH STANDARD OF LIVING IN THE FACE OF INCREASING ENERGY AND OTHER COSTS IN A TOUGHER MORE COMPETITIVE WORLD.

THE MTN WILL ESTABLISH THE PARAMETERS OF THE INTERNATIONAL TRADING SCENE FOR THE 80's AND 90's. IT WILL PROVIDE THE BACKDROP AGAINST WHICH THE INTERNATIONAL AND DOMESTIC ASPECTS OF AGRICULTURAL POLICY WILL INTERFACE. IT WILL BE UP TO THE CANADIAN GOVERNMENT AND CANADIAN NEGOTIATORS TO ENSURE THAT THE DEAL THAT CANADA GETS IN THESE NEGOTIATIONS IS THE BEST POSSIBLE AND THAT THE TRADING RULES THAT ARE ESTABLISHED FOR THE FUTURE PERMIT CANADA TO DEVELOP ITS POTENTIAL AS AN EFFICIENT AGRICULTURAL PRODUCER. IN MOVING TOWARD THIS OBJECTIVE THE GOVERNMENT HAS SOUGHT THE ADVICE OF NATIONAL ASSOCIATIONS, PRODUCER GROUPS, PROVINCIAL GOVERNMENTS AND INDEED ALL INTERESTS CONCERNED. POTENTIALLY THE RESULTS OF THE NEGOTIATIONS WILL PROVIDE A MORE CERTAIN, MORE STABLE AND HEALTHIER ENVIRONMENT FOR TRADE IN AGRICULTURAL PRODUCTS. WITHIN THE ENVIRONMENT CREATED BY GOVERNMENTS IT WILL THEN BE UP TO YOU, AND THROUGH YOUR OWN EFFORTS AS FARMERS AND PRODUCERS TO TAKE ADVANTAGE OF INCREASED OPPORTUNITIES IN FOREIGN MARKETS. IT WILL ALSO BE UP TO YOU TO PROVE THE CANADIAN METAL IN MEETING FAIR COMPETITION IN THE CANADIAN MARKET. THESE ARE THE CHALLENGES, THESE THE OPPORTUNITIES.

---30---

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Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Bulletin No. 2

February 23, 1978

MULTILATERAL TRADE NEGOTIATIONS

SITUATION REPORT

Copies disponibles dans la version française
à l'adresse ci-haut mentionnée.
Ottawa, Canada, K1A OH5, tél. (613)593-7815

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Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

Bulletin No. 2

February 23, 1978

Multilateral Trade Negotiations

Situation Report as of February 15, 1978

Last August, the Canadian Trade and Tariffs Committee published a "Review of Developments in the GATT Multilateral Trade Negotiations in Geneva" which described the state of play at that time and the general background to the negotiations. The Office of the Coordinator Multilateral Trade Negotiations followed this up later in the year with a report on subsequent developments (Bulletin No. 1, December 15, 1977). The following notes are designed to show where the negotiations stand at the present moment.

Industrial Tariffs

From the Canadian point of view, the most significant development in recent weeks was the tabling by our Delegation in Geneva of statements formally setting out the basis on which Canada was prepared to participate in the negotiations on industrial tariffs. Copies of these statements and the accompanying press release were distributed on January 19, 1978.

It had been originally envisaged that there would be a single agreed "tariff plan" which would include everything related to these industrial tariffs--a mathematical formula for their reduction, rules for exceptions and staging, and linkages to other areas of the negotiations. This has not been the case, however, and it now appears likely that the negotiations will go ahead on the basis of formal position statements tabled by individual participants. So far as the major industrialized countries are concerned, there are a number of common or at least similar provisions in these statements. Subject to certain conditions and considerations, for example, Canada is prepared to enter the bargaining on the basis of a "working hypothesis" similar to that being adopted by the United States, the European Community and Japan. The main elements of the hypothesis as noted in the Canadian statement are:

(a) the reduction of industrial tariffs by a proposed weighted average of forty per cent;

(b) a degree of tariff "harmonization", that is to say, the reduction of numerically higher rates by proportionately more than lower rates, in general accordance with a mathematical curve based on the so-called "Swiss formula";

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(c) provision for greater-than-hypothesis reductions;

(d) provision for less-than-hypothesis reductions, including complete exception from reduction. Such exceptions, however, are to be kept to a minimum;

(e) provision for the phasing-in of such reductions over a period of at least eight years, the first reduction being made only after all major participants have implemented undertakings with respect to the main non-tariff measures; and

(f) the elaboration of provisions for special and differential treatment for developing countries.

Canada, like the other countries concerned, has made the achievement of reciprocity in the negotiations as a whole a condition of its participation on the above basis. This provision is, of course, basic to any trade negotiation and is enshrined in the Tokyo Declaration itself. Canada has also set out a number of other and more specific conditions. The most important of these relate to low duties and to sector negotiations.

(1) Low Duties: Any formula of the sort proposed by Switzerland poses a problem for Canada in that our pattern of production and trade is markedly different from that of our main trading partners. On the import side, for example, our tariffs on industrial products are relatively high and would thus be subject to correspondingly deep cuts. It is in this area that the bulk of our purchases from the United States, Japan and the Community is concentrated. Our exports to these same countries, by contrast, not only cover a narrower range of products but, for the most part, are dutiable at rates of 10 per cent or less. Under a Swiss-type formula, tariff cutting would be rather less at this lower end of the scale and would accordingly not provide Canada with the necessary degree of reciprocity.

To obtain a greater degree of equity on the export side, it will therefore be necessary to secure concessions which in some respects go beyond the sort of arithmetic provided by the Swiss formula. We have accordingly been seeking, among other things, the agreement of our major trading partners to negotiate the total elimination of duties of 5 per cent or less on a range of products, including resource-based products, of interest to Canada. This is particularly important in our trade with the United States where two-thirds of our dutiable exports fall within this category.

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The United States, while not prepared to support the inclusion of such a low-duty element in a general tariff-cutting formula, expressed willingness to use its authority under the U.S. Trade Act to address those items of interest to Canada within the negotiations as a whole. This willingness has since been confirmed by Vice-President Mondale during his recent visit to Ottawa.

(2) Sector Negotiations: Another of Canada's key objectives is to achieve the greatest possible liberalization of trade and continuing security of access in a number of clearly defined industrial sectors. We have suggested the forest products and non-ferrous metals sectors for this sort of treatment. This is in line with the government's policy of encouraging the further processing of Canada's natural resources prior to export, an objective which, to date, has been inhibited by the propensity of importing countries to maintain higher tariffs on imports as the degree of processing increases.

The concept of a complementary approach to negotiations in these sectors has not as yet been fully accepted by our trading partners, but they are increasingly aware that our objectives in this regard will have to be met in one way or another if the negotiations are to provide Canada with the degree of reciprocity that will permit us to play our full part. It was to underline the importance of this particular issue that a separate statement was tabled by the Canadian Delegation, describing in more detail the nature of our objectives and the elements that would have to be included in any such negotiations.

The reference in the working hypothesis to "greater-than-hypothesis" reductions provides the flexibility needed to deal with both of the above areas. The reference to "less-than-hypothesis" reductions applies to the question of exceptions, that is to say, the extent to which participating countries will be allowed to except from the formula those products on which, for one reason or another, they would prefer not to reduce their tariffs, at least not to the full extent required under the formula. No specific rules have yet been set with regard to such exceptions although they are expected to be kept to a minimum. Their actual extent will thus emerge only in the course of the negotiations.

As to phasing, that is, the length of time provided for implementing the agreed tariff concessions, discussions are centring around a period of eight years, with the first cut probably being carried out in 1980 if there is satisfactory evidence that the main participants have actually implemented their undertakings with regard to certain of the main non-tariff barriers to trade. Another proposal favoured by

.../4

the EEC would approach the problem in two stages. Under this, there might be a review or pause after the first five years of tariff reduction, with the possibility of deferring the remaining tariff cuts, depending on the state of the world economy at that particular time. The detailed arrangements for phasing are not likely to be resolved until a great deal further along in the negotiations, but it is clear that there is a general disposition not to impose changes in a disruptive manner or at a rate faster than the capacity of economies to absorb. It is possible too that, as part of an exceptions agreement, particularly sensitive industries may be permitted even longer phase-in periods or may have their initial cut postponed for a certain length of time.

Non-Tariff Barriers

One of the main objectives of the negotiations is the reduction or elimination of the trade-distorting or trade-restricting effects of non-tariff measures, and the bringing of such measures under more effective international scrutiny and discipline. One of the ways this is being handled is through requests made by each country to each of its trading partners, indicating the particular policies or practices which are adversely affecting its access to that market and the specific remedial action which it would like to see taken. In some instances, such as quantitative restrictions, the request may involve nothing more complicated than their removal. In others, such as customs procedures, more difficult questions may be involved as, for example, unnecessarily complex or excessive documentation. For the most part, such "request" lists have now been tabled and "offer" lists in response are now being made available. From this point on, it is up to the two parties in each case to bargain towards a mutually acceptable agreement which would then, in the normal course of events, be generalized to other countries.

At the same time, work is proceeding in Geneva on the elaboration of draft international codes of conduct governing some of the more comprehensive forms of non-tariff measures such as government procurement practices, technical barriers to trade, customs valuation, and subsidies and countervailing duties. The original objective was to table reasonably complete drafts by about the middle of December so that negotiators would subsequently be able to focus on specific outstanding issues. In these areas, apart from the search for a certain degree of consistency in the way such measures are applied and expansion of the effective area of trading opportunities, a major priority is to make sure that there is an effective mechanism for international notification, surveillance, consultation and the settlement of disputes or, in other words, adequate international constraints on the ability of governments to act in these areas as they see fit. In short, such codes are expected to put an end to some of the uncertainty that has so far prevailed in

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these areas, to ensure that access to foreign markets is not improperly impeded, to guarantee that whatever measures are applied follow agreed rules, and to provide those affected with an opportunity for consultation and redress.

So far as the specific codes are concerned, an integrated draft text has now been tabled on government procurement, delegations are examining the various issues involved, and possible approaches are being worked out for the more substantive phase of the negotiations. In the case of technical barriers to trade, work is also well advanced and consultations on its elements are continuing between delegations. Earlier versions of the draft code have already been the subject of detailed discussions in Canada between the Federal Government, the Provincial Governments and the private sector. Further and more intensive discussions are expected over the coming months.

So far as customs valuation is concerned, a draft code was submitted by the European Community last November which is currently being used as a basis for future negotiations. The Canadian Delegation has reserved its position on the substance of this question but is taking part, without commitment, in a detailed technical examination of the document. Consultations in this regard are presently being carried on with the Provinces and private sector interests. The proposed code on subsidies and countervailing duties is the least advanced of the four consisting as it does at the moment of little more than a list of the issues to be addressed.

Safeguards

The Tokyo Declaration suggested that the negotiations should include an examination of the adequacy of the multilateral safeguard system, considering in particular the way in which GATT Article XIX--under which imports which threaten serious injury to domestic producers can be restricted--is applied. In a trading environment characterized by new and highly efficient suppliers, many from the developing countries, there is a common interest in ensuring, on the one hand, that safeguards can be applied effectively and promptly when the situation warrants and, on the other hand, that a form of discipline can be agreed upon which would closely confine such action to a limited duration and cases of real need, and would avoid the serious and potentially widespread disruptions which could so easily result if recourse to safeguards action were made too easy or could be undertaken irresponsibly. One of the key issues to be resolved in this area is whether the selective application of safeguards--that is to say discrimination among sources of imports--should be allowed.

.../6

Agriculture

Agricultural tariffs, unlike industrial tariffs, are not being dealt with on a formula basis but on the same sort of request-and-offer basis as that used for non-tariff measures. This applies as well, of course, to non-tariff measures affecting agriculture. Generally speaking, most request and offer lists are now on the table with regard to agricultural products, fisheries products and alcoholic beverages. Delegations have also begun an examination of the possible applicability to agricultural products of the draft code on technical barriers.

In addition to this general approach, there are three specific areas of the agricultural negotiations which require comment: grains, dairy products and meats.

The grains discussions to date have addressed three interrelated topics: (a) the stabilization of prices and markets; (b) the expansion and greater liberalization of trade; and (c) developing country interests, including the objective of differential treatment, taking into account the interests of both importing and exporting developing countries. In recent months, MTN discussions on grains have not been active, given the concurrent discussions which are being carried out in the International Wheat Council in London. As a result of the latter, a negotiating conference towards a new International Wheat Agreement commenced in Geneva on February 13, 1978 under the auspices of the United Nations. The results of these negotiations, which have been broadened to include coarse grains as well, will be important both in themselves and in relation to the results achieved in the agricultural sector in the multilateral trade negotiations as a whole.

In the area of dairy products and meat, the GATT Secretariat has prepared texts which bring together the various proposals and considerations so far put forward. In both cases such proposals seek to introduce a greater degree of management and stability to world production. It has been agreed to consider these Secretariat drafts as working hypotheses for further discussions.

Future Timetable

The substantive phase of the negotiations is now under way. Although it is difficult at this early stage to make any firm predictions about when they will end, it is the declared intention of all major participants to move forward as quickly as possible. In the course of a high-level meeting held in Geneva on January 23, 1978, hope was expressed by senior representatives of the United States, the European Community and Japan that a successful conclusion might in fact be reached by the late summer or early fall of this year. Copies of these statements, as well as a joint statement by the developing countries, are attached.

Text of a Statement by Ambassador Robert Strauss

Special Trade Representative of the United States of America

GENEVA, January 23, 1978

"They said that these negotiations were dead for 1977, and that nothing could be accomplished in 1978 -- and we said they were wrong.

"They said the members of the European Community could never get together for the MTN -- and we said they were wrong.

"They said the developed and developing nations could never agree on a plan for progress -- and we said they were wrong.

"They said our timetable was a fraud and a sham and would never be met -- and again we said they were wrong.

"They said we would never be here, around this table today -- but by our presence, we show the skeptics of the world that they were wrong, and if the voices of negativism continue to underestimate our determination they will continue to be wrong.

"If we are to expand our economies, we must expand our trade, and the work we are about here in Geneva will produce that necessary result. World trade today involves one-sixth of everything grown or made on this planet. This is one million millions of dollars worth of better jobs, better living standards, and better choices of products and produce for our people.

"We took our first positive step forward when we set our timetable. And our second step in December when documents were circulated on several codes dealing with non-tariff barriers. Another step has been taken with the tabling of offers for reduction of specific non-tariff barriers. And still another is the tabling of offers for reductions in tariffs.

"Of course, the tabling of offers or the circulating of proposed codes is not an end. It is but the beginning, of our hardest work, despite the fact that we have worked so hard to get here. I have no illusions about where we are, but I have no reservations about moving into the next phase, because it is our historic responsibility to share an opportunity to reduce trade barriers and strengthen the framework of the international trading system. Should we fail, the cost to each of our nations and to

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the world as a whole, will be incalculable. Our markets would close, unemployment would become endemic, and Governments would fall. When we succeed, we will each have made our personal contribution toward a better world in which to live.

"We have seen vast changes in the world economy in the last few years, and a significant drop in realizing our potential for production, contributing to great strains in our trading system. Just a few nights ago, I sat with President Carter as he delivered his State of the Union message to the Congress where he said, 'despite the inevitable pressures which develop when the world economy suffers from high unemployment, we must firmly resist the demands for self-defeating protectionism'. The President pledged to work with our friends to 'promote the economic health of the world with fair and balanced agreements lowering barriers to trade'.

"The way to hold back the threat of protectionism is to do our job properly here, and thereby increase the opportunities of our people to share in the markets of the world with trade policies that are not only free, but also fair, just and equal.

"With this economic imperative in mind, I must remind you that there are areas where these negotiations are seriously lagging. In each lies the potential for future conflict, if not the risk of losing what we have achieved in this forum in the last 30 years. We only have a short truce in the area of subsidies and offsetting measures and no clear agreement on how to avoid future conflict. In agriculture, we lack agreement on both principle and practice, and the GATT has been particularly ineffective. We have no agreement on the role, the rights and obligations of developing countries. In the area of safeguards, we will either have an international consensus on appropriate rules or the real threat of chaotic interference in trade. We even lack simple effective procedures to manage trade disputes.

"In short, the work ahead is enormous, and of vital importance to all of us.

"Our objective must not be to slow the negotiations until these areas catch up, but rather to accelerate our solution of those problem areas so that they may keep pace. Each of these areas is crucial to the successful conclusion we seek.

"So let no one misjudge. Our determination to meet a schedule and to complete a task does not in any way mean a lessening of our determination to come to grips with the more difficult measures before us and achieve substantive results.

"If we cannot develop a satisfactory agreement on subsidies and countervailing duties, this matter will hang heavy over our heads in

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the next few years, threatening our trade relations.

"While nations must have the means to react when abrupt surges in imports disrupt their economies, this must be within an agreed international framework.

"There must be a satisfactory result from our negotiations on agriculture, or there will be no result at all.

"There must be movement on the issues of direct concern to the developing countries, with a view toward encouraging their further participation in this trading system.

"As you know from our earlier published position, the United States strongly favors special and differential treatment as long as these measures contribute to trade liberalization. In fashioning the U.S. offer on tariff and non-tariff barrier concessions, we have tried to take into full account the special interests of the developing countries, and I trust that in this next phase of the negotiations they will let us know their specific interests with respect to trade offers. Each of us here today appreciates how much we have yet before us. It could be tempting to relax and ponder our problems at leisure.

"But our nations cannot afford the luxury of relaxation or delay.

"We must move forward quickly. We must take the initiative when we can. We must be flexible in our positions. This is our opportunity as negotiators, and our responsibility as representatives of our people.

"This round of negotiations began four years ago. It began in earnest six months ago. It begins in urgency today. The results must see us through the next two decades.

"I am pleased at how far we have come since last Summer. This progress has taken a great measure of good will, good faith, and trust. We have brought these talks forward to the point where we can, with dedication, see them through to a successful end by mid-year.

"The Director General and his able staff have expended great efforts for which they deserve to be commended. I cannot let the moment pass without also commending all of my distinguished counterparts who have taken this opportunity to demonstrate their leadership.

"To all of you here with me today, let me say that we are partners in a challenging venture which offers great benefits for the people of the world today and for many years to come. In the words of Franklin Delano Roosevelt, "We have a rendezvous with destiny -- I welcome each of you as full partners in this noble undertaking"."

Text of a Speech by Vice-President Wilhelm Haferkamp

of the European Communities

GENEVA, January 23, 1978

"I should like first, Mr. Director General, to thank you for having organized this meeting which, though informal, is distinctly useful in that it offers an opportunity for commenting briefly on the turn taken by the negotiations and for underlining their importance.

"In the wake of the EEC Council of Ministers' discussions of January 17, I think it would be useful to provide you with a short statement on the content and significance of those discussions.

A) The Community wished to confirm its liberal commitment and to indicate its political willingness to enter into the most active and substantive stage of the negotiations. First of all, therefore, an act of faith was needed. In a clear and realistic way, the Community is providing this as well.

- On the one hand, it regards the success of these negotiations as symbolizing the determination of our governments to defend and develop a system of world trade that is as free as possible; and

- on the other hand, it will be clear and realistic in promoting its interests through the collective efforts of all the parties involved.

B) The Community submitted its offers at the appointed time and in accordance with the prescribed terms and conditions.

"Those offers, which covered tariff, non-tariff and agricultural matters, were submitted last Friday. They clearly set out the basic positions taken by the Community on a certain number of important points, the most outstanding aspects being:

i) in general, the Community considers the negotiations as a total package in which no particular element should be favoured but all elements should move ahead simultaneously;

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ii) this need for parallel progress applies particularly to certain elements to which the EEC attaches special importance:

- the application by all participants of the injury criterion provided for in Article VI,

- the recognition of selective application of the safeguard clause,

- a standard universal language for customs valuation, and

- agriculture;

iii) the Community feels it important that the outcome of these negotiations reflect a greater degree of balance in the reciprocal obligations of the major participants, on the tariff as well as the non-tariff side. Is it not logical to think as well of strengthening the General Agreement by applying it on a permanent rather than a temporary basis so that it may bring about greater uniformity in the commitments undertaken by all the developed countries?

iv) with regard to the developing countries, and especially those that still have a long way to go on the road to development, the Community upholds its political promise to special and differential treatment, wherever practicable, in all areas of the negotiations. The Community does not expect full reciprocity from the developing countries, but it is asking the more advanced among them for appropriate contributions consistent with their industrial needs in development, finance and trade so that all may contribute towards the ultimate success;

v) as for the tariff aspect of the negotiations, the Community is initially offering to apply the Swiss formula which represents a significant weighted average reduction in the common external tariff. In so doing, the Community will be appraising the offers submitted by its trading partners —and the total or partial exceptions which accompany them. In this context, the Community reaffirms its attachment to the concept of harmonization and will be alert for any erosion of that concept. In order to obtain adequate reciprocity, in both qualitative and quantitative terms, the Community will make the necessary adjustments to its initial offer. It is indicating in advance that, for its

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part, it has no intention of using the notion of "compensation for exceptions". As for the implementation of the tariff reductions that will eventually be agreed upon, as laid out in paragraph 7 of Document MTN/INF/11, the Community feels that the implementation of the second stage, covering the final three annual reductions, must be linked to the economic situation at the time. Our Council of Ministers has agreed that it will examine the overall situation itself at that time to determine whether the conditions are right for proceeding with that second stage. The views of the EEC with respect to special and differential tariff treatment for developing countries are set out in detail in the offer we submitted to the GATT Secretariat last Friday;

vi) important though the tariff negotiations may be, the non-tariff negotiations appear to us to be even more important. As a matter of fact, the customs tariffs of some developed countries have been progressively reduced in the course of previous negotiations held on this same site, which explains why the Community attaches the highest importance to harmonizing the tariff profiles of the developed countries. At the same time, non-tariff measures constitute an area in which the imagination of government officials can have free rein, whether it takes the form of deliberate restraints on trade or the introduction of regulations on such matters as pollution or health, which are legitimate in themselves but risk interfering with the free flow of trade. This is why we need stronger international cooperation. Such cooperation must, in future, perform not only a corrective service but even more of a preventive one;

vii) in concluding this statement of the Community's attitudes and decisions, I would like to make one final point. According to paragraph 7 of Document MTN/INF/11 mentioned earlier, tariff reductions will normally be phased over an 8-year period starting from January 1, 1980 or from the date on which the main agreements arising out of the multilateral trade negotiations are ratified by the major participants and the necessary legislation promulgated. I should add that the Community generally will not implement its own concessions until parliamentary approval has been received, where necessary, by its developed partners.

"In short, Mr. Chairman, to sum up its position at the outset of this substantive stage of the negotiations, the Community has taken a decidedly positive attitude as a result of our strong belief in the need to move on to a new stage of progress in connection with the General Agreement. Another reason for its firm attitude is that--and I don't think my friend Bob Strauss, himself a formidable negotiator, will contradict me--these are negotiations to whose success everyone must contribute in a collective effort to improve the international framework which governs trade relations.

"Mr. Chairman, I come now to the future of our work or, as some say, our "programme". It takes two basic ingredients for negotiations to be able to go on and reach a successful conclusion. These are political will, as confirmed by the presence of many of us here today, and technical imagination--and I am sure there is no lack of that among our experts. But should we, for all that, launch into detailed discussions about a finely drawn programme? These negotiations are as political as they are technical. In any event, there is nothing of a scientific operation about them, and even the most carefully drawn programmes and the strictest countdowns can sometimes fail. Let us concentrate our energies, then, on the goal of bringing these negotiations to a positive and realistic conclusion. Let us pool our efforts with a view to concluding them as soon as possible --this summer, if it can be done. But let us not confine ourselves completely to rigid dates.

"Mr. Chairman, I should like to end this brief address by stating that the Community is approaching this crucial stage of the negotiations with the will to succeed. The Community itself came into being through an act of faith and will on the part of certain governments. Today, it is not taking economic recession for granted, and it is trying to reverse that trend with an economic policy deliberately directed towards moving ahead. It does not regard an increase in protectionism and a slump in international trade as inevitable. Lastly, it does not take for granted the state of under-development and the difference in standards of living between industrialized countries and those of the Third World. This is why it is making the efforts it is to pursue positive and outward-oriented policies."

Text of Statement by H. E. Nobuhiko Ushiba

Japanese Minister of State for External Economic Relations

GENEVA, January 23, 1978

"Today we gather here to commemorate the beginning of the final phase of the Tokyo Round of multilateral trade negotiations. Last week, several participants, including my own, submitted offers on tariffs, agricultural products and non-tariff measures. The tabling of specific offers is a major step forward toward the success of the negotiations. This demonstrates, in our view, the political will shared among participants to further expand world trade and to preserve and strengthen the open trading system under the GATT, as well as to contain protectionist pressures arising out of the present economic circumstances.

"Early and successful conclusion of the Tokyo Round and prompt implementation of its results are of particular importance under the present economic circumstances. Stability in the international monetary situation is another pre-requisite for economic recovery through trade expansion. The world economic community today needs a positive and concrete demonstration of the effectiveness of international cooperation. This shall serve to reaffirm a right sense of direction and to restore confidence in the open trading system.

"For this reason, the Government of Japan is determined to make utmost contributions to secure the success of the negotiations. This determination is clearly reflected in the Cabinet decision of last week on the occasion of the presentation of offers. This decision states, inter alia, that the Government of Japan 'will, in full cooperation with other participants, assume a leading role with its maximum efforts to bring the negotiations to early conclusion with meaningful results'.

"Last Saturday, Prime Minister Fukuda stated at the 84th session of the Diet that 'the Government will strive for the opening of our market through vigorously instituting a series of measures, including positive cooperation in the Tokyo Round of negotiations'.

"Such policy intention has been underlined on several occasions of pronouncement on Japan's economic policy such as the advance reduction of tariffs decided upon last December and the submission of offer lists last week, to cite only a few.

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"Now I should like to touch upon the offers submitted by Japan.

"Japan's industrial tariff offers are based on a harmonization formula. The weighted average reduction on mineral and industrial products exceeds 40 percent. Exceptions have been kept to the minimum, and deeper-than-formula cuts are applied to a large number of products. Japan's concessions on agricultural products and non-tariff measures are the reflection of its sincere efforts to meet, as extensively as possible, the requests submitted last November. On the basis of these offers, the Government of Japan is prepared to enter into serious negotiations with its negotiating partners, developing and developed alike. It is Japan's intention to conduct negotiations with a view to maximizing each others offers and contributions so that we can attain substantial results that are mutually acceptable. Also, the Government of Japan intends to cooperate positively in the fields of the negotiations where multilateral solutions such as in the form of codes are being negotiated.

"With respect to our developing partners, I reaffirm once again that Japan does not seek strict reciprocity but expects contributions consistent with their development, financial and trade needs. I also reaffirm that the Government of Japan is guided by the principles contained in the Tokyo Declaration and, in particular, that 'the negotiations shall aim to secure additional benefits for the international trade of developing countries'.

"Mr. Chairman, my Government does not underestimate the complexity nor the agonizing technical details that must be overcome for the successful conclusion of the negotiations. My Government, however, would wish to seek as rapid a progress as possible and to maximize the results of the negotiations with a view to winding up the Tokyo Round of negotiations by mid-July of this year.

"Let me conclude my remarks by reaffirming the total pledge of my Government to early and successful conclusion of the negotiations and prompt implementation of the results, which all of us have jointly carried forward this far for the benefit of the international community."

JOINT STATEMENT BY DEVELOPING COUNTRIES

GENEVA, January 23, 1978

Developing countries participants in the Multilateral Trade Negotiations, recognizing the great importance of the satisfactory conclusion of these negotiations for the expansion of their export trade and the economic development of their countries, welcome the determination of the major developed countries to accelerate the process of negotiations aiming at their successful conclusion in the shortest possible time.

The developing countries wish to stress, however, the importance of ensuring that the future work takes full account of the objectives of the negotiations in respect of developing countries, including the need to ensure that they receive special and more favourable treatment in the context of any general or specific measures. On the basis that this provision of the Tokyo Declaration is faithfully pursued, the developing countries are prepared to participate in the forthcoming critical stage of the negotiations, which we understand is starting from today, and to contribute to their successful conclusion on a basis mutually advantageous to all participants.

On this occasion, developing countries would like to reiterate once again their determination to pursue these negotiations to a successful conclusion with a view to ensuring the effective implementation of the principles and objectives agreed upon at Ministerial level in the Tokyo Declaration of the 14 September 1973.

While repeating this determination, I should like to recall the deep concern which developing countries have been expressing about the way their particular needs and problems (including those of the least developed among them) have so far been dealt with in the course of the negotiations. There are feelings of disquiet that some developed countries are considering the problems and objectives of developing countries simply as being peripheral to the MTN and, as such, insufficient attention is being given to them. The very great disappointment with the results so far achieved in the field of tropical products has been emphasized on numerous occasions and there is the feeling that the wording and the spirit of the Tokyo Declaration has so far been ignored in this area of the greatest significance to a very large number of developing countries.

The developing countries regret that their absence from many of the consultations which in recent months have been occurring among

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the major developed countries on fundamental issues being dealt with has created a feeling, to say the least, of unease among developing countries. They are seriously concerned not only about this procedure but also about the apparent technique of taking important decisions outside the Trade Negotiations Committee and its Groups and Sub-Groups. They are deeply surprised, for example, to see the Group "Tariffs" put on ice as it were for an extended period, and a basis for tariff negotiations, including a working hypothesis formula being agreed to by the main participants outside the framework of the Group. This, at least in the view of developing countries, is contrary to the normally accepted approach of establishing a commonly agreed negotiating tariff plan. It has also had the effect of no agreement being on the table on broad principles and special procedures for implementing special, more favourable and differentiated treatment for the products of export interest to developing countries.

Developing countries are expecting to see, in this vital stage of the negotiations, quite a different approach to the issues of fundamental importance to them than that experienced up until now. In other words they want to be fully engaged in all areas of the negotiations of interest to them where progress should be parallel and simultaneous so that they can make an effective contribution to a successful outcome.

They are expecting to see in this forthcoming phase far greater attention being paid to their special needs which will achieve results enabling them to diversify and accelerate their exports and contribute to their economic development. The application of differential measures to developing countries in ways which will provide special and more favourable treatment for them and the maintenance and improvement of the Generalized System of Preferences are important principles agreed upon in the Tokyo Declaration and they need to be fully implemented.

Without detracting from the importance of all areas of the negotiations for developing countries, whether they be tariffs or non-tariff measures, tropical products and agriculture, safeguards and other issues where codes of conduct etc. are under consideration, I should also like to draw the attention of this informal meeting to the work of the Group "Framework", which is considering the framework for the future conduct of world trade including trade between developed and developing countries. It would be an understatement to say that work in this particular area of great importance to developing countries is seriously lagging. A particular effort will have to be made to move this area forward so that we can achieve a positive result in parallel with all other parts of the negotiating process.

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The value of the satisfactory conclusion of the MTN for developing countries depends on the degree to which the main objectives of the negotiations as stated in the Tokyo Declaration are achieved; namely how the results in favour of developing countries' exports will secure additional benefits for them so as to achieve a substantial increase in their foreign exchange earnings, the diversification of their exports, the acceleration of the rate of growth of their trade, taking into account their development needs and also how an improved international framework system will enable them to participate more effectively in international trade and in international trade relations on a global basis.

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Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

News Release Communiqué

Subject/Sujet Address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canada Grains Council, Winnipeg, Manitoba

For release/Pour publication 15:00 hours (E.S.T.) April 4, 1978

Attached are the notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canada Grains Council, Annual Meeting, Winnipeg, Manitoba, April 4, 1978.

"The Multilateral Trade Negotiations"

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News Release Communiqué

REMARKS BY AMBASSADOR J.H. WARREN
TO ANNUAL MEETING, CANADA GRAINS
COUNCIL, WINNIPEG, APRIL 4, 1978

MR. CHAIRMAN,

AS ONE WHO WAS NO STRANGER WHEN THE CANADA GRAINS COUNCIL WAS ESTABLISHED IT IS A GREAT PLEASURE TO BE WITH YOU ONCE AGAIN ON THIS, THE OCCASION OF YOUR 9TH ANNUAL MEETING. TEMPTING AS IT WOULD BE TO REMINISCE ABOUT THOSE EARLIER DAYS, I SHALL RESIST. FOR I KNOW YOUR CONCERN IS FOR THE PRESENT AND THE FUTURE. NOR SHALL I DWELL ON MY INVOLVEMENT IN THE NEGOTIATION OF EARLIER INTERNATIONAL WHEAT AGREEMENTS, LEAST OF ALL THAT OF 1967, THE PRICE AND ECONOMIC PROVISIONS OF WHICH BROKE UNDER THE WEIGHT OF ACCUMULATED SURPLUS SUPPLIES AND COMPETITIVE SELLING PRESSURES.

I WILL, HOWEVER, SAY A WORD OR TWO ABOUT THE PLACE OF GRAINS IN THE CURRENT MULTILATERAL TRADE NEGOTIATIONS, BUT CHIEFLY AS A SCENE SETTER AND CURTAIN RAISER FOR BILL MINER WHO WILL BE SPEAKING TO YOU IN A FEW MINUTES AND WHO HAS ONLY JUST RETURNED FROM LEADING OUR DELEGATION TO THE UNITED NATIONS WHEAT CONFERENCE IN GENEVA.

THE IMPORTANCE OF CANADIAN PARTICIPATION IN THE MTN

MY ASSIGNMENT TODAY IS TO TALK ABOUT THE MTN NEGOTIATIONS AS A WHOLE, AND CANADA'S INTEREST AND ROLE THEREIN. IT IS A SUBJECT WHICH MANY THINK OF - IF THEY THINK ABOUT IT AT ALL - AS A RATHER REMOTE AND ESOTERIC AFFAIR, MORE THAN A LITTLE REMOVED FROM THE DAY TO DAY REALITIES FACING PRODUCERS, MANUFACTURERS, USERS AND CONSUMERS. IN A SENSE SUCH A VIEW IS CORRECT. WHAT IS HAPPENING IN GENEVA WILL NOT AFFECT US TODAY, TOMORROW OR THE NEXT DAY. BUT IT WOULD BE A GREAT MISTAKE TO UNDERRATE THE NEGOTIATIONS FOR THIS REASON; FOR THE RESULTS OF THE MTN COULD BE OF GREAT

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REMARKS BY AMBASSADOR J.H. WARREN
TO ANNUAL MEETING, CANADA GRAINS
COUNCIL, WINNIPEG, APRIL 4, 1978

Mr. Chairman,

As one who was no stranger when the Canada Grains Council was established it is a great pleasure to be with you once again on this, the occasion of your 9th Annual Meeting. Tempting as it would be to reminisce about those earlier days, I shall resist. For I know your concern is for the present and the future. Nor shall I dwell on my involvement in the negotiation of earlier International Wheat Agreements, least of all that of 1967, the price and economic provisions of which broke under the weight of accumulated surpluses and competitive selling pressures.

I will, however, say a word or two about the place of grains in the current multilateral trade negotiations, but chiefly as a scene setter and curtain raiser for Bill Miner who will be speaking to you in a few minutes and who has only just returned from leading our delegation to the United Nations Wheat Conference in Geneva.

The Importance of Canadian Participation in the MTN

My assignment today is to talk about the MTN negotiations as a whole, and Canada's interest and role therein. It is a subject which many think of - if they think about it at all - as a rather remote and esoteric affair, more than a little removed from the day to day realities facing producers, manufacturers, users and consumers. In a sense such a view is correct. What is happening in Geneva will not affect us today, tomorrow or the next day. But it would be a great mistake to underrate the negotiations for this reason; for the results of the MTN could be of great

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SIGNIFICANCE TO OUR LONGER TERM FUTURE AND THEIR FAILURE COULD, I BELIEVE, HAVE SERIOUS IMPLICATIONS FOR CANADIAN WELL-BEING, INCLUDING THAT OF THE WESTERN PROVINCES, IN A MUCH SHORTER TIME FRAME.

I SAY THIS FOR A NUMBER OF REASONS. THE FIRST OF WHICH IS CANADA'S STAKE AS A MAJOR EXPORTING AND IMPORTING NATION IN A REASONABLY WELL-FUNCTIONING WORLD TRADE AND PAYMENTS SYSTEM. THIS IS NOT BECAUSE OF ANY DOCTRINAIRE ATTACHMENT TO THE THEORY OF INTERNATIONAL TRADE. RATHER, IT IS BECAUSE OVER A BROAD SPECTRUM OF CANADIAN PRODUCTION WE MUST HAVE ACCESS TO FOREIGN MARKETS FOR OUR OUTPUT AND IN ORDER TO PROVIDE THE WHEREWITHAL TO PAY FOR NECESSARY IMPORTS. AND I WOULD REMIND YOU THAT MANY EASTERN EUROPEAN AS MOST OF THE DEVELOPING COUNTRIES ARE AT THE TABLE IN GENEVA AS WELL AS THE INDUSTRIAL COUNTRIES. INDEED THE NEARLY ONE HUNDRED COUNTRIES PRESENT ACCOUNT FOR OVER 90 PER CENT OF WORLD TRADE.

IT SHOULD NOT BE ASSUMED THAT THE STATUS QUO, WHETHER OR NOT IT IS CONSIDERED SATISFACTORY, WILL SOMEHOW BE AVAILABLE IRRESPECTIVE OF THE OUTCOME IN GENEVA. THE WORLD IS NOT LIKE THAT, CERTAINLY NOT TODAY. FOR EITHER THERE WILL BE MOVEMENT FORWARD REINFORCING AND EXTENDING THE LIBERALIZATION OF TRADE SO FAR ACHIEVED OR THE GEARS WILL SLIP INTO REVERSE. THERE IS, AS YOU KNOW, HEAVY PRESSURE IN MOST OF THE INDUSTRIALIZED COUNTRIES TO HAVE GOVERNMENTS DEAL WITH CURRENT PROBLEMS OF SLOW GROWTH, UNEMPLOYMENT AND INFLATION BY RESORT TO PROTECTIVE TRADE MEASURES. THESE PRESSURES COULD ALL TOO EASILY TAKE THE ASCENDANT WERE THE GENEVA NEGOTIATIONS TO DEMONSTRATE THAT THE MAIN TRADING COUNTRIES NO LONGER HAVE THE CAPACITY TO COMPRISE THEIR DIFFERENCES AND WORK COLLECTIVELY FOR MUTUAL

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ADVANTAGE. ONE ONLY HAS TO REMEMBER THE HUNGRY THIRTIES TO RECALL WHAT CAN HAPPEN WHEN EACH COUNTRY RESTRICTS TRADE AND TRIES TO EXPORT ITS ECONOMIC DIFFICULTIES. AND THERE ARE ENOUGH CURRENT EXAMPLES OF GOVERNMENTS FEELING THAT THEY HAD TO MOVE, AT LEAST TO SOME EXTENT, TO GIVE EXCEPTIONAL PROTECTION TO DOMESTIC INDUSTRIES TO REALIZE THAT THIS NIGHTMARE THOUGHT CANNOT PRUDENTLY BE BANISHED FROM OUR THINKING.

BUT LETS MAKE MORE OPTIMISTIC PROJECTIONS AND ASSUME THAT THE WORLD'S MANAGERS WILL BE ABLE TO COPE WITH THE PRESENT TENSIONS AND DISRUPTION AND THAT ECONOMIC RELATIONS BETWEEN COUNTRIES WILL NOT FALL INTO COUNTER-PRODUCTIVE DISARRAY. DOES CANADA IN THESE MORE PROMISING CIRCUMSTANCES ALSO HAVE A MAJOR STAKE IN THE MTN OUTCOME? MY ANSWER IS CLEARLY AFFIRMATIVE.

THE GENEVA TALKS ON THIS OCCASION GO FAR BEYOND THE MATTER OF NEGOTIATED TARIFF REDUCTIONS. IN A NUMBER OF AREAS THE NEGOTIATORS ARE ADDRESSING THE FUNDAMENTALS OF TRADING ARRANGEMENTS. I THINK YOU WOULD AGREE THAT CANADA WITH ITS IMPORTANT TRADING INTERESTS, FROM AGRICULTURE AND FISHERIES, THROUGH BASIC MATERIALS TO HIGHLY SOPHISTICATED MANUFACTURES - THAT CANADA COULD NOT SIT IDLY ON THE SIDELINES WHEN THE WORLD IS DECIDING WHAT SHALL BE THE NEW RULES FOR TRADE OR CHANGES IN EXISTING RULES. I THINK, FOR EXAMPLE, OF RULES GOVERNING THE USE OF SUBSIDIES AND COUNTERVAILING DUTIES AND DEALING WITH EMERGENCY MEASURES, OR SAFEGUARDS, WHEREBY IMPORTS CAN BE RESTRAINED WHEN THEY CAUSE OR THREATEN TO CAUSE SERIOUS INJURY TO DOMESTIC PRODUCERS. AND THERE IS THE WHOLE QUESTION OF THE EVOLVING TRADE RELATIONSHIPS WITH THE DEVELOPING COUNTRIES.

SIMILARLY - AND THIS IS ANOTHER IMPORTANT REASON FOR CANADIAN PARTICIPATION IN THE MTN - THE NEGOTIATIONS ARE THIS TIME ENDEAVOURING TO

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REMOVE OR BRING UNDER CONTROL A MYRIAD OF NON-TARIFF BARRIERS WHICH HAVE TENDED TO FRUSTRATE TRADING OPPORTUNITIES. OTHER COUNTRIES APPEAR TO HAVE MADE GREATER USE OF SUCH NON-TARIFF BARRIERS TO TRADE THAN HAVE WE IN CANADA. ACCORDINGLY THERE SHOULD BE A SIGNIFICANT NET GAIN FOR CANADA TO THE EXTENT SUCCESS ATTENDS EFFORTS TO ELIMINATE CERTAIN OF THESE BARRIERS OR TO BRING THEM UNDER MORE EFFECTIVE INTERNATIONAL CONTROL.

IN THIS NON-TARIFF AREA SIGNIFICANT GAINS ARE POTENTIALLY AVAILABLE FOR OUR FARMERS AND FISHERMEN AS WELL AS FOR EXPORTERS OF BASIC PROCESSED AND MANUFACTURED GOODS. THOSE OF YOU WHO HAVE ATTEMPTED TO PENETRATE THE JAPANESE MARKET WILL NOT NEED ME TO TELL YOU HOW QUOTAS, INSPECTION REQUIREMENTS AND A HOST OF OTHER ADMINISTRATIVE BARRIERS CAN FRUSTRATE THE NORMAL ACCESS OVER THE TARIFF WHICH JAPAN'S TRADING PARTNERS CONSIDER THEY HAVE THE RIGHT TO EXPECT. EXTENSIVE PROTECTIVE RELIANCE ON NON-TARIFF BARRIERS IS PARTICULARLY DIFFICULT TO UNDERSTAND IN A COUNTRY WHICH HAS ENJOYED SUCH SUCCESS IN PENETRATING OTHER PEOPLE'S MARKETS AND WHICH HAS BUILT UP TRADE AND PAYMENTS SURPLUSES OF DISEQUILIBRATING MAGNITUDE FROM THE WORLD POINT OF VIEW.

SOME OF THE NON-TARIFF BARRIERS WE SHALL BE DEALING WITH IN GENEVA ARE SPECIFIC TO PARTICULAR COUNTRIES AND PARTICULAR PRODUCTS. OTHERS ARE OF MORE GENERAL INTEREST AND FORM THE SUBJECT OF POSSIBLE INTERNATIONAL CODES DESIGNED FURTHER TO ENLARGE TRADING OPPORTUNITIES OR TO REMOVE UNNECESSARY TRADE OBSTRUCTIONS. GOVERNMENT PROCUREMENT AND INDUSTRIAL STANDARDS - OR SO CALLED TECHNICAL BARRIERS TO TRADE - ARE TWO INTERESTING EXAMPLES. FOR THE FORMER THE INTENTION IS TO START OPENING UP TO INTERNATIONAL COMPETITION THE LARGE VOLUMES OF NON-DEFENSE PURCHASES WHICH

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GOVERNMENTS THROUGH THEIR DEPARTMENTS AND AGENCIES NORMALLY RESERVE FOR DOMESTIC SUPPLIERS. AND THE INTENTION WOULD BE TO DO SO UNDER CONDITIONS PERMITTING FOREIGN TENDERERS NOT ONLY TO BID BUT TO FIND OUT THE CIRCUMSTANCES OF ACTUAL CONTRACT AWARD. ALSO, THE SYSTEM WOULD BE BACKED UP BY PROPOSED MACHINERY FOR INTERNATIONAL SURVEILLANCE AND DISPUTE SETTLEMENT IN CASES WHERE IT MIGHT BE CONSIDERED THAT AN ADHERING COUNTRY HAD NOT LIVED UP TO ITS OBLIGATIONS. IN THE FIELD OF TECHNICAL BARRIERS TO TRADE A KEY OBJECTIVE IS TO ENSURE THAT STANDARDS ARE NOT USED FOR PROTECTIVE TRADE REASONS, THAT NATIONAL STANDARDS, TO THE EXTENT POSSIBLE, ARE PROGRESSIVELY HARMONIZED ON AN INTERNATIONAL BASIS AND THAT FOREIGN SUPPLIERS ARE NOT PRECLUDED FROM HAVING THEIR PRODUCTS CERTIFIED AS CONFORMING TO NATIONAL STANDARDS. AND THERE ARE MANY OTHER IMPORTANT PROVISIONS IN BOTH CODES.

THE NEGOTIATION OF INDUSTRIAL TARIFFS, WHICH HAVE BEEN THE FOCUS OF SO MUCH PUBLIC ATTENTION ARE, OF COURSE, ALSO VERY IMPORTANT. TO MANY, TARIFF NEGOTIATIONS ARE SEEN SIMPLY AS AN EXERCISE IN GIVE AND TAKE WITH POTENTIAL EXPORT GAINS BEING PAID FOR BY DIMINUTION OF PROTECTION IN THE DOMESTIC MARKET. THERE IS, OF COURSE, TRUTH IN THIS STEREOTYPE AND IT IS FREQUENTLY THE WAY A PARTICULAR COMPANY OR INDUSTRY WILL VIEW THE BALANCE OF APPARENT ADVANTAGE. BUT THE TRADE-OFFS ARE OFTEN A GOOD DEAL MORE COMPLICATED AND SOPHISTICATED THAN SUCH A DESCRIPTION WOULD SUGGEST. THUS IT IS SOMETIMES THE CASE THAT CREDIT IS GIVEN FOR A TARIFF CHANGE WHICH A COUNTRY MIGHT HAVE IN ANY CASE BEEN PREPARING TO MAKE. AND THE RULES OF THE GATT PROVIDE THAT, IN PRINCIPLE, THE BINDING OF A LOW TARIFF RATE OR OF "0" DUTIES SHALL BE REGARDED AS EQUIVALENT TO THE REDUCTION AND BINDING OF A HIGH TARIFF RATE. THESE ARE, HOWEVER, TECHNICAL POINTS.

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IN NATIONAL TERMS THE ADVANTAGES OF PROTECTIVE TARIFFS TO PRODUCERS, FROM THE POINT OF VIEW OF MARKET SHARE, PROFITABILITY AND EMPLOYMENT, ARE OFFSET TO A DEGREE BY THE COSTS TO THE ECONOMY AS A WHOLE ARISING FROM THE HIGHER PRICE OF IMPORTS AND OF DOMESTIC GOODS, WHEN PRICED TO TAKE ACCOUNT OF THE AVAILABLE TARIFF PROTECTION. A RELATED QUESTION IS THE EXTENT TO WHICH UNDULY HIGH TARIFF PROTECTION MAY BE SELF DEFEATING IN THAT DOMESTIC PRODUCERS ARE INSULATED FROM NEW DEVELOPMENTS IN MORE OPEN AND COMPETITIVE ECONOMIES. SUCH EXCESSIVE PROTECTION CAN EVENTUALLY LEAVE ISLANDS OF UNECONOMIC ACTIVITY AND MISAPPLIED HUMAN AND CAPITAL RESOURCES EITHER BECAUSE OF DISPLACEMENT BY MORE EFFICIENTLY PRODUCED IMPORTS OR BECAUSE OF FAILURE TO RESPOND TO CHANGES IN TECHNOLOGY OR TO CHANGES IN PRODUCT DEMAND.

IT IS MOST IMPORTANT TO REALIZE THAT THE TARIFF IS ONLY ONE OF MANY FACTORS DETERMINING THE RELATIVE COMPETITIVENESS OF FOREIGN AND DOMESTIC PRODUCTION AND OFTEN IT IS BY NO MEANS THE MOST SIGNIFICANT - I THINK, FOR EXAMPLE, OF THE RELATIVE COSTS OF MONEY, OF LABOUR, AND OF THE IMPACTS OF DIFFERENT LEVELS OF TAXATION. IT WOULD SEEM WISE HOWEVER TO USE THE OCCASION OF MAJOR MULTILATERAL TRADE NEGOTIATIONS - AND THESE SEEM TO OCCUR ONLY ABOUT ONCE EVERY TEN YEARS - TO USE SUCH OCCASIONS TO MAKE TARIFF ADJUSTMENTS WHICH NOT ONLY IMPROVE EXPORT OPPORTUNITIES BUT WHICH ARE POSITIVE, AND PERHAPS CATALYTIC, IN FACILITATING DESIRABLE ADAPTATION AND CHANGE IN PRODUCTION, INVESTMENT AND EMPLOYMENT PATTERNS. THIS IS PARTICULARLY SO WHERE CHANGE MAY BE INEVITABLE IN ANY CASE AND IN INDUSTRIES WHERE PERFORMANCE CAN BE IMPORVED THROUGH WIDER ACCESS TO FOREIGN MARKETS, CONSEQUENTIAL HIGHER VOLUMES OF PRODUCTION AND LOWER UNIT COSTS. IN SHORT, TARIFF NEGOTIATIONS CAN ALSO BE SEEN AS A MEANS OF HELPING TO ENCOURAGE

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MORE VIABLE AND COMPETITIVE INDUSTRIES, BOTH IN TERMS OF EXPORT PERFORMANCE AND THE ACHIEVEMENT OF A LARGER SHARE OF THE DOMESTIC MARKET RELATIVE TO IMPORTS.

Some Particular Western Canadian Interests in the Negotiations

The current negotiations were initiated by the Tokyo Declaration of 1973. They moved from their preparatory to the actual negotiation stage only at the end of January this year. Over that long preparatory period the views of companies, industry associations, farmer groups, trade unions and other interested parties in Canada were actively solicited by the Government through the Canadian Trade and Tariffs Committee, led since 1976 by my colleague Louis Couillard - former Chairman of the Tariff Board and with long experience in trade negotiations. Of the over 350 briefs received by the CTTC covering pretty well every sector of economic activity in this country a significant proportion and certainly a higher proportion than was the case in previous negotiations, came in from Western Canada. And there have been, particularly in the past eight months, extensive and intensive consultation with Western provincial governments, both collectively and on occasion individually. As a result of these many contacts I believe we have a better and more articulated picture of Western Canada's stake in the negotiations than on any past occasion - and the same can be said for the Central Canadian and Maritime regions as well. It will be no surprise to you that submissions from Western Canada have in the agricultural sector emphasized trade in livestock, meat, oilseeds, grains, grains products and processed foodstuffs. Other interests flagged were peas, beans, grass and legume seeds and honey. And as you might expect our attention was drawn

...8

TO A VARIETY OF TARIFF ITEMS WHERE THE CANADIAN TARIFF IS ALREADY LOWER THAN THAT OF THE UNITED STATES AND TO A NUMBER OF NON-TARIFF BARRIERS AFFECTING PARTICULAR TRADES INTO OUR MAIN MARKETS INCLUDING THE EEC AND JAPAN. I SHALL HAVE MORE TO SAY ABOUT TRADE OBJECTIVES FOR WHEAT AND BARLEY IN A FEW MINUTES.

SO FAR AS HORTICULTURAL PRODUCTS ARE CONCERNED, OF PARTICULAR INTEREST TO BRITISH COLUMBIA, YOU ARE AWARE THAT THE TARIFF BOARD'S RECOMMENDATIONS, MANY OF WHICH PROPOSE HIGHER PROTECTION THAN NOW AFFORDED, HAVE BEEN UNDER CAREFUL CONSIDERATION BY THE GOVERNMENT AND I UNDERSTAND DECISIONS MAY BE EXPECTED SHORTLY.

ON THE INDUSTRIAL SIDE, IN ADDITION TO PRIVATE SECTOR SUBMISSIONS THE GOVERNMENT HAS ALSO HAD THE BENEFIT OF DETAILED BRIEFS FROM THE WESTERN PROVINCES, COLLECTIVELY AND IN SOME CASES INDIVIDUALLY. THESE SUBMISSIONS HAVE NATURALLY URGED RESPONSIVENESS TO WESTERN CANADA NEEDS. IN GENERAL, THE OBJECTIVE HAS BEEN TO OBTAIN SUBSTANTIAL REDUCTIONS IN FOREIGN TRADE BARRIERS WHICH INHIBIT EXPORTS AND IN PARTICULAR THE FURTHER PROCESSING OF AGRICULTURAL AND OTHER NATURAL RESOURCES OF THE WEST. THE REDUCTION OF CANADIAN TRADE BARRIERS WHICH SERVE TO INCREASE THE COST OF IMPORTS TO WESTERN CANADA WAS ALSO A THEME. AT THE SAME TIME ATTENTION WAS DRAWN TO THE NEEDS FOR A MEASURE OF PROTECTION FOR EXISTING OR PROSPECTIVE SECONDARY MANUFACTURING IN THESE PROVINCES. AS IS WELL KNOWN ALBERTA PLACES HIGH PRIORITY ON EXPORT ACCESS FOR ITS PETROCHEMICALS, MINERAL PRODUCTS ARE IMPORTANT TO SASKATCHEWAN AND MANITOBA AND PRIMARY METALS AND WOOD AND PAPER PRODUCTS FROM BRITISH COLUMBIA. AND, VIEWS

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HAVE BEEN SUBMITTED, OF COURSE, ON MANY OTHER SMALLER INDUSTRIES.

I NEED HARDLY ADD THAT THE FEDERAL GOVERNMENT HAS WELCOMED THE VARIOUS INPUTS WHICH HAVE COME IN FROM WESTERN CANADA. THESE, LIKE COMPARABLE SUBMISSIONS FROM THE OTHER REGIONS OF CANADA, HAVE BEEN IMPORTANT IN DEVELOPING OUR OVERALL POSTURE IN THE NEGOTIATIONS AS WELL AS WITH RESPECT TO PARTICULAR PRODUCT AREAS.

MR. CHAIRMAN, I APOLOGIZE IF IN THIS PRESENTATION I HAVE EXTENDED MY HORIZONS BEYOND THE MORE IMMEDIATE CONCERNS OF THE MEMBERS AND ORGANIZATIONS WHICH MAKE UP THE CANADA GRAINS COUNCIL. IT DID SEEM TO ME TO BE USEFUL HOWEVER TO PLACE THE NEGOTIATIONS IN THE LARGER PERSPECTIVE OF CANADIAN ECONOMIC POLICIES AND, IF ONLY IN BRIEF COMPASS, TO SUGGEST HOW THEIR VARIOUS ASPECTS IMPINGE ON CANADIAN INTERESTS, INCLUDING, OF COURSE, THOSE OF THE WESTERN PROVINCES.

THE MTN NEGOTIATIONS STATUS AND OUTLOOK

WHERE DO THE MTN NEGOTIATIONS NOW STAND AND WHAT IS THE OUTLOOK. AT A MEETING IN GENEVA ON JANUARY 23 LAST THE NEGOTIATIONS MOVED FORMALLY INTO THE ACTUAL BARGAINING STAGE. ON THAT OCCASION THE MAIN TRADING COUNTRIES, INCLUDING CANADA, SET FORTH THE BASIS ON WHICH THEY ENTERED THE NEGOTIATIONS AS FULL PARTICIPANTS. WHILE IN THE DIFFERENT STATEMENTS THERE WAS SIGNIFICANT DIFFERENCE IN THE EMPHASIS GIVEN TO PARTICULAR SUBJECT MATTERS ENOUGH COMMON GROUND WAS FOUND TO PERMIT THE DIRECTOR GENERAL TO FIRE THE STARTING GUN. IN THE WEEKS THAT FOLLOWED THOSE WHO HAD NOT ALREADY DONE SO TABLED THEIR OPENING OFFERS DESIGNED TO MEET THE WORKING HYPOTHESIS OF A 40 PER CENT WEIGHTED AVERAGE CUT IN INDUSTRIAL TARIFFS AND IN THE CASE OF AGRICULTURAL PRODUCTS TO INDICATE POTENTIAL RESPONSES TO THE ITEM BY ITEM REQUEST LISTS PREVIOUSLY

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CIRCULATED BY THE DIFFERENT COUNTRIES. SIMILARLY THE MAIN PARTICIPANTS TABLED THEIR INITIAL RESPONSES TO REQUESTS WHICH HAD BEEN MADE ON THEM WITH RESPECT TO SPECIFIC NON-TARIFF BARRIERS OR INDICATED THEIR WILLINGNESS TO ADDRESS SUCH ISSUES IN THE NEGOTIATIONS OF THE VARIOUS PROPOSED CODES OF CONDUCT TO WHICH I MADE EARLIER REFERENCE.

THE ANALYSES OF THE MASS OF MATERIAL INVOLVED - THERE ARE THOUSANDS OF ITEMS IN MOST NATIONS' TARIFFS - TO SAY NOTHING OF NON-TARIFF BARRIERS - HAS PROVEN TIME CONSUMING. INDEED IT WAS ONLY JUST BEFORE EASTER THAT THE FIRST EXPLORATORY NEGOTIATING PROBES BEGAN TO TAKE PLACE BETWEEN DELEGATIONS. SO AT THIS POINT OF TIME IT IS NOT POSSIBLE TO FORECAST THE EXTENT TO WHICH INITIAL OFFERS WILL HOLD THROUGH THE PROCESS OF NEGOTIATION. IN THE SEARCH FOR ADEQUATE BALANCE IN THE VARIOUS PARTS AND RECIPROCITY OVERALL THERE WILL UNDERSTANDABLY BE CONSIDERABLE PRESSURE FOR ADJUSTMENT AS COUNTRIES PUSH OTHERS TO OFFER MORE OF INTEREST TO THEM OR REDUCE THEIR INITIAL OFFERS TO THE EXTENT THAT WHAT IS ON OFFER FROM OTHERS IS SEEN TO BE INADEQUATE. THE NEGOTIATIONS BOTH WITH RESPECT TO INDUSTRIAL AND AGRICULTURAL PRODUCTS PROMISE TO BE VERY DIFFICULT. GIVEN THE GREAT VARIETY OF ISSUES AT STAKE INCLUDING THE MANY IMPORTANT QUESTIONS WHERE COMMON GROUND HAS YET TO BE FOUND IN RESPECT OF "SAFEGUARDS", SUBSIDIES AND COUNTERVAIL AND THE OTHER CODES INCLUDING GOVERNMENT PROCUREMENT AND TECHNICAL BARRIERS TO TRADE, ONE COULD EASILY POSTULATE THE NEGOTIATIONS GOING ON MORE OR LESS INDEFINITELY - WITH PROGRESS ON PARTICULAR ISSUES BEING MADE DEPENDENT ON THE SATISFACTORY RESOLUTION OF OTHERS AND SO ON AD INFINITUM. THIS IS NOT HOWEVER THE GAME PLAN TO

...11

WHICH THE NEGOTIATORS ARE WORKING. AMBASSADOR STRAUSS HAS MADE IT VERY CLEAR THAT THE UNITED STATES IS DETERMINED TO MAKE A DEAL THIS SUMMER - IF A DEAL CAN BE MADE. AND THE EEC, JAPAN AND OTHER COUNTRIES SEEM PRETTY WELL TO HAVE ACCEPTED THIS TARGET, AT LEAST AS A WORKING OBJECTIVE. WHETHER OR TO WHAT EXTENT THIS AMBITIOUS TIMETABLE CAN BE MET REMAINS TO BE SEEN. AND IN THE CIRCUMSTANCES THERE IS CONCERN, SHARED BY CANADA, THAT THE IMPERATIVES OF SPEED SHOULD NOT LEAD TO THE JETISONING OF IMPORTANT AREAS OF THE NEGOTIATIONS, BOTH FROM THE GENERAL AND FROM NATIONAL POINTS OF VIEW. PERHAPS WHAT WILL HAPPEN IS THAT THE MAIN ELEMENTS OF A MUTUALLY SATISFACTORY RESULT WOULD BE ESTABLISHED DURING THE SUMMER, WITH THE AUTUMN MONTHS BEING USED TO FILL IN THE DETAILS. ON THIS BASIS NECESSARY LEGISLATIVE ACTION COULD BE UNDERTAKEN IN 1979 WITH THE FIRST STEP OF TARIFF CUTTING FOLLOWING IN 1980 AND THE BALANCE OF TARIFF REDUCTIONS BEING GRADUALLY PHASED IN OVER THE NEXT EIGHT YEARS OR PERHAPS LONGER IN SOME SPECIAL CASES.

THE SORT OF SCENARIO WHICH I HAVE OUTLINED OF COURSE IS FULL OF IFS AND ANDS AND A GREAT VARIETY OF UNCERTAINTIES AND UNKNOWNS AT THIS STAGE. IT MUST ASSUME STEADY AND RAPID PROGRESS OVER A BROAD FRONT BETWEEN NOW AND THE END OF JULY. IT WOULD PROBABLY BE OVERLY OPTIMISTIC TO THINK THAT THINGS WILL GO THIS SMOOTHLY. IN OUR OWN CASE, VERY IMPORTANT NEGOTIATING MEETINGS LIE AHEAD, ESPECIALLY WITH THE USA, THE EEC AND JAPAN. MORE GENERALLY SO FAR AS INDUSTRIAL TARIFFS ARE CONCERNED DIFFICULTIES ARE LIKELY TO ARISE IN CASES WHERE COUNTRIES HAVE MADE EXCEPTIONS OR PARTIAL EXCEPTIONS IN THEIR INITIAL OFFERS AND WHERE THESE IMPACT PRECISELY IN AREAS WHERE OTHER TRADING PARTNERS ARE LOOKING FOR IMPROVED ACCESS AS A MATTER OF PRIORITY.

...12

THE AGRICULTURAL SEGMENT OF THE NEGOTIATIONS IS ALSO ONE OF THE AREAS WHERE REAL DIFFICULTIES COULD ARISE. AGRICULTURE HAS PROVEN HIGHLY SENSITIVE IN PAST NEGOTIATIONS AND SOLUTIONS WILL NOT BE EASY TO FIND ON THE PRESENT OCCASION. LAST SUMMER THE PREPARATORY DISCUSSIONS WERE STALLED, INTER ALIA, ON THE PROCEDURAL ISSUE OF HOW THE AGRICULTURAL NEGOTIATIONS SHOULD BE UNDERTAKEN. THE AMERICANS WERE EMPHASIZING ACCESS TO MARKETS AND, IN THE LIGHT OF PAST FAILURES, WERE SUGGESTING THAT AGRICULTURAL TARIFF NEGOTIATIONS SHOULD BE HANDLED IN THE SAME WAY AS THOSE FOR INDUSTRIAL PRODUCTS. THE COMMUNITY AND JAPAN ON THE OTHER HAND WERE EMPHASIZING THE SPECIAL NATURE OF AGRICULTURE, THE NEED FOR STABILITY AND THE MANAGEMENT OF MARKETS AND IN THE CASE OF THE EEC THE INVIOLABILITY OF THEIR COMMON AGRICULTURAL POLICY. THE IMPASSE WAS BROKEN WHEN AGREEMENT WAS REACHED THAT NEGOTIATIONS IN THIS SECTOR COULD BE CONDUCTED ON THE BASIS OF THE BILATERAL EXCHANGE OF REQUESTS AND OFFERS WITH RESPECT TO BOTH AGRICULTURAL TARIFF AND NON-TARIFF BARRIERS. EFFORTS TO REACH GENERAL UNDERSTANDINGS WOULD BE CONTINUED IN THE SUB-GROUPS ON TRADE IN GRAINS, MEATS AND IN DAIRY PRODUCTS WHICH WERE ALREADY AT WORK IN GENEVA. THE OUTCOME OF THESE DIFFERENT SORTS OF NEGOTIATIONS WOULD CONSTITUTE THE AGRICULTURAL PACKAGE OF THE MTN. MEANTIME IN LONDON DISCUSSIONS WERE TAKING PLACE ABOUT THE POSSIBILITY OF A NEW INTERNATIONAL WHEAT AGREEMENT WITH NOVEL ECONOMIC PROVISIONS.

FOR AGRICULTURAL EXPORTING NATIONS SUCH AS THE USA, CANADA, AUSTRALIA AND NEW ZEALAND, THE AGRICULTURAL PART OF THE NEGOTIATIONS OBVIOUSLY HAS A PARTICULAR IMPORTANCE, NOT ONLY IN TERMS OF EXPORT GAINS, BUT ALSO FROM THE POINT OF VIEW OF GREATER STABILITY AND IMPACTS ON DOMESTIC MARKETS. AND A SATISFACTORY RESULT IN THIS AREA IS FOR THESE

...13

COUNTRIES A KEY ELEMENT IN TERMS OF THE OUTCOME OF THE NEGOTIATIONS AS A WHOLE. THIS HAS BEEN MADE PARTICULARLY CLEAR IN THE CASE OF THE UNITED STATES WHERE REAL PROGRESS IN THE LIBERALIZATION OF WORLD AGRICULTURAL TRADE COULD WELL BE CRITICAL TO CONGRESSIONAL WILLINGNESS TO SUPPORT THE RESULTS OF THE MTN AS A WHOLE. THIS IS ONE OF THE VERY CRITICAL AND EVIDENT LINKAGES WITHIN THE NEGOTIATIONS, BUT OF COURSE THERE ARE MANY OTHERS RANGING ACROSS THE NUMEROUS ELEMENTS IN PLAY.

AND WITHIN THE AGRICULTURAL SECTOR ITSELF THERE ARE ALSO IMPORTANT LINKAGES TO BE KEPT IN MIND. THUS, FOR EXAMPLE, THE EEC SO FAR APPEARS UNWILLING TO DO MUCH ABOUT REQUESTS FOR IMPROVED ACCESS IN THE FIELD OF GRAINS, DAIRY PRODUCTS AND MEATS EXCEPT IN THE CONTEXT OF A SATISFACTORY OUTCOME FROM THEIR POINT OF VIEW IN THE RELEVANT MTN SUB-GROUPS WHERE COMMUNITY SPOKESMEN ARE EMPHASIZING THE NEED FOR ORGANIZED AND MANAGED MARKETS. IN WHATEVER CONTEXT, IT REMAINS TO BE SEEN HOW FAR THE COMMUNITY WILL PROVE WILLING TO GO FOR THESE PRODUCTS. IN THE ITEM BY ITEM NEGOTIATIONS WHICH AS WELL COVER MANY OTHER AGRICULTURE ITEMS, YOU CAN ASSUME THAT IT WILL ALSO NOT BE EASY TO ATTAIN THE DESIRED DEGREE OF IMPROVED ACCESS TO EACH OTHERS MARKETS, THIS PARTICULARLY SO VIS-À-VIS THE COMMUNITY AND JAPAN. AND I MIGHT ADD THAT NEGOTIATIONS BETWEEN CANADA AND THE UNITED STATES ON AGRICULTURAL ITEMS HAVE HISTORICALLY BEEN THE FOCUS OF VIGOROUS ATTENTION AND I HAVE NO REASON TO BELIEVE THAT THE SITUATION WILL BE DIFFERENT THIS TIME ROUND. MOREOVER IT COULD WELL BE THAT IN PARALLEL WITH THESE MTN NEGOTIATIONS WE WILL ALSO BE RENEGOTIATING A NUMBER OF EXISTING CANADIAN TARIFF BINDINGS ON FRESH AND PROCESSED FRUIT AND VEGETABLES, DEPENDING ON THE GOVERNMENT'S DECISION OF THE RECOMMENDATIONS WHICH HAVE BEEN MADE BY THE CANADIAN TARIFF BOARD.

...14

I HAVE SAVED GRAINS FOR THE LAST. HERE AGAIN THERE ARE IMPORTANT RELATIONSHIPS. THE EEC HAS INSISTED THAT THERE MUST BE COMMODITY STABLIZING AGREEMENTS FOR WHEAT AND COARSE GRAINS IF THEY ARE TO ACCEPT COMMITMENTS ON ACCESS AND EXPORT SUBSIDIES. JAPAN HAS ADOPTED A SIMILAR POSITION. BILL MINER WILL BE TELLING YOU ABOUT THIS AND THE OTHER DIFFICULTIES WHICH HAVE SO FAR MADE IT IMPOSSIBLE TO AGREE ON NEW ARRANGEMENTS TO REPLACE THE EXISTING INTERNATIONAL WHEAT AGREEMENT. I WOULD SIMPLY WISH TO STRESS HOW IMPORTANT GRAINS AND IN TURN AGRICULTURE ARE AS ELEMENTS IN THE MTN PICTURE AS A WHOLE. INDEED SUCCESS OR FAILURE ON THE GRAINS FRONT COULD TURN OUT TO BE HIGHLY RELEVANT TO WHAT HAPPENS ELSEWHERE WITH RESPECT TO AGRICULTURE AND IN ITSELF AND FOR THIS REASON PERHAPS AN IMPORTANT DETERMINANT IN COUNTRIES' ASSESSMENTS OF THE BALANCE OF ADVANTAGE IN THE NEGOTIATIONS AS A WHOLE.

SO FAR AS WHEAT IS CONCERNED, THERE ARE TWO IMPORTANT ELEMENTS I SHOULD ALSO MENTION AND WHICH NEED TO BE THOUGHT ABOUT IN THE CONTEXT OF THE MTN NEGOTIATIONS AS SUCH. FIRST THERE IS THE CANADIAN OBJECTIVE OF IMPROVED ACCESS FOR OUR QUALITY WHEAT TO THE MARKET OF THE EEC WHERE WE HAVE CARRIED FORWARD CERTAIN GATT RIGHTS ARISING FROM TARIFF BINDINGS WE ENJOYED PRIOR TO THE FORMATION OF THE COMMUNITY AND ITS ENLARGEMENT. SECONDLY, MAY I MENTION THE IMPORTANCE WE AND OTHER EXPORTING COUNTRIES ATTACH TO BRINGING UNDER CONTROL THE AGRICULTURAL EXPORT SUBSIDIES OF THE EEC WHICH HAVE ADVERSELY AND WE BELIEVE UNFAIRLY INTERFERED WITH NORMAL TRADE IN THIRD MARKETS.

MR. CHAIRMAN, I KNOW YOU ARE ANXIOUS TO HEAR FROM BILL MINER AND I WILL NOT DETAIN YOU LONGER. I DO HOPE, HOWEVER, THAT WHAT I HAVE

...15

SAID WILL CONTRIBUTE IN SOME MEASURE TO YOUR UNDERSTANDING OF THE IMPORTANCE OF THE MTN NEGOTIATIONS TO CANADA AS A WHOLE AND TO THE WESTERN PROVINCES IN PARTICULAR. PERHAPS I HAVE ALSO GIVEN YOU SOME IDEA OF THEIR BROAD SWEEP AND COMPLEXITY AND NOT LEAST OF THE IMPORTANCE OF THE AGRICULTURAL AND GRAINS NEGOTIATIONS TO THE OUTCOME OF THE EXERCISE AS A WHOLE.

---30---

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News Release Communiqué

Subject/Sujet Address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Conference Board in Canada, Montreal, Quebec

For release/Pour publication
1400 hours (E.S.T.)
April 12, 1978

Attached are the notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Conference Board in Canada, Montreal, Quebec, April 12, 1978

"Canada and the Multilateral Trade Negotiations"

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ADDRESS BY AMBASSADOR J.H. WARREN

TO THE CONFERENCE BOARD IN CANADA - HOTEL MERIDIEN

MONTREAL, APRIL 12, 1978

CANADA AND THE MULTILATERAL TRADE NEGOTIATIONS

MR. PRESIDENT,

I AM DELIGHTED THAT THE CONFERENCE BOARD TOOK THE INITIATIVE TO CONVENE THIS CONFERENCE ON THE TRADE ASPECTS OF CANADA'S POSITION IN THE WORLD ECONOMY. IT IS NOT ONLY AN IMPORTANT SUBJECT BUT A TIMELY ONE. THE CURRENT TRADE NEGOTIATIONS IN GENEVA ARE MOVING INTO THEIR MOST CRITICAL STAGE AT A TIME WHEN ECONOMIC PERFORMANCE IN THIS COUNTRY AND MANY OTHERS IS RUNNING FAR BELOW POTENTIAL - AND WHEN FUNDAMENTAL QUESTIONS HAVE BEEN RAISED AS TO WHETHER CONVENTIONAL POLICIES ARE ADEQUATE TO COPE WITH THE VARIETY OF SERIOUS ECONOMIC PROBLEMS THAT WE FACE AND CAN SEE BEFORE US.

I RETURNED ONLY LAST NIGHT FROM GENEVA WHERE I HAD USEFUL DISCUSSIONS WITH AMBASSADOR STRAUSS OF THE UNITED STATES, VICE PRESIDENT HAFERKAMP OF THE EUROPEAN ECONOMIC COMMUNITY AND MINISTER USHIBA OF JAPAN AND OTHERS. THESE OCCASIONAL COMINGS TOGETHER OF PEOPLE FROM CAPITALS ARE INFORMAL. ALTHOUGH NEGOTIATING CONSIDERATIONS ARISE THESE OCCASIONS ARE DESIGNED PRIMARILY TO FOCUS ON THE BROAD MANAGEMENT OF THE NEGOTIATIONS, TO SEE WHERE THEY STAND

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AND TO DECIDE WHAT NEEDS TO BE DONE TO MOVE MATTERS FORWARD. I SHALL BE SPEAKING LATER ABOUT THE RESULTS OF THESE DISCUSSIONS AND WHAT APPEARS TO BE THE OUTLOOK FOR THE PERIOD AHEAD. BUT FIRST A WORD ABOUT THE BACKGROUND OF THESE PARTICULAR NEGOTIATIONS. I SHALL THEN DISCUSS CANADA'S PARTICULAR INTEREST IN THEM; AND CERTAIN OF THE ELEMENTS WHICH I BELIEVE TO BE IMPORTANT TO AN OUTCOME WHICH WOULD BE SATISFACTORY FROM THE CANADIAN POINT OF VIEW.

THE CURRENT NEGOTIATIONS, WHICH WERE INITIATED IN 1973, ARE THE SEVENTH TO BE HELD SINCE THE INCEPTION OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE. AS YOU KNOW, THIS AGREEMENT WAS DESIGNED TO BRING THE WORLD'S TRADING NATIONS TOGETHER WITH THE OBJECTIVE OF PROGRESSIVELY DISMANTLING BARRIERS TO TRADE AND OF ESTABLISHING AN AGREED FRAMEWORK WITHIN WHICH SUCH TRADE MIGHT BE CONDUCTED.

THIS SO-CALLED "TOKYO ROUND", HOWEVER, IS FAR MORE COMPREHENSIVE THAN ANY OF THE PREVIOUS ROUNDS. THE NEGOTIATIONS INCLUDE, IN ADDITION TO THE TRADITIONAL NEGOTIATION OF TARIFF LEVELS, THE PROPOSED REDUCTION OR ELIMINATION OF NON-TARIFF BARRIERS AFFECTING PARTICULAR PRODUCTS AND THE QUESTION OF NON-TARIFF BARRIERS OF MORE GENERAL APPLICATION AND CONCERN. SOME OF THESE ARE THE SUBJECT OF PROPOSED CODES OF INTERNATIONAL CONDUCT RELATING FOR EXAMPLE TO THE TRADE RESTRICTIVE USE OF TECHNICAL STANDARDS AND GOVERNMENT PROCUREMENT POLICIES. THE NEGOTIATIONS ALSO CONCERN FURTHER DEVELOPMENT OF CERTAIN

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OF THE BASIC RULES GOVERNING INTERNATIONAL TRADE, PARTICULARLY WITH RESPECT TO SUBSIDIES AND COUNTERVAILING DUTIES AND WITH RESPECT TO SAFEGUARDS, THAT IS TO SAY, THE TEMPORARY USE OF IMPORT RESTRICTIONS WHEN DOMESTIC PRODUCTION IS SERIOUSLY INJURED OR THREATENED WITH SERIOUS INJURY FROM IMPORTS. AND THE EUROPEAN ECONOMIC COMMUNITY IS PROPOSING A NEW INTERNATIONAL CODE ON THE VALUATION OF IMPORTS FOR CUSTOMS DUTY PURPOSES. FINALLY, THERE IS THE WHOLE QUESTION OF THE RIGHTS AND OBLIGATIONS OF THE GATT AS THEY APPLY TO DEVELOPING COUNTRIES INCLUDING THE MATTER OF SPECIAL AND, WHERE APPROPRIATE, DIFFERENTIAL TREATMENT FOR SUCH COUNTRIES.

THE POTENTIAL APPLICATION OF ANY AGREEMENT IS FAR BROADER THAN FOR ANY PREVIOUS NEGOTIATION. NEARLY ONE HUNDRED COUNTRIES ARE TAKING PART IN GREATER OR LESSER DEGREE, INCLUDING A NUMBER OF EASTERN EUROPEAN COUNTRIES AND THE OVERWHELMING MAJORITY OF THE DEVELOPING NATIONS. OF THOSE NATIONS WHICH ARE IMPORTANT IN INTERNATIONAL TRADE, ONLY THE USSR, CHINA AND CERTAIN MIDDLE EASTERN COUNTRIES ARE NOT PARTICIPATING. THOSE NOW AT THE TABLE, IN FACT, REPRESENT MORE THAN 90 PER CENT OF TOTAL WORLD TRADE.

BECAUSE OF THE RANGE AND COMPLEXITY OF THE SUBJECTS BEING DEALT WITH, THE NEGOTIATIONS ARE NOT HOMOGENEOUS, BUT EMBRACE A NUMBER OF DIFFERENT APPROACHES AND PROCEDURES.

...4

THOSE DEALING WITH THE REDUCTION OF INDUSTRIAL TARIFFS, FOR EXAMPLE, ARE BASED, FOR THE MAIN PARTICIPANTS, ON A TARIFF FORMULA OR "WORKING HYPOTHESIS" WHICH INVOLVES A MEASURE OF HARMONIZATION, THAT IS TO SAY HIGH TARIFFS WOULD BE CUT TO A GREATER EXTENT THAN LOW TARIFFS. EXCEPTIONS IN WHOLE OR IN PART ARE PERMITTED BUT THE AGREED STARTING OBJECTIVE IS A WEIGHTED AVERAGE CUT OF 40 PER CENT. THE FINAL FIGURE WILL, OF COURSE, REFLECT THE RESULTS OF SEVERAL MONTHS OF HARD BARGAINING AND COULD, AS WAS THE CASE IN THE KENNEDY ROUND, TURN OUT TO BE RATHER LESS. AT THIS STAGE, HOWEVER, IT WOULD BE DIFFICULT TO MAKE ANY FIRM PREDICTIONS. WHATEVER TARIFF CHANGES ARE EVENTUALLY AGREED UPON ARE LIKELY TO BE PHASED IN OVER A PERIOD OF AT LEAST EIGHT YEARS AND THE PROCESS MAY NOT START UNTIL 1980.

ON THE AGRICULTURAL SIDE, SPECIAL CONSIDERATION IS BEING GIVEN TO TRADE IN GRAINS, DAIRY PRODUCTS AND MEATS THROUGH THE ESTABLISHMENT OF SPECIAL GROUPS TO DEAL WITH THEM. THE OUTCOME OF CONCURRENT NEGOTIATIONS FOR A NEW INTERNATIONAL AGREEMENT ON WHEAT - AND POSSIBLY COARSE GRAINS AS WELL - IS ALSO RELEVANT. SO FAR AS THE NEGOTIATION OF AGRICULTURAL TARIFF REDUCTIONS IS CONCERNED, NO FORMULA APPROACH IS ENVISAGED. INSTEAD PARTICIPANTS ARE FOLLOWING THE TRADITIONAL ITEM-BY-ITEM "REQUEST AND OFFER"

PROCEDURE WHERE EACH COUNTRY LISTS THE SPECIFIC TARIFF CONCESSIONS THAT IT WOULD LIKE TO RECEIVE FROM OTHER COUNTRIES AND THE LATTER COUNTER WITH LISTS OF CONCESSIONS WHICH THEY ARE PREPARED TO GIVE. THE TWO SIDES THEN BARGAIN THEIR WAY TOWARDS A MUTUALLY ACCEPTABLE AGREEMENT AND THE RESULTS, IN ACCORDANCE WITH THE MOST-FAVOURED-NATION PRINCIPLE, ARE EXTENDED TO THE OTHER PARTICIPANTS (AS IS ALSO THE CASE, OF COURSE, WITH INDUSTRIAL TARIFFS). A SIMILAR "REQUEST AND OFFER" PROCEDURE IS BEING USED WITH RESPECT TO NON-TARIFF BARRIERS FOR BOTH AGRICULTURAL AND INDUSTRIAL PRODUCTS.

WHILE ENTERING - AND I EMPHASIZE THE WORD "ENTERING" - THE NEGOTIATIONS ON THE SAME GENERAL BASIS AS THE OTHER MAJOR PARTICIPANTS, CANADA HAS MADE IT CLEAR - BECAUSE OF THE SPECIAL NATURE OF ITS PRODUCTION AND TRADE - THAT A NUMBER OF PARTICULAR OBJECTIVES WILL HAVE TO BE SECURED IF WE ARE TO ACHIEVE THE DEGREE OF RECIPROCITY PERMITTING CANADA TO PLAY THE FULL PART EXPECTED OF IT AND INTENDED BY US IN THESE NEGOTIATIONS. SUCH OBJECTIVES INVOLVE, AMONG OTHER THINGS, ADEQUATE PROGRESS BEING MADE IN RESPECT OF CERTAIN NON-TARIFF BARRIERS OF INTEREST TO US AND THE SUBSTANTIAL REDUCTION OR ELIMINATION OF LOW DUTIES WHICH AFFECT MUCH OF OUR TRADE AND WHERE ENVISAGED FORMULA TARIFF REDUCTIONS WOULD PROVIDE LITTLE OR NO BENEFIT TO

...6

CANADA. WE HAVE ALSO STRESSED OUR EXPECTATION THAT OUR MAIN TRADING PARTNERS WILL BE ABLE TO GO MUCH FURTHER ON A RECIPROCAL BASIS THAN THE TARIFF WORKING HYPOTHESIS WOULD PROVIDE WITH REGARD TO SUCH IMPORTANT RESOURCE-BASED SECTORS AS NON-FERROUS METALS AND FOREST PRODUCTS. AND WE WOULD WISH TO GO FURTHER ALSO IN THE SECURE REMOVAL OF APPLICABLE NON-TARIFF BARRIERS. THIS APPROACH IS DESIGNED TO ALTER THE "ESCALATED" STRUCTURE OF FOREIGN TARIFFS AND TO DEAL WITH NON-TARIFF BARRIERS WHICH TEND TO FAVOUR THE IMPORTATION OF BASIC RAW MATERIALS AS AGAINST MORE FINISHED PRODUCTS AND SO DISCOURAGE THEIR PROCESSING AND UPGRADING IN CANADA IN CIRCUMSTANCES WHERE IT WOULD OTHERWISE BE ECONOMIC TO DO SO.

THERE ARE, OF COURSE, MANY OTHER IMPORTANT ELEMENTS IN THE NEGOTIATIONS BUT I HOPE THE OUTLINE I HAVE JUST GIVEN WILL INDICATE THE MAIN THRUST OF WHAT IS GOING ON IN GENEVA AND THE SCOPE OF CANADIAN INVOLVEMENT. I SHOULD LIKE TO EMPHASIZE AGAIN THAT THIS IS NOT A NEGOTIATION ON TARIFFS ALONE. NOR IS IT A NEGOTIATION STRUCTURED PARTICULARLY TO FURTHER THE INTERESTS OF THE SO-CALLED MAJOR PARTICIPANTS. IT IS RATHER AN ATTEMPT TO MAINTAIN WIDER AND DEEPER WORLD CHANNELS OF TRADE AND TO ESTABLISH THE SORT OF TRADING FRAMEWORK NEEDED TO MEET NOT ONLY THE CHANGED REQUIREMENTS OF TODAY BUT THE FORE-SEEABLE NECESSITIES OF THE FUTURE. IT IS CERTAINLY NOT

...7

A NEGOTIATION DESIGNED TO REDUCE ALL TARIFFS BY 60 PER CENT OR 50 PER CENT OR EVEN 40 PER CENT. ON THE CONTRARY AND LOOKING FOR EXAMPLE AT TARIFFS, THE CONCEPT OF HARMONIZATION, THE IDEA OF A WEIGHTED AVERAGE CUT AND THE POSSIBILITY OF WHOLE OR PARTIAL EXCEPTIONS MEANS THAT A LARGE DEGREE OF SELECTIVITY IS AVAILABLE TO THE NEGOTIATING COUNTRIES, NOT ONLY IN STRUCTURING THEIR INITIAL OFFERS BUT IN CARRYING OUT THE SUBSEQUENT BARGAINING. IN GENERAL WHAT IS BEING ATTEMPTED INVOLVES A HIGHLY SOPHISTICATED PROCESS ADDRESSING A WIDE RANGE OF TARIFF AND NON-TARIFF BARRIERS AND THE RULES OF TRADE IN A VARIETY OF WAYS.

CANADA'S INTERESTS IN THE MTN NEGOTIATIONS

IN EARLIER INTERNATIONAL TRADE NEGOTIATIONS, IT WAS ALL BUT TAKEN FOR GRANTED HERE AND INTERNATIONALLY THAT CANADA AS A MAJOR EXPORTING COUNTRY WOULD NOT ONLY WISH TO PARTICIPATE, BUT WOULD PLAY A LEADING PART. BY AND LARGE, THIS WAS ALSO TRUE IN 1973 WHEN WE SIGNED THE TOKYO DECLARATION ALTHOUGH BY THEN THE WEIGHT OF THE EEC AND JAPAN HAD GROWN RELATIVE TO THAT OF CANADA. AND THAT DECLARATION WAS MADE BEFORE THE ENERGY CRISIS, THE WORLD-WIDE SLOWDOWN IN ECONOMIC GROWTH AND THE EMERGENCE OF SIMULTANEOUS INFLATION AND UNEMPLOYMENT AS INTRACTABLE PROBLEMS. IN THESE CHANGED CIRCUMSTANCES, IT WAS BY NO MEANS CLEAR TO ANY COUNTRY THAT

THE NEGOTIATIONS WOULD BE ABLE TO MOVE SUCCESSFULLY FROM THE PREPARATORY INTO THE ACTUAL NEGOTIATING STAGE. THAT THEY DID SO WAS DUE IN LARGE PART TO LAST YEAR'S SUMMIT MEETING IN LONDON WHEN HEADS OF STATE, INCLUDING A NEW AMERICAN PRESIDENT, REJECTED PROTECTIONISM AS A MEANS FOR DEALING WITH THEIR ECONOMIC PROBLEMS AND REAFFIRMED THE IMPORTANCE OF BRINGING THE MTN NEGOTIATIONS TO A SUCCESSFUL CONCLUSION. HERE AT HOME THE DECISION THAT CANADA SHOULD TAKE PART, AND ON MUCH THE SAME BASIS AS THAT OF OUR MAJOR TRADING PARTNERS, WAS ARRIVED AT CAREFULLY AND DELIBERATELY. IT COULD NOT HAVE BEEN AN EASY DECISION FOR THE GOVERNMENT GIVEN THE MANY QUESTIONING VOICES THAT WERE BEING RAISED ON EVERY SIDE. WHATEVER THE BENEFITS, THE REDUCTION OF TRADE BARRIERS, UNDERSTANDABLY ENOUGH, IS NOT USUALLY THE FIRST ACTION THAT COMES TO MIND WHEN DOMESTIC INDUSTRY FEELS IT HAS LOST ITS COMPETITIVE EDGE, WHEN PRODUCTION AND JOBS ARE BEING SURRENDERED TO IMPORTS, WHEN GROWTH IS SLOW AND UNEMPLOYMENT IS AT UNACCEPTABLE LEVELS.

WHY DID THE GOVERNMENT DECIDE TO GO FORWARD? I BELIEVE IT DID SO FOR A NUMBER OF REASONS WHICH, TAKEN AS A WHOLE, MADE IT DIFFICULT TO REACH ANY OTHER DECISION.

1. THERE WAS A REAL DANGER THAT THE PROTECTIONIST PRESSURES WHICH HAD BECOME EVIDENT IN SO MANY COUNTRIES WOULD GAIN

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THE DAY UNLESS SOMETHING WERE DONE ABOUT IT AND THAT THE WORLD WOULD SLIP BACK INTO THE BEGGAR-THY-NEIGHBOUR POLICIES OF THE THIRTIES. A SUCCESSFUL OUTCOME TO THE NEGOTIATIONS IN GENEVA WOULD, IT WAS CONSIDERED, SERVE AS A SIGNAL THAT GOVERNMENTS WERE DETERMINED NOT TO LET THIS HAPPEN. INDEED AGREEMENT WOULD DEMONSTRATE THE CAPACITY OF THE MAIN PARTICIPANTS TO MANAGE THEIR INTERNATIONAL ECONOMIC RELATIONS ON THE BASIS OF MUTUAL BENEFIT RATHER THAN MUTUAL ANTAGONISM AND WOULD HELP TO RESTORE BUSINESS AND INVESTMENT CERTAINTY AND CONFIDENCE.

2. TO THE EXTENT THAT OUR MAIN TRADING PARTNERS WERE PREPARED TO WORK TOWARDS A MEANINGFUL AGREEMENT, IT WAS NOT IN CANADA'S INTEREST TO STAND ASIDE. IT WAS ESSENTIAL, IN FACT, THAT WE BE AT THE TABLE IF WE WERE TO BE SURE THAT THE RESULTS WERE CONSISTENT WITH AND DID NOT PREJUDICE CANADA'S INTERESTS AS A MAJOR TRADING NATION.

3. A DECISION BY CANADA NOT TO PARTICIPATE, EVEN WHEN OUR MAIN TRADING PARTNERS WERE WILLING TO DO SO, MIGHT START AN UNRAVELLING PROCESS IN GENEVA. THIS COULD HAVE SERIOUS POLITICAL AS WELL AS ECONOMIC REPERCUSSIONS, PARTICULARLY VIS-A-VIS THE UNITED STATES, WITH AN OBVIOUSLY DAMAGING EFFECT ON OUR BILATERAL RELATIONS WITH THAT COUNTRY.

4. IT COULD NOT BE RULED OUT EITHER THAT, IF WE FAILED TO PARTICIPATE OTHER COUNTRIES MIGHT DENY TO CANADA THE BENEFITS OFTHE CONCESSIONS WORKED OUT BETWEEN THEM, THUS

...10

CREATING AN INTERNATIONAL TRADING ENVIRONMENT IN WHICH THERE WOULD BE OPEN DISCRIMINATION AGAINST CANADIAN EXPORTS.

5. BY PROVIDING WIDER MARKETS FOR CANADIAN EXPORTERS, THE NEGOTIATIONS COULD LEAD IN MANY CASES TO LARGER SCALE PRODUCTION, INCREASED SPECIALIZATION AND HIGHER PRODUCTIVITY. THIS WOULD FACILITATE MANY ADJUSTMENTS WHICH HAVE TO BE MADE IN ANY CASE IF CANADA IS ADEQUATELY TO IMPROVE ITS ECONOMIC PERFORMANCE. IN SHORT, THE NEGOTIATIONS COULD BOTH ASSIST AND ACT AS A CATALYST IN PURSUIT OF DOMESTIC INDUSTRIAL DEVELOPMENT POLICIES FOR THE DIFFERENT SECTORS OF CANADIAN PRODUCTION.

6. IF CANADA WERE TO MAINTAIN EXISTING LEVELS OF PROTECTION, THE REDUCTION OF TRADE BARRIERS BY OTHER COUNTRIES WOULD INEVITABLY CREATE A MORE COMPETITIVE EXTERNAL TRADING ENVIRONMENT. FAILURE TO PERMIT CANADIAN FIRMS TO OPERATE IN SUCH A CHANGED ENVIRONMENT COULD MAKE IT EVEN MORE DIFFICULT TO CARRY OUT THE NECESSARY STRUCTURAL AND OTHER ADJUSTMENTS NEEDED TO INCREASE PRODUCTIVITY AND ENHANCE ECONOMIC PERFORMANCE. SUCH A RESTRICTIVE POLICY WOULD RESULT IN CANADIAN BUSINESS BECOMING PROGRESSIVELY LESS CAPABLE OF EXPORTING OR OF COMPETING WITH IMPORTS IN THE CANADIAN MARKET ITSELF. THIS WOULD RESULT IN DEMANDS FOR AN EVEN HIGHER DEGREE OF PROTECTION. THE NET EFFECT WOULD BE HIGHER DOMESTIC PRICES, A REDUCED ABILITY TO CONTAIN INFLATIONARY PRESSURES AND, IN THE

...11

LONGER TERM, INCREASED PROBLEMS IN MAINTAINING ADEQUATE LEVELS OF EMPLOYMENT. IN SHORT, CURRENT DIFFICULTIES WOULD BE INTENSIFIED RATHER THAN ALLEVIATED, THERE WOULD BE DOWNWARD PRESSURE ON THE EXCHANGE RATE, AND A LOWER STANDARD OF LIVING FOR CANADIANS AS A WHOLE.

THESE THEN WERE, I BELIEVE, SOME OF THE GENERAL CONSIDERATIONS LYING BEHIND THE GOVERNMENT'S DECISION. IT WAS AGAINST THIS BACKGROUND AND ON THE BASIS OF DETAILED CONSULTATION WITH THE PRIVATE SECTOR AND PROVINCIAL GOVERNMENTS THAT CANADIAN OBJECTIVES AND THE BASIS OF OUR PARTICIPATION WERE ESTABLISHED.

WHAT ARE THESE CANADIAN OBJECTIVES? LET ME GIVE YOU A FEW BY WAY OF EXAMPLE:

1. CHANGES IN THE LEVEL AND STRUCTURE OF FOREIGN TARIFFS AND CHANGES IN THE APPLICATION AND SECURITY OF NON-TARIFF BARRIERS, TO BE OBTAINED THROUGH THE INDUSTRIAL TARIFF NEGOTIATIONS, SECTORAL NEGOTIATIONS OR ANY OTHER MEANS, IN ORDER TO ENCOURAGE A GREATER DEGREE OF PROCESSING AND UPGRADING IN CANADA OF OUR BASIC FOODSTUFFS AND RAW MATERIALS.
2. CREATION OF WIDER AND MORE SECURE OPPORTUNITIES FOR THE SALE OF CANADIAN PROCESSED MANUFACTURED GOODS IN WORLD MARKETS AS ONE OF THE WAYS OF HELPING OUR PRODUCERS TO ACHIEVE THE EFFICIENCY REQUIRED TO COMPETE MORE CLOSELY IN THE CANADIAN MARKET AND TO ACHIEVE MORE VIABLE

...12

PATTERNS OF PRODUCTION AND EMPLOYMENT OVER THE YEARS AHEAD.

3. REMOVAL OF A WIDE RANGE OF INDIVIDUAL AND PARTICULAR NON-TARIFF BARRIERS PREVENTING THE PENETRATION OF FOREIGN MARKETS BY CANADIAN GOODS WHICH WERE OTHERWISE COMPETITIVE.

4. THE ACHIEVEMENT OF BETTER DISCIPLINE IN THE USE OF SUBSIDIES IN WORLD TRADE, INCLUDING THE RESTITUTION SYSTEMS OF THE EEC ON GRAINS AND OTHER AGRICULTURAL PRODUCTS, WHILE AT THE SAME TIME MAINTAINING THE RIGHT TO USE GOVERNMENT ASSISTANCE FOR THE ATTAINMENT OF REGIONAL DEVELOPMENT AND OTHER LEGITIMATE DOMESTIC OBJECTIVES.

5. THE ACHIEVEMENT OF A NUMBER OF CHANGES IN US LAWS AND THEIR ADMINISTRATION ADVERSELY AFFECTING CANADIAN EXPORTS. OF PARTICULAR INTEREST IS PROVISION FOR A MEANINGFUL INJURY TEST BEFORE THE APPLICATION OF US COUNTERVAILING DUTIES, IN LINE WITH NORMAL INTERNATIONAL PRACTICE AS LAID DOWN IN GATT.

6. IMPROVED ACCESS FOR CANADIAN BASIC AND PROCESSED AGRICULTURAL PRODUCTS, PARTICULARLY TO THE EEC AND JAPAN COUPLED WITH THE NEGOTIATION OF A SATISFACTORY NEW INTERNATIONAL WHEAT AGREEMENT TO PROVIDE GREATER STABILITY IN WORLD TRADE.

7. THE SUBSTANTIAL IMPROVEMENT OF ACCESS TO THE U.S., EEC

...13

AND JAPANESE MARKETS FOR CANADIAN FISH AND FISH PRODUCTS WHICH ARE EXPECTED TO BE IN INCREASING SURPLUS SUPPLY AS WE DEVELOP THE RESOURCES OF THE LARGER CANADIAN FISHING ZONES ON BOTH COASTS.

8. THE REMOVAL OF MANY LOW DUTIES AFFECTING CANADIAN TRADE AND THE SUBSTANTIAL LIBERALIZATION OF THE TRADE IN FOREST PRODUCTS AND NON-FERROUS METALS, INCLUDING SEMI-FABRICATED AND FABRICATED PRODUCTS.

9. IMPROVED ACCESS FOR CANADIAN PRODUCTS IN THE MARKETS OF PARTICIPATING EAST EUROPEAN COUNTRIES AND MANY OF THE MORE ADVANCED DEVELOPING COUNTRIES IN RETURN FOR THE IMPROVED ACCESS WHICH THESE COUNTRIES WILL RECEIVE IN CANADIAN AND OTHER MARKETS.

10. EQUITABLE, MORE EFFECTIVE, SPEEDIER AND UNDERSTANDABLE PROCEDURES FOR SURVEILLANCE AND THE SETTLEMENT OF DISPUTES. SUCH GENERALLY UNDERSTOOD AND APPLIED PROCEDURES WOULD LESSEN THE POSSIBILITY OF THE LARGER TRADING ENTITIES BEING ABLE TO TAKE ADVANTAGE OF THEIR POWER IN DEALING WITH SMALLER COUNTRIES.

WHAT ARE THE PROSPECTS OF ACHIEVING THESE VARIOUS CANADIAN OBJECTIVES? I WOULD BE TEMPTED TO SAY NO BETTER AND NO WORSE THAN THE PROSPECTS OF OTHER LEADING PARTICIPANTS, BUT THIS WOULD NOT BE ENTIRELY FAIR. I THINK WE WILL HAVE

...14

OUR WORK CUT OUT FOR US AND THAT WE MAY MEET A GOOD DEAL OF INITIAL RESISTANCE IN SOME AREAS. THIS IS BECAUSE WE ARE LOOKING FOR RESULTS WHICH, SO FAR AS TARIFFS ARE CONCERNED, GO FURTHER THAN THE "WORKING HYPOTHESIS" WOULD REQUIRE AND INVOLVE AREAS WHERE SOME OF THE PARTICIPANTS HAVE TRADITIONALLY BEEN RELUCTANT TO OPEN THEIR MARKETS. IN OTHER CASES, NON-TARIFF BARRIERS OF PARTICULAR IMPORTANCE TO OUR TRADE HAVE BEEN MUCH CHERISHED BY THE COUNTRIES MAINTAINING THEM. I AM THINKING, FOR EXAMPLE, OF OUR TELECOMMUNICATIONS AND HEAVY ELECTRICAL INDUSTRIES WHICH ARE DENIED THE OPPORTUNITY TO COMPETE IN MANY MARKETS BECAUSE OF GOVERNMENT PROCUREMENT REGULATIONS. THERE ARE OTHER AREAS WHERE THE UNITED STATES, FOR EXAMPLE, MIGHT BE WILLING TO MEET OUR DEMANDS BUT WOULD FEEL INHIBITED FROM DOING SO BECAUSE OF THE BENEFITS WHICH MIGHT INCIDENTALLY ACCRUE TO THE COMMUNITY AND JAPAN IN AREAS WHERE EITHER OR BOTH PROVED UNWILLING TO RECIPROCATE. FINALLY, THE AGRICULTURAL AND FISHERIES MARKETS OF THE EEC AND JAPAN HAVE TRADITIONALLY BEEN DIFFICULT TO CRACK AND IT WILL PROBABLY NOT BE MUCH EASIER TO DO SO ON THIS OCCASION.

THIS MAY PAINT TOO BLACK A PICTURE AND WHAT CAN BE ACCOMPLISHED CAN ONLY BE DETERMINED IN THE ACTUAL PROCESS OF NEGOTIATION. THE OTHER SIDE OF THE PICTURE, OF COURSE, IS THAT THE CANADIAN MARKET IS IMPORTANT FOR OUR TRADING PARTNERS, PARTICULARLY THE UNITED STATES AND CANADIAN INTERESTS WILL HAVE TO BE ACCOMMODATED IF THEIR EXPECTED

...15

GAINS IN THIS MARKET ARE IN FACT TO BE REALIZED. IN MANY AREAS OF THE NEGOTIATIONS, TOO, NO GENERALLY SATISFACTORY SETTLEMENT COULD BE REACHED WITHOUT CANADIAN PARTICIPATION. GRAINS IS ONE OBVIOUS EXAMPLE BUT THE NEED TO FIT THE JIGSAW TOGETHER IN A MANNER SATISFACTORY TO CANADA WILL, I THINK, ALSO BE IMPORTANT IN THE INDUSTRIAL NEGOTIATIONS WHEN IT COMES TO SUCH DIFFICULT MATTERS AS NEW RULES ON SUBSIDIES, COUNTERVAIL AND SAFEGUARDS. IT IS ALSO WORTH RECALLING THE INTEREST OF OUR TRADING PARTNERS IN THE ISSUE OF SECURITY OF SUPPLY, THAT IS, ANY NEW OBLIGATIONS WHICH EXPORTING COUNTRIES MIGHT BE WILLING TO CONTEMPLATE IN THE AREA OF SUCH THINGS AS EXPORT RESTRICTIONS AND EXPORT TAXES.

FINALLY, THERE IS AN AWARENESS THAT, TO THE EXTENT THAT WHAT OTHERS ARE ABLE TO AGREE TO FALLS SHORT OF MEETING OUR ESSENTIAL OBJECTIVES, CANADA WOULD JUDGE THE PROSPECTS FOR ACHIEVING A FAIR AND RECIPROCAL RESULT TO HAVE DIMINISHED. IF THE UNWILLINGNESS OF OTHERS TO MEET OUR REQUIREMENTS WERE CONFIRMED IN THE ACTUAL NEGOTIATIONS AND DESIRED IMPROVEMENTS WERE DENIED, THEN CANADA WOULD HAVE NO OPTION BUT TO ADJUST ITS OFFER ACCORDINGLY AND TO REDUCE THE ANTICIPATED DEGREE OF ACCESS TO THE CANADIAN MARKET.

<u>WHERE DO THE NEGOTIATIONS STAND AT THE MOMENT?</u>

AS YOU KNOW THE SUBSTANTIVE PHASE WAS INITIATED AT THE END OF JANUARY BUT THE STARTERS ARE STILL JOCKEYING FOR POSITION AND MOST OF THE RACE REMAINS TO BE RUN. FOLLOWING THE

...16

JANUARY 23 MEETING, IT TOOK SOME TIME FOR A NUMBER OF COUNTRIES, INCLUDING CANADA, TO TABLE THEIR INITIAL OFFERS ON A LINE-BY-LINE BASIS, NOT ONLY FOR AGRICULTURAL, FISHERIES AND INDUSTRIAL PRODUCTS BUT FOR THE MANY NON-TARIFF BARRIERS ON WHICH REQUESTS HAD BEEN MADE. INDEED, FOR SOME AREAS AND FOR SOME COUNTRIES, THIS PROCESS HAS YET TO BE COMPLETED. THE INITIAL ANALYSIS OF OFFERS, WHICH COVERED ALL OR MOST OF THE ITEMS IN EACH COUNTRY'S TARIFFS, ALSO PROVED TIME CONSUMING AND IT WAS ONLY JUST BEFORE THE EASTER HOLIDAY THAT THE PROCESS OF BILATERAL PROBING BEGAN. NOW A MUCH MORE ACTIVE PHASE HAS COMMENCED AND THE MAIN PARTICIPANTS, IN THE COURSE OF SEARCHING FOR SOLUTIONS, ARE ALREADY BEGINNING TO LOCK HORNS ON ISSUES OF PARTICULAR DIFFICULTY.

THREE PROBLEM AREAS CAN BE FORESEEN FOR THE IMMEDIATE FUTURE. FIRST, AS REGARDS INDUSTRIAL TARIFFS, IT SEEMS LIKELY THAT EACH OF THE MAJOR PARTICIPANTS WILL BE CRITICAL OF THE OFFERS OF OTHERS, IF NOT IN TERMS OF CONSISTENCY WITH THE WORKING HYPOTHESIS, AT LEAST IN TERMS OF QUALITY. THEY ARE LIKELY TO SEEK IMPROVEMENTS IN SUCH OFFERS WHERE IT IS CONSIDERED THAT, EITHER BECAUSE OF EXCEPTIONS, PARTIAL EXCEPTIONS OR FAILURE TO ADDRESS PARTICULAR REQUESTS, THEY ARE INADEQUATE. IN PARALLEL WITH THIS PROCESS, WITHDRAWALS COULD BE MADE OR THREATENED WHICH, IF EXTENSIVE,

...17

COULD UPSET THE BALANCE OF EXPECTED ADVANTAGE AND, THROUGH THE PROCESS OF CONSEQUENTIAL ADJUSTMENT, THREATEN TO UNDERMINE THE INDUSTRIAL TARIFF NEGOTIATIONS AS A WHOLE.

SECOND, THERE HAS STILL BEEN NO BASIC MEETING OF MINDS IN THE AGRICULTURAL NEGOTIATIONS. EEC INSISTENCE ON THE INCLUSION OF COARSE GRAINS AS WELL AS WHEAT IN PROPOSED INTERNATIONAL GRAINS ARRANGEMENTS, AND DIFFERENCES WITH RESPECT TO THE OBLIGATIONS TO BE ASSUMED IN MAINTAINING ANY AGREED PRICE RANGE, MADE IT IMPOSSIBLE TO AGREE ON THE OUTLINE OF A NEW AGREEMENT AT THE RECENT UNITED NATIONS CONFERENCE IN GENEVA. IT WOULD NOT BE SURPRISING IF THE INITIAL OFFERS OF THE COMMUNITY AND JAPAN IN THE AGRICULTURAL SECTOR WERE REGARDED AS UNSATISFACTORY TO EXPORTING COUNTRIES, AND IF DIFFERENCES OF APPROACH IN TERMS OF ACCESS VERSUS MANAGED MARKETS CONTINUED TO SLOW NEGOTIATIONS IN THE SPECIAL MTN GROUPS DEALING WITH GRAINS, DAIRY PRODUCTS AND MEAT. ALL THINGS CONSIDERED, AGRICULTURE MIGHT BE IDENTIFIED AS AN AREA WHERE EARLY ACCOMMODATION WOULD SEEM TO BE REQUIRED IF SIGNIFICANT RESULTS ARE TO BE ACHIEVED.

THIRDLY, I WOULD NOTE THE DIFFERENCES OF VIEW, PARTICULARLY BETWEEN THE UNITED STATES AND THE EEC, ON THE IMPORTANT QUESTION OF THE USE OF SUBSIDIES AND THE APPLICATION OF COUNTERVAILING DUTIES. THIS IS ANOTHER AREA WHERE A GOOD DEAL OF MOVEMENT WILL BE REQUIRED IF AGREEMENT IS TO BE REACHED AND WHERE ALL THE MAIN TRADING

...18

COUNTRIES, INCLUDING CANADA, HAVE VERY IMPORTANT INTERESTS AT STAKE.

MR. CHAIRMAN, I HAVE PERHAPS SAID ENOUGH ON THIS SEEMINGLY INEXHAUSTIBLE SUBJECT OF THE MTN TO INDICATE THE MAGNITURE OF THE CHALLENGES WHICH FACE OUR NEGOTIATORS. THESE LOOK EVEN MORE FORMIDABLE IN THE LIGHT OF THE PROPOSED TIMETABLE FOR COMPLETION OF THE NEGOTIATIONS. AMBASSADOR STRAUSS HAS MADE IT CLEAR THAT, FROM THE U.S. POINT OF VIEW, THE DEAL - IF THERE IS TO BE A DEAL - SHOULD BE MADE THIS SUMMER, WITH THE REQUIRED REPORT BEING MADE TO CONGRESS EARLY IN THE FALL AND THE NECESSARY LEGISLATION PLACED BEFORE THE NEW CONGRESS WHICH WILL CONVENE EARLY NEXT YEAR FOLLOWING THE MID-TERM ELECTIONS. OTHER COUNTRIES HAVE, BY AND LARGE, ACCEPTED THIS OBJECTIVE ALTHOUGH THE TALK NOW IS LESS IN TERMS OF REACHING A SETTLEMENT THIS SUMMER THAN IN ACHIEVING THE OUTLINE OF A SETTLEMENT. BUT EVEN THAT WILL BE DIFFICULT, GIVEN THE SCOPE AND COMPLEXITY OF THE NEGOTIATIONS AS A WHOLE. SO FAR AS CANADA IS CONCERNED, WE ARE PREPARED TO WORK AS QUICKLY AS OTHER COUNTRIES AND WE HAVE AT OUR DISPOSAL WHAT IS GENERALLY ADMITTED TO BE ONE OF THE MOST CAPABLE AND PROFESSIONAL NEGOTIATING TEAMS IN GENEVA. WHAT CONCERNS US IS THAT IMPORTANT ELEMENTS OF THE NEGOTIATIONS SHOULD NOT BE SACRIFICED IN THE INTERESTS OF SPEED. FOR, AS I HAVE

...19

ALREADY REMARKED, IT WILL NOT BE EASY FOR CANADA TO OBTAIN A BALANCED RESULT, EITHER IN INDIVIDUAL AREAS OF THE NEGOTIATIONS OR IN GENERAL TERMS. AND A MINI-NEGOTIATION WOULD MAKE THIS ALL THE MORE DIFFICULT. WE ARE LOOKING FOR AN OUTCOME WHICH WILL PROVIDE LASTING AND WORTHWHILE BENEFIT FOR CANADA. IT IS DOUBTFUL THAT THIS COULD BE ATTAINED IF ONLY MINIMAL TARIFF CONCESSIONS WERE AVAILABLE AND MOST OF THE NON-TARIFF BARRIERS WHICH FRUSTRATE OUR TRADE WERE TO REMAIN IN PLACE. CERTAINLY SUCH AN OUTCOME WOULD DO LITTLE TO FACILITATE THE ATTAINMENT OF THE OBJECTIVES OF OUR INDUSTRIAL POLICIES.

I HAVE MENTIONED OVERALL RECIPROCITY - A CONCEPT WELL KNOWN IN TRADE NEGOTIATIONS AND ENSHRINED IN THE TOKYO DECLARATION. THE APPLICATION OF THIS CONCEPT IN THE PRESENT ROUND OF NEGOTIATIONS IS NOT EASY TO EXPLAIN. EVEN IN TRADITIONAL TARIFF NEGOTIATIONS, IT TENDS TO BE DIFFICULT SINCE PURELY QUANTITATIVE MEASUREMENTS CAN AT BEST BE ONLY A GUIDE. ALTHOUGH ARITHMETIC MAY BE USED BY BOTH SIDES FOR REASONS OF TACTICAL ADVANTAGE, IT IS QUALITATIVE JUDGEMENTS WHICH MUST BE MADE IN THE END REGARDING THE EFFECT ON EXPORTS AND IMPORTS AND THE PROBABLE PATTERN OF FUTURE PRODUCTION AND TRADE. ACCORDINGLY THERE ARE FEW RULES GOVERNING THE ACHIEVEMENT OF RECIPROCITY BUT I SUPPOSE IT CAN BE SAID TO BE ACHIEVED WHEN THE PARTIES INVOLVED ARE MUTUALLY SATISFIED THAT A FAIR DEAL HAS BEEN MADE. OTHERWISE, OF COURSE, THERE WOULD BE NO DEAL. FROM THIS POINT OF VIEW,

...20

THE CONCEPT OF WINNERS AND LOSERS CAN BE SERIOUSLY MISLEADING FOR A GOOD NEGOTIATION SHOULD RESULT IN A SITUATION OF MUTUAL ADVANTAGE.

IN THE PRESENT CASE, DIFFERENT PROCEDURES ARE BEING FOLLOWED IN DIFFERENT AREAS OF THE NEGOTIATIONS. A WHOLE RANGE OF NON-TARIFF BARRIERS IS INVOLVED AS WELL AS THE NEGOTIATION OR RENEGOTIATION OF CERTAIN BASIC TRADING RULES. THE IMPORTANCE WHICH DIFFERENT COUNTRIES WILL ATTACH TO PROGRESS IN THESE LATTER AREAS WILL OBVIOUSLY VARY IN RELATION TO THEIR PERCEIVED INTERESTS. IT WOULD INDEED BE PLEASANT TO HAVE SIMPLE AND AGREED MEASURING DEVICES FOR THE EVALUATION OF CONCESSIONS GIVEN AND RECEIVED. BUT IN PRACTICAL TERMS SUCH TOOLS DO NOT EXIST AND IN THE END IT WILL BE A MATTER OF JUDGEMENT AS TO WHEN AN OVERALL BALANCE OF ADVANTAGE HAS BEEN ACHIEVED.

IN OUR OWN CASE, PARTICIPATION IN THE INDUSTRIAL TARIFF NEGOTIATIONS AS A FULL FORMULA COUNTRY WAS MADE CONDITIONAL ON THE LIST OF ELEMENTS AND CONSIDERATIONS SET OUT IN THE STATEMENTS MADE PUBLIC BY THE GOVERNMENT LAST JANUARY. IN THE CANADIAN OFFER, CERTAIN OF THOSE LINKAGES HAVE BEEN MADE SPECIFIC, FOR EXAMPLE IN RELATION TO THE WILLINGNESS OF OTHER COUNTRIES TO MAKE COMPARABLE OR GREATER CONCESSIONS IN THE SAME AREA, OR TO THE REMOVAL OF PARTICULAR NON-TARIFF BARRIERS OR TO THE EXISTENCE OF ADEQUATE MEASURES TO COPE WITH UNFAIR

...21

TRADING PRACTICES. AND, OF COURSE, WE HAVE FORMALLY RESERVED THE RIGHT, AS HAVE OTHER COUNTRIES, TO ADJUST OUR OFFER IN THE LIGHT OF WHAT ACTUALLY PROVES TO BE AVAILABLE IN THE NEGOTIATING PROCESS.

IN A NEGOTIATION AS COMPREHENSIVE AS THE MTN IT WOULD, OF COURSE, BE UNREALISTIC TO THINK THAT ALL ELEMENTS WOULD BE PERFECTLY SELF-BALANCING WITHIN THEMSELVES AND CERTAINLY SOME TRADE-OFFS WILL BE INVOLVED. BUT I EXPECT THAT BEFORE THE END OF THE DAY, IRRESPECTIVE OF THE WORKING HYPOTHESIS AND OTHER STARTING POSITIONS, PARTICIPANTS WILL WANT TO SEE A REASONABLE BALANCE OF ADVANTAGE WITHIN EACH MAIN PART OF THE NEGOTIATIONS AS WELL AS IN OVERALL TERMS. I WOULD NOT THINK, FOR EXAMPLE, THAT A SET OF RULES DEALING WITH SOMETHING LIKE COUNTERVAIL AND SUBSIDIES WHICH WAS REGARDED AS UNACCEPTABLE BY ONE OF THE MAIN PARTICIPANTS WOULD SUDDENLY BECOME ACCEPTABLE SIMPLY BECAUSE OF A CONCESSION INVOLVING THE LEVEL OF A PARTICULAR FOREIGN TARIFF. THIS IS NOT TO SAY THAT SOME RECONCILIATION WILL NOT TAKE PLACE BETWEEN VARIOUS ELEMENTS IN THE FINAL STAGES BUT RATHER TO SUGGEST THAT NO ONE IMPORTANT ELEMENT CAN BE TOO FAR OUT OF BALANCE FROM THE POINT OF VIEW OF THE DIFFERENT PARTICIPANTS.

I THINK THERE IS SOME PARALLEL HERE WITH THE ATTAINMENT OF A SATISFACTORY RESULT FROM OUR PARTICULAR CANADIAN POINT OF VIEW. IT WILL NOT BE A QUESTION OF TRADING OFF

...22

INDUSTRIAL FOR AGRICULTURAL ADVANTAGE OR VICE VERSA BUT RATHER OF PUTTING TOGETHER A SERIES OF PACKAGES WHICH MAKE GOOD SENSE IN THEMSELVES, WHICH AS FAR AS POSSIBLE BRING BENEFITS TO ALL PARTS OF CANADA AND WHICH REQUIRE NO PARTICULAR SECTOR TO CARRY AN UNDUE SHARE OF WHATEVER ADJUSTMENTS MAY BE CALLED FOR. THIS PROCESS CANNOT BE PERFECT, OF COURSE, BUT THE PROSPECTS OF GETTING THE KIND OF RESULT I HAVE SUGGESTED WILL BE GREATLY FACILITATED BY THE CLOSE CONSULTATIONS WHICH HAVE BEEN TAKING PLACE BOTH WITH PROVINCES AND THE PRIVATE SECTOR. THIS IS NOT TO SAY THAT SOME ADJUSTMENTS WILL NOT BE NEEDED FOR TARIFF LEVELS WILL CHANGE AND THE FRAMEWORK WILL BE ALTERED BY SOME DEGREE AS A RESULT OF THE NEGOTIATIONS WITH RESPECT TO NON-TARIFF BARRIERS AND NEW CODES AND RULES. IT IS MY BELIEF, HOWEVER, THAT WITH A NEGOTIATING POSITION BASED ON RESULTS DESIGNED TO BE HELPFUL TO THE DOMESTIC DEVELOPMENT AS WELL AS THE EXPORT INTERESTS OF OUR FISHERIES, AGRICULTURAL, RAW MATERIAL AND SECONDARY MANUFACTURING INDUSTRIES - IT IS MY BELIEF THAT SUCH ADJUSTMENT SHOULD BE MANAGEABLE WITHIN THE FRAMEWORK OF THE CHANGES WHICH CAN BE EXPECTED TO TAKE PLACE IN ANY EVENT. I SAY THIS IN THE KNOWLEDGE THAT THE FIRST TARIFF CUTS ARE UNLIKELY TO BE MADE UNTIL 1980, THAT THE CANADIAN NEGOTIATIONS IN GENEVA WILL BE BASED ON THE WORK THAT HAS BEEN GOING ON IN OTTAWA REGARDING THE PARTICULAR NEEDS AND SENSITIVITIES OF OUR VARIOUS INDUSTRIAL

...23

SECTORS, AND THAT THE GOVERNMENT INTENDS TO HAVE IN PLACE APPROPRIATE ADJUSTMENT ASSISTANCE PROGRAMMES PRIOR TO ANY REDUCTION IN THE CANADIAN TARIFF. THESE PROGRAMMES MAY BE EXPECTED TO PAY PARTICULAR ATTENTION TO THOSE SITUATIONS WHERE, EVEN WITH THE IMPROVED BUSINESS EVIRONMENT NOW BEING SOUGHT BY BOTH FEDERAL AND PROVINCIAL GOVERNMENTS, IT COULD BE DIFFICULT TO WORK OUT A SMOOTH TRANSFER OF RESOURCES AND WORKERS FROM THEIR PRESENT EMPLOYMENT TO AREAS OF MORE PRODUCTIVE ENDEAVOUR.

AGAINST THE BACKGROUND OF THIS ANALYSIS, I WOULD SUGGEST, MR. CHAIRMAN THAT THE MTN NEGOTIATIONS SHOULD NOT BE REGARDED NEGATIVELY BUT THOUGHT OF AS AN OPPORTUNITY FOR CANADA TO MOVE AHEAD. THEY SHOULD BE SEEN AS ONE OF THE MEANS TO FACILITATE THE MANAGEMENT OF CHANGE FROM A STATUS QUO WHICH IS CLEARLY UNSATISFACTORY FROM THE POINT OF VIEW OF OUR FUTURE NEEDS TO THE STRONGER AND HEALTHIER ECONOMIC SITUATION WHICH I BELIEVE WE WOULD ALL WISH TO SEE FOR THE WORKERS, BUSINESSMEN AND PEOPLE OF CANADA IN THE NINETEEN EIGHTIES AND FOR MANY YEARS BEYOND.

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News Release Communiqué

Subject/Sujet

Multilateral Trade Negotiations

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Immediate

BACKGROUND INFORMATION

Attached is an excerpt on the Multilateral Trade Negotiations from the notes for an address by the Honourable A.J. MacEachen, Deputy-Prime Minister to the annual meeting of the Federated Co-operatives Limited on March 1, 1978, in Saskatoon, Saskatchewan.

- 30 -

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MULTILATERAL TRADE NEGOTIATIONS

In an age of increasing interdependence among all nations, it is virtually impossible for any single country to plan or implement an economic strategy in isolation from developments and trends that are occurring elsewhere in the world. Moreover the problems that beset the international community and indeed its individual members, are much more complex today than they were in the forties when the post war framework of the current trade and payments system was put in place. Over the years it has proven possible to adapt and develop this international system to changing economic and political realities. This had not always been easy and again strains are apparent both in terms of balance of payments equilibrium and the reemergence of protectionism. It will require considerable joint effort and understanding to ensure that the essential and valuable elements of our open economic systems are preserved and developed as required to meet current and future needs.

One very important facet of this common effort is the commitment that all the major industrialized countries have made to the successful conclusion of the multilateral trade negotiations underway in Geneva. These negotiations are perhaps the most ambitious and far reaching ever undertaken. This is a reflection of course, of the needs which have emerged and the problems which have arisen. Thus, the whole range of non-tariff barriers to trade is being addressed simultaneously with the tariff negotiations.

Not the least of the challenges of the negotiations is the requirement to improve the terms and conditions of agricultural trade and to provide more stable world markets for food and food products with equitable returns to producers. It is widely recognized that we must devise better means to deal with the excesses of the supply and price cycles in grains, to cope in a more reasonable way with the accumulation and often damaging disposal of undesirable surpluses in the dairy sector, to provide a better framework for international trade in meat and to bring under better disciplines some of the practices in the agriculture sector which have tended to limit the trading opportunities of efficient and competitive producers.

These are daunting tasks. Each of the main participants in the MTN agricultural negotiations approaches the problems in this area from a somewhat different perspective. The USA, for example, tends to believe, with no little justification, that the main answer lies in greater liberalization of agricultural trade. They are seeking improved access for their agricultural products in all markets and particularly that of

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the EC and Japan. The EC, on the other hand, emphasizes stability as the key and urges the establishment of a series of commodity-type arrangements for such sectors as dairy, grains and meat and the acceptance of international regulation and management of the trade in these and other important agricultural products.

The Canadian position lies somewhere between these two positions. We are convinced that stable world markets are essential to the continued health and growth of the agricultural economy of all countries, including Canada. But we are also pressing for real and tangible gains in terms of access to markets for the products of our efficient agricultural producers as well as fair and effective disciplines on the use of export subsidies.

It remains to be seen whether the trading countries in Geneva will have the capacity to sort out some of these problems and move together towards the stated objectives. To do so, all countries will have to be prepared genuinely to seek out mutual accommodations. Thus the essence of the Common Agricultural Policy of the EC will have to be accepted as a permanent feature of the European scene whatever may be done to ease its impact on outside trading countries. The EC, on the other hand, will have to be prepared to go further than was the case in the Kennedy Round in offering agricultural concessions of real value. Japan which has traditionally been a highly protected market, will have to relax its more restrictive import and production policies and adopt less disruptive trading practices. Canada like other countries will have to be prepared to pay for the increased trading opportunities which are being sought. Finally, in the area of grains and particularly in the negotiations for a new International Wheat Agreement, it will be essential for importing countries to share more equitably with exporting countries the costs and responsibilities of assuring market stability.

The MTN negotiations on agriculture are now in an active and substantive phase. Participants are down to the business of exchanging requests and offers and are seriously exploring the possibility of achieving solutions to the special problems in the grains, meat and dairy sectors. Of course much work remains to be done, and it will be some time yet before we are able to judge whether a balanced deal can be struck and whether in some areas sensible new trading rules can be devised. You can be sure that whatever direction the negotiations may take, Canadian negotiators will be working to ensure that reciprocity is achieved for Canada and that any new rules that may be developed take full account of the aspirations of Canadian producers and the special problems and characteristics of Canadian agricultural production.

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Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

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BACKGROUND INFORMATION

Attached is an excerpt on the Multilateral Trade Negotiations and certain other custom tariff matters from the Financial Statement of the Minister of Finance, the Honourable Jean Chrétien, in the House of Commons on Monday, April 10, 1978.

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COMMERCIAL POLICY AND THE TARIFF

The multilateral trade negotiations now taking place in Geneva have longer-range potential for the productive sectors of our economy. We are participating actively in the talks, and seeking reductions in both tariff and non-tariff barriers to give us better access for our exports, especially highly processed resources and manufactured goods. We will also be prepared to reduce Canadian tariffs, but only in return for concessions of real value. Canada's development in the 1980s will depend very largely on the ability of our industries to grasp significant new export opportunities and compete more effectively against imports at home. As First Ministers have urged, we will be ready to support the private sector adjustments that will be needed for our success in the trading environment of the decade ahead.

The Geneva talks are moving ahead quickly and we hope for a successful conclusion in the coming months. In the meantime I am not submitting any major amendments to the Customs Tariff. However, I am proposing tonight that most of the temporary tariff reductions introduced in 1973 on a broad range of consumer products be extended for another year beyond their scheduled expiry date of June 30. The extension will contribute, as it has in the past, to our efforts to minimize inflation.

I am also proposing to withdraw the British Preferential rate from certain goods imported from Britain and Ireland, including certain diesel engines, radio and television apparatus, truck-mounted cranes, knitted goods and confectionery products.

To assist Canadian producers, increases in the MFN rates are being proposed for certain chemicals and industrial tires and tubes.

I have received a number of enquiries about implementation of the Tariff Board's proposals for changes in the tariffs on fruits and vegetables. We have notified our trading partners that we intend to renegotiate certain GATT commitments which currently prevent us from increasing existing rates of duty on products covered by the Board's report. The government will try to conclude these negotiations as soon as possible and then introduce legislation to provide for a new schedule of rates for fresh and processed fruits and vegetables.

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Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

News Release Communiqué

Subject/Sujet Address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the 3rd Annual Meeting of the Canadian Association for Business Economics, Ottawa, Ontario

For release/Pour publication
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May 11, 1978

Attached are the notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the 3rd Annual Meeting of the Canadian Association for Business Economics, Ottawa, Ontario, May 11, 1978

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Office of the Coordinator Multilateral Trade Negotiations
Bureau du Coordonnateur Négociations commerciales multilatérales

News Releases Communiqué

ADDRESS BY AMBASSADOR J. H. WARREN
CO-ORDINATOR FOR THE MULTILATERAL TRADE NEGOTIATIONS
TO
THE 3RD ANNUAL MEETING OF THE CANADIAN ASSOCIATION
FOR BUSINESS ECONOMICS

OTTAWA, MAY 11, 1978

I AM GLAD TO HAVE THIS AFTERNOON'S OPPORTUNITY TO TAKE A LOOK AT CANADA'S TRADE POLICIES AND, AS SUGGESTED, TO CONSIDER ALSO THE HANDLING OF PROBLEMS WHICH MAY ARISE FROM THE TOKYO ROUND IN WAYS WHICH WOULD AVOID EXACERBATING REGIONAL DIFFERENCES AND THE BALANCE OF PAYMENTS.

I WELCOME THIS EMPHASIS ON THE TOKYO ROUND, BECAUSE IT IS REAL, BECAUSE I'VE BEEN PREOCCUPIED WITH LITTLE ELSE OVER THE PAST NINE MONTHS AND ALSO BECAUSE I'M A BIT CAUTIOUS ABOUT LOOKING FURTHER AHEAD. THE RESULTS OF THE MTN WILL NOT BE FULLY APPLICABLE UNTIL THE LATE 1980'S AND MY PERSONAL CRYSTAL BALL DOES NOT PRETEND MUCH CERTAINTY EVEN UP TO THAT POINT. THE TRADING WORLD HAS ALTERED CONSIDERABLY OVER THE LAST DECADE AND THE PROCESS OF CHANGE HAS BY NO MEANS RUN ITS COURSE. IN THIS KIND OF ENVIRONMENT POLICY ADVICE MUST SIMULTANEOUSLY ADDRESS APPARENT PROBLEM AREAS AND THOSE COMING IN SIGHT OVER THE HORIZON. POLICY MUST ALSO MAINTAIN THE DEGREE OF FLEXIBILITY NECESSARY TO RESPOND TO THE UNANTICIPATED - THE UNANTICIPATED WHICH SO FREQUENTLY TURNS OUT TO BE CENTRAL AS THE FUTURE IN FACT UNFOLDS.

FROM THIS POINT OF VIEW, THE TOKYO ROUND OF MULTILATERAL TRADE NEGOTIATIONS IS NOT A BAD CASE STUDY. THE DECISION TO EMBARK ON THIS IMPORTANT WORLD-WIDE TRADE NEGOTIATION WAS TAKEN FIVE YEARS AGO IN 1973. LIKE A GOOD MARRIAGE, THAT DECISION WAS NOT TAKEN

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ILL-ADVISEDLY, NEITHER BY CANADA NOR THE HOST OF OTHER TRADING COUNTRIES CONCERNED.

EVEN BEFORE THE KENNEDY ROUND ENDED IN 1967, IT WAS CLEAR THAT THERE WERE A NUMBER OF PROBLEMS WHICH HAD NOT BEEN GIVEN ADEQUATE CONSIDERATION IN THAT MAJOR TRADE ENDEAVOUR. FOR EXAMPLE, AS TARIFFS HAD DECLINED, AND WERE TO DECLINE IN RELATIVE IMPORTANCE, THE SO-CALLED "NON-TARIFF BARRIERS" GAINED IN PROMINENCE. THESE WERE BECOMING INCREASINGLY HARD TO COPE WITH, NOT ONLY BECAUSE OF THEIR NUMBERS BUT BECAUSE OF THE INGENUITY WITH WHICH THEY WERE APPLIED. THE KENNEDY ROUND HAD HARDLY ADDRESSED THESE OBSTACLES - ALTHOUGH IT DID SEE COINCIDENT NEGOTIATION OF NEW AND IMPORTANT INTERNATIONAL RULES ON ANTI-DUMPING.

PATTERNS OF TRADE WERE CHANGING AS WELL. JAPAN'S POSITION AS A MAJOR ECONOMIC POWER ALONGSIDE THE UNITED STATES AND THE EUROPEAN COMMUNITY WAS BECOMING STEADILY MORE EVIDENT. A NUMBER OF THE DEVELOPING COUNTRIES WERE BECOMING MORE AND MORE COMPETITIVE, ESPECIALLY IN LABOUR-INTENSIVE PRODUCT LINES SUCH AS TEXTILES AND CLOTHING, FOOTWEAR AND CONSUMER ELECTRICAL GOODS. AND THE DEMANDS OF DEVELOPING COUNTRIES FOR CHANGES IN THE TRADING FRAMEWORK WHICH WOULD FAVOUR THEIR ECONOMIC DEVELOPMENT WERE BECOMING PROGRESSIVELY MORE INSISTENT. THERE WERE OTHER PROBLEMS, INCLUDING UNITED STATES BALANCE OF PAYMENTS DIFFICULTIES - DIFFICULTIES WHICH BROUGHT WITH THEM THE DRAMATIC NIXON ECONOMIC MEASURES OF THE SUMMER OF 1971.

...3

As almost always when things get difficult, protectionist forces were not slow in coming forward. But their spokesmen did not win the day. Instead governments decided to bring the trading nations together again, to maintain the post-war momentum towards more liberal trade and to deal with non-tariff barriers and a variety of other problems which had emerged, including in particular trading relations with developing countries.

That was 1973. The world has done anything but stand still since then. The oil embargo a few months after the Tokyo Declaration and the rapid escalation of energy prices have had an indelible impact on the developed and the developing world alike. Persistent inflation, high unemployment, low investment, slow growth, business uncertainty have become all too familiar and unwelcome general phenomena. Had we known in the fall of 1973 the sort of shape we would be in in the spring of 1978, would we have been a shade more hesitant about embarking on another set of world trade negotiations? There are no answers to such questions, for time marches on. But certainly these economic difficulties and the consequent trade restrictive pressures did not make it easier to move the Geneva negotiations forward. However, and despite these serious problems, the leaders of the industrial countries made it clear at the Downing Street Economic Summit last May, that the protectionist course was to be resisted and that the MTN should be pursued to a successful conclusion. The Heads of Government of Canada, the U.S.A., Japan, Britain, France, Italy and West Germany said:

...4

"WE REJECT PROTECTIONISM: IT WOULD FOSTER UNEMPLOYMENT, INCREASE INFLATION AND UNDERMINE THE WELFARE OF OUR PEOPLES. WE WILL GIVE NEW IMPETUS TO THE TOKYO ROUND."

BUT, OF COURSE, THE FORCES OF TRADE RESTRICTION HAVE NOT GONE AWAY. IN A SENSE THE COMPLETION OF THE NEGOTIATIONS IS A RACE AGAINST TIME. CAN GOVERNMENTS IN CURRENT CIRCUMSTANCES REALLY MOVE FURTHER FORWARD IN OPENING UP CHANNELS OF TRADE OR WILL FAILURE OF THE NEGOTIATIONS TO OBTAIN A SUBSTANTIAL RESULT BE THE SIGNAL TO THROW UP THE TRADE BARRIERS AROUND THE WORLD WITH ALL WHICH THAT WOULD ENTAIL. WE SHALL SEE.

IT IS EASY TO UNDERSTAND THE CONCERNS OF MANY BUSINESSMEN WHO ARE HAVING A SUFFICIENTLY DIFFICULT TIME AS THINGS ARE, WHO DO NOT REGARD THEMSELVES AS COMPETITIVE OR POTENTIALLY COMPETITIVE INTERNATIONALLY AND WHO SEE IN THE MTN NEGOTIATIONS THE THREAT OF EVEN GREATER IMPORT COMPETITION. EVEN THOSE WHO APPRECIATE THE LONGER TERM CONSIDERATIONS AND BENEFITS OF TRADE LIBERALIZATION FOR THE CANADIAN ECONOMY ARE CONCERNED TO SURVIVE LONG ENOUGH IN THE SHORT TERM TO ENJOY THEM. THE POINT IS FREQUENTLY MADE THAT THE WHOLE EXERCISE IS TOO HAZARDOUS, THAT THE MOMENT IS NOT RIGHT, THAT IT WOULD BE BETTER TO WAIT FOR BETTER TIMES AND SO ON.

BUT, SO LONG AS THE NEGOTIATIONS ARE TAKING PLACE, WE REALLY HAVE NO OPTION BUT TO BE THERE. IT WOULD BE UNREALISTIC TO EXPECT OUR MAJOR TRADING PARTNERS TO EXTEND THE BENEFITS OF ANY AGREEMENT TO CANADA IF WE WERE TO STAND COMPLETELY ASIDE FROM THEM.

...5

INDEED, THE U.S.A. CONGRESS INSERTED A PROVISION IN THE TRADE ACT THAT WOULD WITHHOLD THE BENEFITS OF U.S.A. CONCESSIONS FROM ANY COUNTRY WHOSE OWN CONCESSIONS WERE CONSIDERED INADEQUATE.

OF IMPORTANCE ALSO IS THE FACT THAT THE EXPECTED REDUCTION OF TRADE BARRIERS WILL CREATE A MORE COMPETITIVE INTERNATIONAL ENVIRONMENT. FAILURE TO EXPOSE CANADIAN PRODUCERS TO THIS NEW ENVIRONMENT COULD MAKE IT MORE DIFFICULT TO CARRY OUT THE SORT OF STRUCTURAL ADJUSTMENTS NEEDED IN MANY CASES TO IMPROVE OUR PERFORMANCE. SUCH A COURSE COULD ALSO DENY CANADIAN USERS AND CONSUMERS THE BENEFITS OF CHOICE AND LOWER PRICES WHICH REDUCTION OF OUR OWN TRADE BARRIERS WOULD INVOLVE. WE WOULD BECOME AN INCREASINGLY LESS COMPETITIVE ECONOMY, REAL INCOMES WOULD FALL AND LONGER TERM EMPLOYMENT OPPORTUNITIES WOULD SUFFER.

IN THE CANADIAN CONTEXT THE VERY CLOSE RELATIONSHIP BETWEEN COMMERCIAL AND INDUSTRIAL POLICY NEEDS TO BE KEPT IN MIND. A FEW YEARS AGO THE ECONOMIC COUNCIL OF CANADA SUGGESTED THAT THE PRIMARY AIM OF COMMERCIAL POLICY SHOULD BE TO INCREASE NATIONAL INCOME THROUGH IMPROVING THE PRODUCTIVITY OF CANADIAN INDUSTRY. IT CONCLUDED THAT THIS WAS DIFFICULT WITH AN ASSURED DOMESTIC MARKET OF NO MORE THAN 23 MILLION PEOPLE. THE COUNCIL URGED A MAJOR EFFORT TO IMPROVE ACCESS TO OTHER MARKETS AS A VEHICLE TO INDUCE LONGER PRODUCTION RUNS, A GREATER DEGREE TO SPECIALIZATION, LOWER COSTS AND AN INCREASED ABILITY TO COMPETE. THIS PRESCRIPTION, SOUND AS IT MAY BE IN ECONOMIC THEORY, IS, OF COURSE,NOT APPLICABLE IN ALL CASES AND WE LIVE IN A WORLD OF IMPERFECT COMPETITION. BUT GENUINELY IMPROVED ACCESS TO FOREIGN

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MARKETS, INCLUDING OF COURSE THE U.S. MARKET, WILL, I THINK, BE GENERALLY ACCEPTED AS FACILITATING THE IMPORTANT TASK OF GAINING OR REGAINING OUR COMPETITIVE POSITION IN BOTH THE DOMESTIC AND FOREIGN MARKETS.

SUBSTANTIALLY IMPROVED AND ASSURED MARKET ACCESS IS, OF COURSE, ONE OF OUR CENTRAL AIMS IN GENEVA. A PRIMARY OBJECTIVE IS THE REDUCTION - AND, IN MANY CASES, ELIMINATION - OF OTHER COUNTRIES' TARIFFS. ON THE INDUSTRIAL SIDE, MAJOR PARTICIPANTS HAVE AGREED TO NEGOTIATE ON THE BASIS OF THE SO-CALLED SWISS FORMULA AND A WEIGHTED AVERAGE CUT OF 40 PERCENT. THIS, OF COURSE, IS A STARTING POSITION AND WHAT COMES OUT AT THE END WILL DEPEND ON WHAT COURSE THE BARGAINING TAKES OVER THE MONTHS AHEAD. CANADA'S AGREEMENT TO PROCEED ON THIS BASIS FOR INDUSTRIAL TARIFFS IS PREMISED ON SATISFACTORY PROGRESS BEING MADE IN TWO OTHER AREAS OF KEY IMPORTANCE TO OUR COMMERCIAL AND INDUSTRIAL DEVELOPMENT POLICIES.

ONE CONDITION IS THAT THERE BE SCOPE FOR TOTAL ELIMINATION OF DUTIES OF 5 PERCENT OR LESS ON A WIDE RANGE OF PRODUCTS OF INTEREST TO CANADA. IT IS PRECISELY SUCH LOW RATES WHICH APPLY TO THE BULK OF OUR DUTIABLE INDUSTRIAL EXPORTS. ALTHOUGH THESE RATES MAY SEEM LOW IN ABSOLUTE TERMS, THEY CAN BE HIGH IN TERMS OF EFFECTIVE PROTECTION AND CAN BE IMPORTANT INFLUENCES ON BOTH TRADE AND INVESTMENT. THIS IS PARTICULARLY RELEVANT TO OUR TRADE WITH THE UNITED STATES WHERE TWO-THIRDS OF CURRENTLY DUTIABLE IMPORTS FROM CANADA FALL WITHIN THIS CATEGORY. AND, INCIDENTALLY, 70 PERCENT OF OUR TOTAL EXPORTS, BY VALUE, ALREADY ENTER THAT MARKET DUTY-FREE.

...7

A SECOND CONDITION ON OUR PARTICIPATION IS THE WILLINGNESS OF OTHER COUNTRIES TO MOVE TOWARDS A GREATER LIBERALIZATION OF TRADE IN CERTAIN RESOURCE-BASED SECTORS THAN WOULD OTHERWISE RESULT FROM THE NEGOTIATIONS. OUR CANDIDATES FOR THIS APPROACH ARE NON-FERROUS METALS AND FOREST PRODUCTS. MEETING OUR NEGOTIATING AIMS IN THESE AREAS WOULD CONTRIBUTE TO THE GOVERNMENT'S POLICY OF ENCOURAGING FURTHER PROCESSING AND UPGRADING OF CANADIAN RAW MATERIALS PRIOR TO EXPORT - AN OBJECTIVE CURRENTLY CONSTRAINED BY THE TENDENCY OF IMPORTING COUNTRIES TO IMPOSE HIGHER RATES OF DUTY ACCORDING TO THE DEGREE OF PROCESSING OF THE PRODUCT CONCERNED. OUR SECTORAL OBJECTIVES ARE BEING VIGOUROUSLY PURSUED IN GENEVA, WE HAVE HAD A GOOD INITIAL RESPONSE FROM THE UNITED STATES BUT STILL HAVE A CONSIDERABLE WAY TO GO IN OUR DISCUSSIONS WITH THE COMMUNITY AND, IN PARTICULAR, JAPAN.

SO FAR AS AGRICULTURE IS CONCERNED, WHAT IS ENVISAGED, OVER AND ABOVE IMPROVED ACCESS BEING NEGOTIATED ON THE TRADITIONAL ITEM-BY-ITEM BASIS, IS THE PARALLEL NEGOTIATION OF A NEW INTERNATIONAL WHEAT AGREEMENT UNDER UNCTAD AUSPICES WITH EFFECTIVE ECONOMIC PROVISIONS AND A SERIES OF PARTICULAR UNDERSTANDINGS WITH RESPECT TO TRADE IN COARSE GRAINS. ALSO POTENTIALLY IN PROSPECT ARE MTN ARRANGEMENTS ON DAIRY PRODUCTS AND MEATS.

ALL OF THE NEGOTIATING ELEMENTS WHICH I HAVE LISTED ARE IMPORTANT AND POSE CONSIDERABLE CHALLENGES. BUT WHAT TRULY DISTINGUISHES THE TOKYO ROUND FROM ITS PREDECESSORS IS THE EXTENT TO WHICH IT TRIES TO GO FURTHER. IT NOT ONLY TARGETS ON THE MYRIAD OF NON-TARIFF BARRIERS AFFECTING PARTICULAR PRODUCTS OR

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TRADES BUT ALSO FACES UP TO A NUMBER OF BROADER PROBLEMS THAT HAVE COME UP IN THE LAST DECADE - CERTAIN OF THEM IMPORTANT ENOUGHT TO SUGGEST CHANGES IN THE BASIC RULES GOVERNING WORLD TRADE.

So, IN A NUMBER OF AREAS NEW INTERNATIONAL CODES OF CONDUCT ARE IN PROSPECT. SOME ARE DESIGNED TO OPEN MARKETS PREVIOUSLY CLOSED AS A RESULT OF A GOVERNMENTAL PRACTICE OR REGULATION - AN EXAMPLE IS THE TYING OF GOVERNMENT PROCUREMENT TO NATIONAL SUPPLIERS. THIS SORT OF PRACTICE HAS HAD A SERIOUSLY ADVERSE AFFECT ON OUR POTENTIAL EXPORTS OF HEAVY ELECTRICAL AND TELECOMMUNICATIONS EQUIPMENT.

ANOTHER EXAMPLE IS THE PROPOSED CODE ON TECHNICAL BARRIERS TO TRADE WHICH IS DESIGNED TO REMOVE TRADE RESTRICTIVE AND TRADE DISRUPTIVE EFFECTS OF GOVERNMENTAL AND VOLUNTARY STANDARDS. IT WOULD DEAL, AMONG OTHER THINGS, WITH SUCH PROBLEMS AS THOSE ARISING FROM TESTING AND CERTIFICATION PROCEDURES WHICH HAVE TENDED TO INCREASE THE COSTS OF SELLING ABROAD, CAUSED UNNECESSARY DELAYS AND/OR CREATED A GENERAL CLIMATE OF UNCERTAINTY WHICH, IN MANY CASES, DISCOURAGED ATTEMPTS TO EXPORT OR STOPPED SUCH SALES ALTOGETHER.

IT IS WORTH NOTING THAT BOTH TYPES OF MEASURES - TECHNICAL REGULATIONS AND GOVERNMENT PURCHASING - ARE APPLIED BY PROVINCIAL AND STATE JURISDICTIONS AS WELL AS NATIONAL GOVERNMENTS. WHILE NO DECISION HAS YET BEEN MADE REGARDING THE SORT OR LEVEL OF OBLIGATIONS WHICH MIGHT BE ASSUMED BY THESE OTHER LEVELS OF GOVERNMENT, THEY COULD BE INVOLVED AND THEIR PARTICIPATION COULD CONCEIVABLY HAVE A POSITIVE INFLUENCE ON INTERPROVINCIAL TRADE AND THE QUALITY

...9

OF THE CANADIAN INTERNAL MARKET.

IN THESE AND OTHER AREAS AN ATTEMPT IS BEING MADE TO INTRODUCE A GREATER DEGREE OF INTERNATIONAL CONSISTENCY IN THE WAY VARIOUS MEASURES AFFECTING TRADE ARE APPLIED. THE AIM IS ALSO TO PROVIDE EFFECTIVE MECHANISMS FOR NOTIFYING PROBLEMS ENCOUNTERED, FOR CONSULTATION BETWEEN THE PARTIES CONCERNED AND FOR THE SETTLEMENT OF DISPUTES. IN SHORT, GREATER INTERNATIONAL DISCIPLINE OVER CERTAIN MEASURES WHICH, DELIBERATELY OR NOT, CAN HAVE A SERIOUS EFFECT ON THE FLOW OF TRADE.

YET ANOTHER CODE OF CONDUCT, OR CHANGE IN EXISTING GATT RULES, IS BEING NEGOTIATED ON THE QUESTION OF SUBSIDIES AND COUNTERVAILING DUTIES - WHERE THREE AREAS OF DIRECT CONCERN AND PARTICULAR INTEREST TO CANADA ARE IN PLAY. ONE IS THE PROSPECT OF A GREATER DEGREE OF CONTROL OVER EXPORT SUBSIDIES, INCLUDING, SO FAR AS AGRICULTURE MAY BE CONCERNED, SUCH PRACTICES AS THE EUROPEAN COMMUNITY'S SYSTEM OF EXPORT RESTITUTIONS ON AGRICULTURAL PRODUCTS WHICH COMPETE WITH OUR OWN IN THIRD MARKETS. ANOTHER IS THE POSSIBILITY OF CLARIFYING THE RELATIONSHIP BETWEEN ASSISTANCE THAT GOVERNMENTS OFFER FOR DOMESTIC REGIONAL AND INDUSTRIAL DEVELOPMENT PURPOSES AND THE RULES WITH RESPECT TO THE APPLICATION OF COUNTERVAILING DUTIES TO COUNTER SUBSIDIES IN INTERNATIONAL TRADE. THIS IS PARTICULARLY IMPORTANT TO CANADA'S REGIONAL DEVELOPMENT OPERATIONS, CERTAIN OF WHICH, AS FOR EXAMPLE THE MICHELIN PLANT IN NOVA SCOTIA, HAVE RUN INTO PROBLEMS IN RECENT YEARS.

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IN THIS AREA OF THE MTN, A CRITICAL OBJECTIVE FOR CANADA AND OTHER TRADING COUNTRIES IS THE INTRODUCTION OF A MEANINGFUL INJURY CLAUSE INTO U.S. COUNTERVAILING LEGISLATION WHICH NOW REQUIRES THE APPLICATION OF COUNTERVAILING DUTIES IN CASES OF DUTIABLE IMPORTS WHICH HAVE BENEFITTED FROM A BOUNTY OR GRANT WHETHER OR NOT SUCH IMPORTS ARE INJURIOUS.

ANOTHER BASIC ISSUE IS THAT OF SPECIAL AND DIFFERENTIAL TREATMENT FOR THE DEVELOPING COUNTRIES, AS FORESEEN IN THE TOKYO DECLARATION. A NUMBER OF EFFORTS HAVE BEEN MADE IN RECENT YEARS TO MEET SOME OF THE SPECIFIC TRADE NEEDS AND ASPIRATIONS OF THESE COUNTRIES. PART IV OF THE GATT WAS INTRODUCED FOR THIS PURPOSE IN THE 1960'S. THE GENERAL PREFERENCE SCHEME AND SPECIAL LIBERALIZATION OF TRADE IN TROPICAL PRODUCTS ARE OTHER EXAMPLES. CANADA HAS PLAYED AN IMPORTANT ROLE IN ALL THESE EFFORTS. AT THE SAME TIME, THE DEVELOPING WORLD IS LOSING SOME OF ITS HOMOGENEITY AND SOME OF ITS NUMBERS ARE NOW COMPETING SERIOUSLY WITH CANADA AND OTHER MORE MATURE TRADING COUNTRIES, NOT ONLY IN THE SUPPLY OF RAW MATERIALS, BUT ALSO IN THE PRODUCTION OF FINISHED GOODS. THERE ARE NOW PROPOSALS TO INTEGRATE SPECIAL AND DIFFERENTIAL TREATMENT AS AN OVER-RIDING PROVISION OF THE GATT, AS A SORT OF PERMANENT RIGHT. AND THE DEVELOPING COUNTRIES, BASING THEMSELVES ON THE TOKYO DECLARATION, SEEK SPECIAL TREATMENT IN RESPECT OF PRETTY WELL EVERY CODE OR PROPOSED NEW RULE NOW UNDER NEGOTIATION IN THE MTN. GIVEN THE CONSIDERABLE ASPIRATIONS OF THESE COUNTRIES ON THE ONE HAND AND THE REALITIES OF TRADE COMPETITION ON THE OTHER, THE PROPER BALANCE

...11

IN THESE MATTERS WILL NOT BE EASY TO FIND.

IT IS DIFFICULT TO SPEAK OF THE PRESENT WORLD TRADING ENVIRONMENT WITHOUT TALKING ABOUT MEASURES WHICH A COUNTRY MAY TAKE TO PROTECT ITSELF FROM A SUDDEN OR DISRUPTIVE SURGE OF IMPORTS. CANADA HAS RECENTLY ACTED UNDER THE EXISTING GATT RULES TO PROTECT THE CLOTHING AND FOOTWEAR INDUSTRIES. WHAT WE AND OTHER MTN PARTICIPANTS ARE NOW LOOKING TOWARD IN GENEVA ARE IMPROVEMENTS IN THE CURRENT RULES TO ACCOMPLISH TWO THINGS

1) TO PROVIDE MORE EFFECTIVE, CERTAIN AND LESS TIME-CONSUMING PROCEDURES TO DEAL WITH INJURIOUS SITUATIONS AS THEY ARISE, AND

2) TO MAKE SURE THAT THESE PROCEDURES ARE NOT APPLIED IRRESPONSIBLY, BUT RATHER, ARE USED ONLY WHEN NECESSARY AND NOT AS AN AUTOMATIC REFLEX TO OTHER THAN INJURIOUS COMPETITION.

AN IMPORTANT QUESTION IN THESE NEGOTIATIONS IS WHETHER SUCH SAFEGUARD ACTION SHOULD BE PERMITTED TO BE APPLIED AGAINST THE COUNTRY OR COUNTRIES RESPONSIBLE FOR THE DISRUPTION, RATHER THAN GLOBALLY AS IS THE CASE AT PRESENT. AND THE WHOLE MATTER OF INTERNATIONAL SURVEILLANCE AND DISPUTE SETTLEMENT, INCLUDING THE MATTER OF COMPENSATION AND RETALIATION, IS VERY IMPORTANT IN THIS AREA.

THE MAINTENANCE AND IMPROVEMENT OF THE MULTILATERAL FRAMEWORK FOR WORLD TRADE, SO MUCH OF WHICH IS CURRENTLY UNDER NEGOTIATION IN GENEVA, IS THE BASIS OF CANADA'S COMMERCIAL POLICY. IN THIS CONTINUATION OF CANADA'S TRADITIONAL APPROACH, WE HOPE

...12

INTER ALIA PROGRESSIVELY TO CLARIFY THE TRADING RELATIONSHIP WITH THE DEVELOPING WORLD, TO WORK OUT IMPROVED METHODS OF TRADE WITH THE CENTRALLY-PLANNED ECONOMIES, AND GENERALLY TO INCREASE THE SCOPE AND QUALITY OF INTERNATIONAL TRADE COOPERATION, INCLUDING COMMON RESISTANCE TO REGRESSIVE PROTECTIONIST PRESSURES. IT IS THUS A DYNAMIC PROCESS WHICH TAKES INTO ACCOUNT OVER TIME THE CHANGING REALITIES OF THE TRADING WORLD.

BUT DOES PARTICIPATION IN THE TOKYO ROUND REPRESENT AN ADEQUATE CURRENT TRADE POLICY FOR CANADA? AND WILL ITS RESULTS REALLY DO WHAT THEY ARE INTENDED TO DO FOR OUR INDUSTRIAL STRUCTURE OR WILL THEY HAVE OTHER, PERHAPS LESS WELCOME EFFECTS? WHAT WILL BE THE IMPACT ON REGIONAL DEVELOPMENT? HOW WILL THE BALANCE OF PAYMENTS BE AFFECTED? ARE THERE ALTERNATIVE POLICIES TO BE CONSIDERED?

THE CURRENT NEGOTIATIONS PROVIDE AN UNIQUE OPPORTUNITY FOR PURSUING CANADIAN INDUSTRIAL AND TRADE OBJECTIVES AND PERMIT US TO COMBINE OUR BARGAINING POWER WITH THAT OF OTHERS IN PURSUIT OF THESE. THE WORLD ECONOMIC SITUATION IS NOT FAVOURABLE TO SWEEPING NEW INITIATIVES AND IN A VERY REAL SENSE THE MTN NEGOTIATIONS CAN BE SAID TO REPRESENT THE LIMIT OF MOST COUNTRIES' WILLINGNESS TO NEGOTIATE BROAD TRADE MATTERS AT THIS STAGE. WHILE IN U.S. TRADE LEGISLATION THERE IS SPECIAL REFERENCE TO CANADA THE THRUST OF U.S. POLICY

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(WHICH INCLUDES A MAJOR NEGOTIATION WITH CANADA WITHIN THE MTN) IS GLOBAL IN THE SENSE OF SEEKING A MUTUALLY SATISFACTORY DEAL WITH ALL ITS MAIN TRADING PARTNERS.

THE SECOND QUESTION IS A BIT HARDER TO ANSWER. WILL THE NEGOTIATIONS REALLY DO WHAT THEY ARE MEANT TO DO FOR OUR INDUSTRIAL STRUCTURE OR WILL THEY HAVE OTHER, LESS DESIRABLE EFFECTS? IN A SENSE, THE QUESTION IS UNANSWERABLE UNTIL THE ACTUAL OUTCOME OF THE NEGOTIATIONS CAN BE FORESEEN. AND, OF COURSE, MUCH WILL DEPEND ON HOW FAR WE TAKE ADVANTAGE OF THE OPPORTUNITIES THAT ARE OPENED UP. WE CANNOT FORCE CANADIANS TO SELL ABROAD. WE CAN ONLY MAKE IT EASIER FOR THEM TO DO SO. BUT CANADIANS HAVE SHOWN THEMSELVES EQUAL TO THE CHALLENGE IN THE PAST, AS THE VOLUME OF OUR EXTERNAL TRADE WILL ATTEST, IN PROCESSED AND MANUFACTURED GOODS AS WELL AS IN BASIC AND RAW MATERIALS. AND EXCHANGE RATE CHANGES ARE, OF COURSE, A VERY IMPORTANT ELEMENT WHICH WILL INFLUENCE OUR EXPORT PERFORMANCE AND OUR COMPETITIVENESS WITH IMPORTS OVER THE FUTURE YEARS WITHIN WHATEVER FRAMEWORK FOR INTERNATIONAL TRADE IS ESTABLISHED IN THE MTN.

AS IN ANY BARGAINING PROCESS, IMPROVED ACCESS TO MARKETS ABROAD INEVITABLY CALLS FOR CONTRIBUTIONS IN THE FORM OF IMPROVED ACCESS FOR FOREIGN GOODS INTO THE DOMESTIC MARKET. AS YOU WILL HAVE NOTICED, THE GREATER PART OF PUBLIC DISCUSSIONS TENDS TO CONCENTRATE ON THE LATTER. IT IS ODD IN A COUNTRY SO EXPORT DEPENDENT AS CANADA THAT MANY VIEW THE LOWERING OF TARIFF AND

...14

NON-TARIFF BARRIERS ABROAD WITH SCEPTICISM OR INDIFFERENCE, WHILE ANY LOWERING OF CANADIAN BARRIERS IS SEEN AS LIKELY TO PRECIPITATE AN OVERWHELMING FLOOD OF IMPORTS IMMEDIATELY, IF NOT SOONER. THE PATTERN OF OUR IMPORTS IS, ADMITTEDLY, DIFFERENT FROM THAT OF OUR EXPORTS, CONSISTING AS IT DOES OF A HIGH PROPORTION OF FINISHED GOODS, MANY COMPETITIVE WITH OUR OWN PRODUCTION. AND WE ALREADY FACE A SUBSTANTIAL DEFICIT IN OUR TRADE IN END PRODUCTS. BUT THE INCOME ELASTICITIES FOR CANADIAN EXPORTS AS A WHOLE SHOULD NOT BE UNDERESTIMATED AND IT SHOULD BE BORNE IN MIND THAT A SUCCESSFUL TOKYO ROUND COULD OPEN UP MANY MARKETS IN THE U.S.A., THE EC AND JAPAN NOT NOW SERVED BY EXPORTS FROM CANADA BECAUSE OF PROHIBITIVE TARIFF AND NON-TARIFF BARRIERS. AND I THINK IT WOULD ALSO BE FAIR TO ASSUME THAT BY THE TIME THE RESULTS OF THE MTN ARE IN PLACE, CANADA AS A COMMUNITY WILL HAVE ABSORBED THE LESSONS OF RECENT YEARS AND HAVE ADJUSTED MANY OF THE PUBLIC AND PRIVATE SECTOR POLICIES AND PRACTICES WHICH HAVE IMPAIRED OUR COMPETITIVE POSITION.

I WOULD ALSO LIKE TO UNDERLINE THE POINT THAT NOTHING IS GOING TO HAPPEN IN A SUDDEN OR DISRUPTIVE FASHION. THERE IS A GENERAL CONSENSUS IN GENEVA THAT AGREED TARIFF REDUCTIONS SHOULD BE PHASED IN OVER A PERIOD OF EIGHT YEARS, BEGINNING PROBABLY IN 1980. IN THE CASE OF INDUSTRIES WHICH WOULD HAVE PROBLEMS EVEN WITH SUCH A GRADUAL ADJUSTMENT, IT IS POSSIBLE THAT A LONGER PERIOD MAY BE PERMITTED OR THAT THE FIRST STAGE OF REDUCTIONS COULD BE SOMEWHAT DELAYED. AND THE EEC HAS SUGGESTED THAT ALL

...15

COUNTRIES MIGHT WISH TO PAUSE AND TAKE STOCK AT THE END OF THE FIRST FIVE YEARS IN THE LIGHT OF THE ECONOMIC SITUATION AT THAT TIME AND THE PROGRESS THAT HAS BEEN MADE IN IMPLEMENTING THE RANGE OF UNDERTAKINGS THAT ARE ANTICIPATED FROM THE MTN.

FURTHERMORE, THERE IS PROVISION FOR CERTAIN ITEMS TO BE EXCEPTED FROM PROPOSED REDUCTIONS, EITHER PARTIALLY OR COMPLETELY. SUCH EXCEPTIONS ARE HOWEVER EXPECTED TO BE KEPT TO A REASONABLE MINIMUM. OTHERWISE, SERIOUS UNRAVELLING OF THE WHOLE INDUSTRIAL TARIFF NEGOTIATING PROCESS COULD TAKE PLACE. EVERY COUNTRY HAS ITS SENSITIVE INDUSTRIES - IN MANY CASES THE SAME INDUSTRIES - UNABLE TO MEET COMPETITION FROM MORE EFFICIENT PRODUCERS BUT NONETHELESS OFTEN THE EMPLOYMENT MAINSTAYS FOR PARTICULAR COMMUNITIES. I EXPECT THAT THE GENERALITY OF THIS CONDITION WILL FIND ITS REFLECTION IN THE NEGOTIATIONS.

WHAT ABOUT REGIONAL IMPACT? COULD THE TOKYO ROUND EXACERBATE REGIONAL DIFFERENCES, MAKING THE RICH PROVINCES RICHER AND THE POOR PROVINCES POORER? THIS IS CERTAINLY NOT OUR EXPECTATION. WE ARE SEEKING A NUMBER OF SETS OF BALANCES IN THE NEGOTIATIONS. ONE INVOLVES WHAT WE AS A COUNTRY GIVE AND WHAT WE RECEIVE LOOKED AT AS A WHOLE. OTHERS LOOK TO THE EQUITIES WITH RESPECT TO PARTICULAR INDUSTRIES AND SECTORS, INCLUDING AGRICULTURE. ANOTHER NECESSITATES A REGIONAL PERSPECTIVE ON BOTH THE OPPORTUNITIES THAT WOULD BE OPENED UP AND THE BURDEN OF ANY ADJUSTMENTS THAT MIGHT HAVE TO BE SHOULDERED. WE HAVE BEEN IN CONSTANT CONSULTATION WITH ALL TEN PROVINCES AND, SO

...16

FAR AS IS POSSIBLE IN ANY NEGOTIATION, ARE TRYING TO MEET BOTH THEIR AMBITIONS AND THEIR CONCERNS.

WILL THE RESULTS SUPPORT THIS INTENTION? I THINK THAT A SUCCESSFUL NEGOTIATION WILL DO SO. THE WESTERN PROVINCES HAVE TAKEN THE POSITION THAT THE CANADIAN TARIFF SHOULD BE NEGOTIABLE AS A MEANS OF OPENING NEW EXPORT OPPORTUNITIES FOR CANADIAN PRODUCTS AND THEIR IDENTIFIED EXPORT INTERESTS, AS INDEED THOSE OF OTHER PROVINCES, ARE REFLECTED IN THE NATIONAL NEGOTIATING POSITION. QUITE APART FROM THE IMPROVED ACCESS THAT MAY BE OBTAINABLE FOR WESTERN AGRICULTURE, THE PRAIRIE PROVINCES HAVE A VITAL INTEREST IN A NEW INTERNATIONAL WHEAT AGREEMENT. THE ATLANTIC PROVINCES ARE EXPECTED TO BENEFIT FROM IMPROVED ARRANGEMENTS FOR TRADE IN FOREST PRODUCTS AND NON-FERROUS METALS AS WELL AS FROM WIDER MARKETS FOR THE FISHERY, WHERE THE NEW 200-MILE LIMIT OFFERS PROSPECTS OF GREATLY INCREASED OUTPUT AND AN IMPORTANT EXPORT SURPLUS OF BOTH FISH AND FISH PRODUCTS. AND, OF COURSE, HERE THERE IS A SHARED INTEREST WITH BRITISH COLUMBIA AND THE FRESH WATER FISHERIES OF OTHER PROVINCES.

IN THE FOREMOST MANUFACTURING PROVINCES, ONTARIO AND QUEBEC, CHALLENGES AND OPPORTUNITIES ARE MINGLED. AND IT SHOULD NOT BE FORGOTTEN THAT THESE PROVINCES ARE ALSO LEADING PRODUCERS OF FOREST PRODUCTS, NON-FERROUS METALS AND OTHER MINERALS AS WELL AS OF A NUMBER OF AGRICULTURAL PRODUCTS. COMPETITIVE INDUSTRIES CENTRED IN THESE PROVINCES WILL BE ABLE TO TAKE ADVANTAGE OF GREATER ACCESS TO MARKETS ABROAD, BOTH FOR EXISTING PRODUCTION

...17

AND FUTURE PRODUCT DEVELOPMENT. OTHERS MAY FIND THAT THE ADDITIONAL MARKET OPPORTUNITY AVAILABLE WILL PERMIT THEM TO IMPROVE PERFORMANCE, ACHIEVE A MORE COMPETITIVE POSITION VIS-A-VIS IMPORTS AND TO EXPORT. THE DEGREE OF ADJUSTMENT REQUIRED FOR OTHERS WILL DEPEND ON THEIR CURRENT DEGREE OF COMPETITIVENESS RELATIVE TO IMPORTS. IT WILL DEPEND ALSO ON THE ACTUAL EXTENT OF TARIFF REDUCTION WHICH MAY BE AGREED AT THE END OF THE DAY IN GENEVA, THE PERIOD OF TIME PHASING INVOLVED, THE EFFECT OF TARIFF REDUCTIONS ON THEIR INPUT COSTS AND THE EXTENT TO WHICH THEIR LOCATION IN THE DOMESTIC MARKET MAY GIVE THEM ADVANTAGE OVER MORE DISTANT SUPPLIERS. FOR LESS EFFICIENT PRODUCERS, AND IN ADDITION TO THE ABOVE FACTORS, IT WOULD APPEAR THAT THE NEED FOR ADJUSTMENT IS IN MOST CASES ALREADY APPARENT AND WOULD EXIST IRRESPECTIVE OF THE MTN. AND QUITE APART FROM THE TRADE NEGOTIATIONS, I THINK IT IS ENCOURAGING THAT INDUSTRY, LABOUR AND THE TWO LEVELS OF GOVERNMENT ARE NOW SITTING DOWN TOGETHER TO EXAMINE THE FACTS OF THE SITUATION AND WHAT NEEDS TO BE DONE TO IMPROVE CANADIAN PERFORMANCE OVER THE WHOLE RANGE OF OUR INDUSTRIAL SECTORS. FINALLY, I WOULD REMIND YOU THAT IN ADDITION TO THE MEASURES OF GENERAL APPLICATION WHICH THE GOVERNMENT IS TAKING TO IMPROVE THE FRAMEWORK FOR DOING BUSINESS IN CANADA, ADJUSTMENT ASSISTANCE PROGRAMMES ARE BEING DEVELOPED TO FACILITATE ADAPTATION TO STRUCTURAL CHANGE INCLUDING THAT WHICH MAY FLOW FROM THE TOKYO ROUND AND ADDRESSED TO SITUATIONS WHICH ARE NOT LIKELY OTHERWISE TO PROVE MANAGEABLE FROM THE POINT OF VIEW OF THE PRODUCERS AND WORKERS CONCERNED.

...18

I SHOULD LIKE TO UNDERLINE AND EMPHASIZE AGAIN THAT THE TOKYO ROUND - THOUGH IMPORTANT - IS ONLY ONE PIECE OF THE PUZZLE. ITS POTENTIAL IMPACT HAS BEEN AND CAN EASILY BE GREATLY EXAGGERATED. IT WILL, OF COURSE, HAVE IMPACT BOTH ON IMPORT COMPETITION AND EXPORT OPPORTUNITY. BUT JUST HOW LARGE WILL BE THE NEW OPPORTUNITIES IN FOREIGN MARKETS AND THE RELATED CANADIAN EXPOSURE TO IMPORT COMPETITION REMAINS TO BE SEEN. WE ARE STILL A LONG WAY FROM BEING ABLE TO FORESEE THE LIKELY RESULTS, EVEN IN TERMS OF THE CURRENT OBJECTIVE OF STRIKING AN "OUTLINE POLITICAL SETTLEMENT" ON MAIN ISSUES BY JULY NEXT. HISTORICALLY IT COULD TURN OUT THAT WHAT HAPPENS WITH RESPECT TO NON-TARIFF BARRIERS WILL BE SEEN AS MORE IMPORTANT THAN WHAT MAY OCCUR ON TARIFFS. IN ANY EVENT IT IS MY HUNCH THAT WHATEVER TRANSPIRES ON TARIFFS, SIGNIFICANT AS THEY MAY BE, WILL LOOM LESS LARGE THAN WILL MANY OTHER ELEMENTS OF CHANGE WHICH MUST BE FACED. I THINK FOR EXAMPLE OF THE DEMOGRAPHIC SHIFT WHICH IS TAKING PLACE IN OUR POPULATION; OF THE ONRUSHING PACE OF TECHNOLOGICAL DEVELOPMENT; OF THE CHANGING TASTES AND PATTERNS OF CONSUMER DEMANDS; OF THE RELATIONSHIP BETWEEN GOVERNMENT AND PRIVATE SECTOR SPENDING; OF CHANGES IN THE PRICE OF ENERGY; OF SHIFTS IN EXCHANGE RATES; OF CHANGES IN OUR ECONOMIC AND POLITICAL RELATIONSHIPS WITH OTHER COUNTRIES; AND OF CHANGES OTHER THAN TARIFF AND NON-TARIFF BARRIERS IN THE RELATIVE COMPETITIVE POSITION OF TRADING NATIONS. AND THESE ARE BUT A FEW EXAMPLES. I HOPE I AM NOT WRONG, BUT I HAVE COME TO THE BELIEF THAT THE RESULTS OF THE TOKYO ROUND ARE IN FACT LIKELY TO PROVE MANAGEABLE IN THE CANADIAN CONTEXT, THAT ON BALANCE THEY WILL BE OF NET BENEFIT

...19

FOR CANADA BOTH FROM THE POINT OF VIEW OF OUR INDUSTRIAL DEVELOPMENT AND OUR TRADE, THAT THE PROBLEMS OF ADJUSTMENT DIRECTLY ATTRIBUTABLE TO THE MTN CAN BE COPED WITH IN THE CONTEXT OF NECESSARY CHANGE AND WITH THE HELP OF APPROPRIATE ASSISTANCE PROGRAMMES AND THAT A SUBSTANTIAL OUTCOME WHICH ADEQUATELY REFLECTS CANADIAN INTEREST CAN HELP US TOWARDS THE STRONGER AND MORE VIABLE ECONOMY WHICH WILL BE SO NECESSARY TO OUR NATIONAL HEALTH IN THE YEARS AHEAD, WHETHER WE BE WORKERS, PRODUCERS, FARMERS, FISHERMEN OR INDUSTRIALISTS.

I THINK IT WILL BE EVIDENT FROM WHAT I HAVE ALREADY SAID THAT I WOULD NOT SEE THE RESULTS OF THE MTN AS THE CRITICAL ELEMENT IN CANADA'S FUTURE BALANCE OF PAYMENTS. HOW IN GENERAL WE MANAGE OUR ECONOMIC AFFAIRS, BOTH ABSOLUTELY AND RELATIVE TO OTHER COUNTRIES IS LIKELY TO PROVE MUCH MORE IMPORTANT. AND, IF RECENT EXPERIENCE IS ANY GUIDE, CHANGES IN EXCHANGE RATE RELATIONSHIPS COULD PROVE MUCH MORE SIGNIFICANT THAN THE SORT OF PHASED-IN TARIFF REDUCTIONS WHICH MAY BE AGREED IN GENEVA. TO THE EXTENT, HOWEVER, THAT THE TOTAL GENEVA PACKAGE HELPS CANADA TO ATTAIN AN IMPROVED ECONOMIC PERFORMANCE RELATIVE TO IMPORTS AND IN TERMS OF EXPORTS THE NET EFFECTS SHOULD PROVE POSITIVE FROM THE BALANCE OF PAYMENTS POINT OF VIEW.

WHAT ABOUT THE FUTURE? THE TOKYO ROUND IS NOT A BE-ALL AND END-ALL. BUT IT IS THE MAIN COMMERCIAL POLICY THRUST AT THIS STAGE IN CANADIAN AFFAIRS. IF ALL GOES AS EXPECTED, WE WILL HAVE

...20

SOMETHING LIKE A DECADE BETWEEN THE COMPLETION OF THE NEGOTIATIONS THIS YEAR AND THE FINAL IMPLEMENTATION OF TARIFF REDUCTIONS LATE IN THE 1980's. DURING THIS PERIOD WE WILL BE LIVING WITH AND MAKING JUDGMENTS ABOUT THE NEW TRADING RULES AND CODES OF CONDUCT AND SEEKING TO EXPLOIT THE AREAS OF TRADE NOW FRUSTRATED BY TARIFF AND NON-TARIFF BARRIERS. ASSUMING NO OVERWHELMING CRISES, NEW AND MAJOR TRADE POLICY INITIATIVES MAY NOT BE THE ORDER OF THE DAY. I THINK IT MORE LIKELY THAT POLICY WILL CONCENTRATE ON IMPROVING CANADIAN ECONOMIC PERFORMANCE AGAINST WHATEVER IS THE INTERNATIONAL ECONOMIC BACKGROUND WE WILL THEN BE FACING. AS WAS RECOGNIZED BY THE RECENT CONFERENCE OF FIRST MINISTERS, MUCH REMAINS TO BE DONE IN MANY AREAS OF DOMESTIC JURISDICTION TO ENCOURAGE INVESTMENT AND RESTORE OUR COMPETITIVE EDGE. INTERNATIONALLY I WOULD THINK THAT OUR DOMESTIC EFFORTS WILL BE COMPLEMENTED BY INCREASED AND MORE EFFECTIVE PROMOTIONAL ACTIVITIES, BY INDUSTRIAL CO-OPERATION AGREEMENTS IN ONE FORM OR ANOTHER, POSSIBLY BY SOME JOINT VENTURING HERE AND ABROAD AND PERHAPS BY BILATERAL UNDERSTANDINGS WITH OTHER COUNTRIES ON SPECIFIC PROBLEMS - ALL DESIGNED TO MAINTAIN OR INCREASE ECONOMIC CO-OPERATION AND TRADE. IN THE GATT FRAMEWORK I ASSUME WORK WILL BE CARRIED FORWARD ON POLICY ISSUES NOT RESOLVED IN THE CURRENT NEGOTIATIONS AND ON OTHER QUESTIONS OF GENERAL TRADE CONCERN AS THEY ARISE.

I SHOULD THINK THAT EVEN AFTER THE CURRENT NEGOTIATIONS MUCH WORK WILL STILL BE REQUIRED IN THE AREA OF RELATIONS BETWEEN INDUSTRIALIZED AND DEVELOPING COUNTRIES. ONE IMPORTANT FOCUS OF ATTENTION WILL ALMOST CERTAINLY BE THE QUESTION OF DIFFERENTIATION

...21

BETWEEN THE STATUS OF THE DEVELOPING COUNTRIES, INCLUDING THE QUESTION OF "GRADUATION" TO FULL TRADE PARTNERSHIP WITH DEVELOPED COUNTRIES IN TERMS OF RIGHTS AND RESPONSIBILITIES. SIMILARLY I CONSIDER THAT COMMERCIAL RELATIONS WITH NON MARKET ECONOMIES ARE STILL AT A PRETTY EMBRYONIC STAGE FROM THE CONTRACTUAL POINT OF VIEW.

I GUESS IT WILL BY NOW BE SELF-EVIDENT THAT I AM NOT ONE WHO THINKS IN TERMS OF DRAMATIC NEW TRADE ARRANGEMENTS FOR CANADA IN THE SENSE OF FULL BLOWN FREE TRADE AREAS, CUSTOMS UNIONS AND THE LIKE. I ACCEPT THAT SOME OF THESE OPTIONS, AS WELL AS TRYING TO GO IT ALONE ON THE BASIS OF OUR DOMESTIC MARKET, WOULD HAVE TO BE EXAMINED IF THE MULTILATERAL TRADING WORLD WERE TO COLLAPSE ABOUT US AND WORLD OUTLETS CLOSED AGAINST OUR FOREIGN SALES. I AM PERSONALLY OF THE VIEW, HOWEVER, THAT THE BEST AND MOST COMFORTABLE POLITICAL AND ECONOMIC OPTION FOR CANADA AND WHERE OUR PRIORITY SHOULD BE REMAINS A WORLD-WIDE SYSTEM TO WHICH WE CAN REACH OUT FOR BOTH OUR EXPORTS AND OUR IMPORTS AND WHICH DOES NOT INVOLVE THE CONSTRAINTS INEVITABLE IN CLOSER AND MORE COMPREHENSIVE ARRANGEMENTS. SUCH A SYSTEM MUST, OF COURSE, INCORPORATE EFFECTIVE MEANS FOR DEALING WITH UNFAIR OR DISRUPTIVE IMPORTS. BUT IT WOULD NOT PRECLUDE PROGRESSIVE WIDENING OF THE AREAS OF WORLD TRADE, INCLUDING TRADE WITH THE UNITED STATES, WHICH WOULD TAKE PLACE WITH MINOR IF ANY INFLUENCE FROM TRADE BARRIERS. INDEED I ANTICIPATE FURTHER PROGRESS IN THIS DIRECTION AS A DIRECT RESULT OF THE TOKYO ROUND.

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News Release | Communiqué

Subject/Sujet

Multilateral Trade Negotiations

For release/Pour publication

Immediate

BACKGROUND INFORMATION

Attached is an excerpt on the Multilateral Trade Negotiations from an address by the Honourable Don Jamieson, Secretary of State for External Affairs, to the British Columbia Council of Forest Industries, in Vancouver, April 14, 1978.

Copies disponibles dans la version française au bureau ci-haut mentionné à Ottawa, Canada, K1A 0H5 - Tél. (613) 593-7815

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News Release Communiqué

Subject: Multilateral Trade Negotiations

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Now I mentioned a moment ago that one of the difficult tightrope operations that has to be undertaken here is to ensure that in setting up new mechanisms that we don't fall victim to the growing pressures for protectionism. This is an overhanging fear which haunts all Western governments and which is a preoccupation of mine and that of my colleagues as we move into the crucial stage of the multilateral tariff negotiations in Geneva. Here once again I will have to be content with a once-over-lightly in reporting to you on these negotiations because if there is anything that is more complex than the international monetary situation it has to be the multilateral trade negotiations. But basically, again I suspect that many of you will be aware, Canada has moved into these talks in a comparable way to that of most developed economies seeking as a principle an average weighted reduction of forty percent and designed to provide a degree of assurance and protection for some vulnerable domestic industries but that is only of course the first step. What I think I ought to say to you today is that the Government of Canada recognizes clearly that it is not in Canada's long-term interest, particularly given the statistics I have quoted on the value of our exports (1), to seek for a protectionist regime. It is in our interest to try to achieve the greatest degree of freedom in terms of international movement of goods that we possibly can and that is something to which we are committed. It is not going to be an easy task and even the most committed free traders tend to go through a conversion rather quickly in the face of competition in their particular bailiwick and I suppose one could apply here with precision the old adage that it depends almost exclusively on whose ox is being gored. But nevertheless there must be, and there is a way, in which we can accommodate these two seemingly mutually exclusive objectives. On the one hand

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(1) "For example, in terms of Canada's exports in total, as of this day, about 87 percent of everything we export goes to either the United States, the European Community or Japan. These are the three basic sources to which we must look for a turn-around in our economic performance and for further increases in our exports and therefore, indirectly, in the improvement in domestic circumstances. This, I think, is an important statistic but perhaps even when one refines it further we get a clearer perception of how important our relationship is with the United States. Of that 87 percent, 60-odd percent of all of those exports go directly to the United States..."

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to get greater access for Canadian goods, not merely raw materials but finished products as well, while at the same time arranging for an international regime that will be protective to the degree necessary and perhaps for a transitional period for those industries that clearly would have problems if there were to be an abrupt change in protection. But the last objective and the goal of the MTN must be substantial and significant international changes. If we seek merely to tinker, if we try to trade off one miniscule concession in return for another over on the other side of equal value or even less value, then we will simply introduce more distortions. So we are sticking with our commitment to this more expansionary approach that I have outlined in the full knowledge and recognition that it may be necessary to have transitional arrangements and that it may take some considerable time for us and the world to introduce all of the measures. Of course, I should say in this regard that we have been helpful to, I trust, your association and to the British Columbia forest industries, and we have been helped by you not only in the overall consultation process but in specific areas of concern to you some of which I took up with the Japanese authorities, for example. The matter of the rating and inspection system in Japan which adds to cost and is an impediment to trade, the particular rate of duty on soft woods and related products; there are a number of things of this sort with which we must deal and I think we are dealing although sometimes it is very heavy slugging because many of the matters to which I have referred in relation to the forest products industry are things which come under that kind of vague definition, but of vital importance in the MTN, namely non-tariff barriers and this is an area where we must make progress because it is pointless, obsiously, to have a situation in which the formal tariff is reduced but there are devices other than a direct duty which can achieve the same or even worse ends. May I say parenthetically also in this regard that of course the MTN's importance will depend in the last analysis on the stability of the currencies of the trading world because once again you can see that where there are the fluctuations which presently exist from day to day and from hour to hour almost, a mere reduction in duties is not going to compensate for these ups and downs in the value of currency and they put a very uncertain aspect on the whole complex problem of international trade.

- 30 -

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Bulletin No. 3

June 16, 1978

MULTILATERAL TRADE NEGOTIATIONS

SITUATION REPORT

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MULTILATERAL TRADE NEGOTIATIONS

Situation Report as of June 15, 1978

The previous bulletin of February 23, 1978 covered events leading up to and immediately following the informal high-level meeting in Geneva on January 23, 1978 at which Canada and other major participants indicated the basis on which they were prepared to enter the negotiations on industrial tariffs.

Background

The January 23 meeting marked the beginning of the MTN substantive phase. During the weeks that followed, those countries which had not already done so tabled their opening offers, not only on industrial tariffs but on agricultural and fisheries tariffs as well. In the latter cases, these took the form of responses to the specific item-by-item requests which had been exchanged previously. Similar responses were tabled to the various requests dealing with particular non-tariff barriers.

The tabling of all these initial offers and the analysis of the mass of material involved - which covered the bulk of the items in each country's tariff as well as a variety of non-tariff barriers - took time. Delegations have since been engaged in bilateral discussion of one another's offers to see where improvements might be made to meet particular interests or objectives or, if this proved difficult, to consider where some of the proposed concessions might have to be withdrawn in order to achieve a satisfactory balance. These discussions are taking place against the background of the desire of the United States and other major participants to achieve some sort of broad political settlement or at least the outline of a package prior to the mid-July Summit Meeting in Bonn. The detailed negotiations, it is envisaged, would then be completed over the remainder of the year. The extent to which any outline package settlement which might be worked out by the Big Three would be acceptable to Canada and other participating countries remains to be determined during the active phase of the negotiations.

The status of each of the main elements of the negotiations is described below.

Industrial Tariffs

All the major participants in Geneva have now tabled detailed initial offers. Those of the United States, Canada, Japan, the European Community and other industrialized countries of Western Europe contemplate a weighted average cut of around 40 percent with an element of tariff harmonization whereby

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MULTILATERAL TRADE NEGOTIATIONS

Situation Report as of June 15, 1978

high rates of duty are cut more than low rates. The ultimate result, of course, will depend on the outcome of the negotiations themselves.

In addition to these countries, there are a large number of others, which are not participating on a formula basis but which are instead following traditional request-and-offer procedures. Several developed countries fall within this category and specific industrial offers have been tabled by New Zealand and South Africa. Until early this month, Australia took the same position but has since announced its intention of adopting the formula approach, subject to a number of conditions, in order to show its general support for the negotiations and to persuade other countries to improve their own offers. Participating East European countries and the more advanced developing nations are also expected to respond, at least in some degree, to the requests made of them by Canada and other industrialized nations.

Some public criticism of one another's offers, whether for tactical or substantive reasons, is already being expressed by the major participants. The preliminary reactions of other countries to Canada's initial offer, as well as our own reaction to the offers of others, are described below. It will be recalled that the Canadian offer on industrial tariffs was made conditional on satisfactory progress being achieved in three areas of particular interest to us: the elimination or substantial reduction of many of the low tariffs faced by Canadian exports; the elimination, reduction and bringing of certain non-tariff measures under more effective international control; and the greater liberalization of tariff and non-tariff barriers to trade in the key resource-based sectors of forest products and non-ferrous metals.

1. The Canadian offer

- The U.S. Delegation has described our initial offer as representing a good basis on which to begin more detailed negotiations but one which does not match their own. They are accordingly seeking certain improvements.

- The EEC Delegation has taken the position that, in their view, the Canadian offer appears to include too many exceptions and conditions and does not adequately respect the principle of tariff harmonization. Requests for specific improvements have now been received.

2. The United States offer

- In general, the U.S. initial offer is a substantial one and, though it includes a certain number of exceptions, it appears to represent a good basis for negotiations so far as Canada-United States trade is concerned.

- In terms of the items which Canada had indicated as being of particular export interest, the offer reflects in many cases use of the full tariff authority provided by the U.S. Trade Act, that is to say, the reduction of existing rates by 60 percent and the total elimination of duties of 5 percent or less.

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- The U.S. offer, like our own, contains a certain number of conditions. Offers for greater-than-hypothesis cuts, for example, will remain on the table only if appropriate concessions are offered by the main supplying countries. The offer also presupposes successful efforts to deal with non-tariff measures, subsidies in particular, and to liberalize trade in agriculture.

3. The European Community offer

- The Community's initial offer is a straight 40 percent weighted average cut. Because of the harmonization element, the main rates affecting Canadian exports are on offer for cuts of less than 40 percent since their current levels tend to be below 10 percent and therefore subject to shallower cuts than those on higher rates.

- The EEC offer also carries a number of conditions. One is that appropriate progress be made on new rules for customs valuation. Another is that there be agreement that, in certain carefully defined circumstances, safeguards, that is to say, the temporary measures taken to guard against a sudden or disruptive flow of imports, may be applied on a "selective" or discriminatory basis.

- The Community has tabled a list of items which it might consider withdrawing from its own offer in the absence of satisfactory improvements in the offers of others.

4. The Japanese offer

- This is generally considered to be the least satisfactory of any of the main offers to be tabled.

- A substantial proportion of the industrial items which we advised the Japanese were of export interest to Canada are either not on the offer list at all or are being offered for less-than-hypothesis cuts. In some cases, the latter represent no reduction at all from currently applied rates as opposed to the higher statutory rates.

- Canada, the United States and the European Community are insisting that Japan substantially improve its offer.

- Japan has indicated that it will shortly be tabling improvements which it hopes will meet many of the concerns expressed by its trading partners.

Sector Negotiations

In line with the federal government's policy of encouraging the further processing of Canada's natural resources prior to export, an objective

which has so far been inhibited by the propensity of importing countries to impose higher rates of duty on imports as the degree of processing increases, the Canadian offer on industrial tariffs was made conditional, among other things, on satisfactory progress being made in liberalizing tariff and non-tariff barriers to trade in the key resource-based sectors of forest products and non-ferrous metals. While the concept of a complementary approach to negotiations in these sectors has still not, as such, been accepted by our major trading partners, the substance of Canada's objectives is being addressed both in the negotiations on industrial tariffs and non-tariff barriers and in the development of relevant rules with respect to consultation, international surveillance and dispute settlement procedures. It is possible that, later in the negotiations, these various elements will be brought together within a sectoral context.

Non-Tariff Measures

One of Canada's major objectives in the negotiations is the reduction or elimination of the trade-distorting or trade-restricting effects of non-tariff measures and the bringing of such measures under more effective international scrutiny and discipline. Canada has emphasized that its ability to achieve reciprocity in the industrial tariff negotiations is dependent among other things upon satisfactory progress being made in those on non-tariff measures.

Beginning last November, participating countries tabled request lists covering specific industrial non-tariff measures maintained by other countries. In February, they began exchanging initial offers and most of these are now on the table. Offer lists and request lists are being compared and are the subject of direct discussion between delegations.

In addition, during the past few months, there have been a number of meetings in Geneva which dealt with the proposed international codes of behaviour on such comprehensive non-tariff measures as technical barriers to trade, government procurement practices, customs valuation, subsidies and countervailing duties. Further meetings are scheduled for the near future. As indicated below, varying progress is being made in each of these areas.

1. Technical Barriers to Trade

This proposed code has as its objective the facilitation of international trade by preventing, reducing or eliminating unnecessary obstacles caused by technical regulations, standards, test methods and certification systems. Work is well advanced and discussions are continuing between delegations. Earlier drafts have been the subject of detailed and technical talks in Canada between federal officials and interested parties in the various provincial governments and the private sector. These consultations will continue.

2. Government Procurement

Considerable progress has been made on the main elements of this code, and attention is now being given to the question of coverage, that is to say, the specific purchasing entities which exist in each country and the extent to which they should be involved. A number of the major participants are now in the process of exchanging, on an informal and exploratory basis, lists of requests and offers on the entities to be covered. Canada has already submitted indicative request lists for product areas and entities of interest to us, and is currently considering the possible content of an initial offer.

3. Customs Valuation

Negotiations in this area are looking toward agreement on a new international code under which values for duty would normally be based on transaction price, that is to say, the price at which goods actually trade in world markets. Work in Geneva is proceeding on the basis of a draft prepared earlier by the European Community and subsequently amended. The Canadian delegation is taking part, although so far without commitment, in a detailed technical examination of the document. Consultations have been carried out with provincial governments and private sector interests and further consultations are scheduled prior to government determination of Canada's basic position with respect to the proposed code.

4. Subsidies and Countervailing Duties

Much remains to be negotiated on this issue, due largely to differences of view between the European Community and the United States. One of the Community's main objectives, shared by Canada and other countries, is the adoption by the United States of a meaningful test of injury as a precondition to the imposition of countervailing duties. The United States has undertaken to consider such a step if more effective rules can be established governing the use of subsidies, particularly the Community's system of export restitutions. Canada shares this latter interest. So far as subsidies in general are concerned, Canada is working to ensure that action under our regional development programs, industrial research programs, special support programs and other instruments of domestic policy is not unnecessarily circumscribed by any code and that exports which have benefited from such programs are not exposed to countervailing measures where no threat of injury is involved.

Import Licensing and Quantitative Restrictions

The main remaining quantitative restrictions are likely to be addressed on a request-and-offer basis. Work is proceeding on an agreement on improved ways of limiting and policing the use of import licensing systems. Two draft texts, covering automatic licensing and licensing to administer

import restrictions have so far been developed and are to be considered further. Consideration is also being given to revision of the GATT rules dealing with the type and application of import restrictive measures which may be taken when a country is in balance-of-payments difficulties.

Safeguards

In this area, the European Community is continuing to seek acceptance of the concept that there may be special circumstances where emergency action against disruptive imports should be permitted selectively, that is to say, against the countries primarily responsible for the disruption, rather than on the non-discriminatory basis now required under Article XIX of the General Agreement on Tariffs and Trade. At the same time, active attention is being given to the whole range of rights, obligations and procedures under this Article as a whole.

Agriculture and Fisheries

Negotiations on agricultural products, fisheries products and alcoholic beverages are proceeding on a request-and-offer basis. This applies to both tariffs and non-tariff measures. Bilateral discussions are now taking place on the basis of each country's initial requests and the subsequent initial offers of its trading partners.

Negotiations are also moving ahead on possible commodity arrangements in the three areas of grains, dairy products and bovine meats. These are at rather different stages.

The negotiating sub-group on grains has been relatively inactive during this period in view of the conference which was held earlier this year in Geneva under United Nations auspices in order to negotiate a new International Wheat Agreement. Basic differences in approach, however, between the European Community and other major exporters on such questions as the inclusion of coarse grains, the establishment of maximum and minimum prices and the obligations related thereto, made it impossible to agree on even the outline of a new Agreement. Failure to conclude a stabilization agreement for wheat within the MTN time frame could clearly make it more difficult to negotiate market access commitments and international disciplines on export subsidies. An interim working group, however, which was drawn from twelve countries, including Canada, is now attempting to resolve these differences. In the circumstances, it is believed possible that the United Nations conference may be able to resume in September and that an agreement may be reached.

The work of the sub-groups on dairy products and meat is somewhat further advanced. A number of technical meetings have been held in an attempt to carry forward various proposals, including proposed informational and consultative arrangements in both cases and minimum price arrangements

and possibly some access commitments in the case of dairy products. This work is expected to continue in step with other areas of the negotiations.

Many countries, including the United States, Canada and Australia, have attached major importance to achieving substantial progress in agriculture as a part of a total MTN package. It remains to be determined just how much it will be possible to achieve as the negotiations proceed.

In the area of fisheries, Canada is continuing to press for substantially improved trading opportunities for fish and fish products.

Framework

Discussions are proceeding on ways in which the "framework" for international trade might be adjusted through revision of certain GATT provisions to take into account changes in the world trading environment. Much of the focus of these discussions has been on provisions which would deal specifically with trade relations between developed and developing countries. In this, as in other areas of the negotiations, developing countries are seeking "special and differential" treatment on the grounds that more favourable conditions for trade will facilitate their economic development. Other subjects being addressed include safeguard action for balance of payments and economic development purposes; consultation, dispute settlement and surveillance procedures; and the "supply" issue, that is to say, the development of additional or improved rights and obligations in the GATT governing security of supply.

The Canadian position on this last issue has been that, while supply considerations should be addressed, it should be done in the context of negotiations with regard to access for the products concerned within a sectoral context and that, in any event, any new provisions relating to "supply" should not alter the existing balance of GATT rights and obligations. Canada has accordingly resisted the concept that the provisions of the GATT bearing on the use of export taxes and restrictions can be addressed as a separate matter in the negotiations.

Timing

Should the main negotiating countries be successful in developing an outline of a settlement in July and in working out the details over the balance of the year, it is envisaged that the necessary legislative action, including that by the U.S. Congress, would be undertaken early in 1979 with implementation of the MTN results taking place thereafter and, in the case of tariff changes, with the reductions phased in over a period of eight years.

Minister of State
Small Business

Government
of Canada

Ministre d'État
Petite entreprise

Gouvernement
du Canada

Notes for an address by the Honourable Anthony C. Abbott, Minister of State for Small Business to the Annual Meeting of the Canadian Manufacturers' Association, Toronto, June 5, 1978.

I have been asked to talk to you today about the concerns facing the Canadian manufacturing industry in two special areas, namely, our international competitive position and the implications of MTN.

These subjects make a particularly good fit. For as a major exporting nation whose sales abroad account for a quarter or more of its GNP, we must display a strong interest in any efforts that try to improve our access to world markets. And that essentially is one of the objectives of our MTN team.

Canada has the resources and the skills to produce a great variety of goods and services. But we lack broad markets. In fact, we are one of only four industrial nations that doesn't possess either a home market or an entry into a market of some 100-million people. We are export intensive then not by choice but by necessity.

So, to grow, we need wider markets for Canadian goods. And wider markets will present us with greater opportunities to develop and maintain our international competitiveness through larger-scale production, through specialization and through increased productivity.

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So, to grow, we need wider markets for Canadian goods. And wider markets will present us with greater opportunities to develop and maintain our international competitiveness through larger-scale production, through specialization and through increased productivity.

This assumes, of course, not only the reduction or elimination of tariffs in the general sense but adjustments to those tariff structures abroad that work against the further processing of natural resources in Canada by increasing the level of tariffs in step with the degrees of processing.

It also assumes the reduction or elimination of a wide range of non-tariff barriers to trade that in recent years have taken on an increasing importance in limiting our access to markets.

Whether these objectives will be achieved or not remains to be seen. Remember we are dealing with some 98 nations representing more than 90 percent of total world trade and their own self interests. The subjects are complex, cover a multitude of items in a diverse range of approaches and procedures.

In any event, our international competitive position must be recognized as an important element of our entire industrial performance, in or out of MTN. For on that performance—the performance of each piece in our domestic industrial base—rests the success of our nation's economic strategy.

No one piece is more vital than our manufacturing sector. In the last twenty-five years, for example, it has contributed about a half-million jobs, about one third of our total growth in real per capita income and two thirds of our total exports.

The contribution doesn't stop there. Manufacturing supports a quarter of all jobs in the service and resource sectors. And 100 jobs created in these industries result in the production of another 130 jobs in the economy.

Or looked at in investment terms, a dollar invested in secondary manufacturing generates almost two additional dollars of related investment in the service sector, or twice what it would generate in a resource industry.

These and other benefits bestowed on us by manufacturing, though perhaps old hat to you, are not generally well-known, and can stand being repeated. Because they need to be heard by those who fail to grasp the government's rationale in placing strong support behind the manufacturing sector.

The hard fact is that when our manufacturing industries are in trouble, our whole economy suffers. And, as many of you know, we've been experiencing some of that misfortune lately.

But things are turning around. Our competitive position is improving. Wage settlements in general for the first year are down. In manufacturing, wages are still slightly above those of the United States, but there are compensating values.

We see this in our productivity gains. Our productivity increase in manufacturing stands about double that of the American sector's. In fact, year by year the margins of productivity between our industry and theirs is being reduced. And the depreciation of our dollar has somewhat offset the extent to which our costs went out of line.

With Western Europe and Japan, though our productivity still lags, our unit costs are ahead, aided further by the rise of currencies in those nations.

This respectable recovery in our competitive position shows up where it counts most—in our improving trade figures.

The more open trade environment envisioned as a result of the negotiations, however, will obviously call for even sharper competitive edges. To accomplish this, there is a period of grace. For whatever tariff changes are agreed upon will probably be phased in over a period of at least eight years. And that process may not even begin until 1980.

So we have time to prepare. We have the time now to facilitate the modernization and adjustment of Canadian industry where it is necessary to do so to meet the new world economic climate.

We have nothing to lose in this exercise. For to stay competitive we'll ultimately be forced to do these things—or go out of business.

I think it is important for each of us to understand what confronts us here. The developing nations, for example, may indeed be seen as a "threat" if we do not start adjusting our system to prepare ourselves for what is often referred to as "the new economic order."

But this new economic order has many perspectives. One is the often overlooked base of opportunities it provides, best illustrated in our exports of industrial machinery to the developing world. In the past four years we've increased these sales from $96 to $282-million, or by 200 percent.

Another perspective is the one put forward by your incoming president, Taylor Kennedy, speaking to the Gas Association a few days ago. He observed that we are indeed entering an era of freer trade, an era that, in his words, "will require us to move towards more technology-intensive activities, leaving a greater proportion of standard products and processes to lower-cost developing nations. . ."

But Mr. Kennedy cautioned that the lack of adequate levels of industrial research and development in this country stands as a major obstacle to making this transition.

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But Mrs. Kennedy cautioned that the lack of adequate levels of industrial research and development in this country stands as a major obstacle to seeking this transition.

This is a concern that the government has always shared. It's a concern that can be particularly related to small and medium-sized business. And, as you are aware, into this category fall more than 8000 of the 9000 members making up this Association.

The government has responded by making millions of dollars available to small business to help them improve their technology, principally through such support services now contained in ITC's Enterprise Development Program and the Defence Industry Productivity Program, through the R and D program on energy conservation, and through the nine industrial research institutes and ten centres of advanced technology at universities and provincial research organizations, as well as three industrial research associations established with financial assistance from ITC.

As you know, a few days ago the government took another significant step. It announced changes in its procurement policies, changes specifically designed to stimulate industrial research and development in Canada.

All these measures, coupled with the other major elements that now make up small business policy--the new tax measures, basic government procurement policies on government contracts, the control of paperwork, more liberal financing--these and measures to come should encourage small business to accept the challenges now being offered them by the changing world economic conditions, not only in manufacturing, but elsewhere.

As a member of the standing committee on MTN, I'm aware that sooner or later the question comes up about who will succeed and who will fail in any new trading atmosphere brought on by the result of the negotiations.

In general terms, I believe it is reasonable at this point in time to say that those products already competitive abroad should bring increased returns to their producers. Other producers will have to plan to become competitive, keeping in mind the potentially broader markets.

Of course, no one can really predict now what export gains will be made, since a great deal will depend on the willingness of Canadians to take advantage of any new favorable trade circumstances. Moreover, the government cannot force firms to sell abroad. It can only ensure that they are given the chance, the advice and the assistance to do so.

So much for the gains. What about the loss side of the ledger? Are there any specific measures being taken by the government to assist industries or firms that may be adversely affected by the negotiations?

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So much for the gains. What about the loss side of the ledger? Are there any specific measures being taken by the government to assist industries or firms that may be adversely affected by the negotiations?

Assistance to industry in one form or another has been an important element in the work of the federal government for a good many years. A considerable range of programs exist to facilitate adjustment to changes of different kinds.

Furthermore, adjustment isn't a dirty word. In a market economy, the process of healthy industrial adjustment is characterized by a continuous flow of people and capital into more rewarding activities. In a typical year, around one-quarter of the entire Canadian work force change their jobs, many more than once. Countless firms lay off workers temporarily or close down plants completely. Sometimes this is because the firm itself is unsuccessful. Often, the lay-offs or shutdown occur because the firm is shifting to improve its competitive position, adopting new lines of production and so on.

This process will continue, with or without results from MTN.

In the meantime, the main role of government in the adjustment phase will likely relate to the creation and maintenance of an environment for business activity that supports positive adjustment and change. Further, it is recognized that special help may be needed to deal with those firms or communities that may prove to be especially vulnerable.

To this end, the federal government will be working closely with the provinces and with others concerned in developing the proper kinds of measures to deal with problems of this sort.

Let me add one more observation. We are now at the substantive phase of these negotiations, meaning that the procedures have largely been worked out, most requests and offers are on the table, all other background material is available, and participants are engaged in the process of bargaining.

In preparing its case, the government hasn't reached this point alone. We have received invaluable advice and assistance from many Canadian sources. Consultation between the government and the private sector has been extensive.

The Canadian Trade and Tariffs Committee (CTTC), established in late 1973 for the express purpose of seeking the views of all interested Canadians, has received more than 450 briefs and supplementary submissions. In many cases, these were accompanied by verbal presentations or followed up by direct meetings.

The Canadian Delegation in Geneva has made good use of this information. So have the relevant government departments. There has also been direct and constant contact between these departments and the private sector at the Ministerial, senior official and technical levels.

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As well, the Office of the Canadian Coordinator for the Multilateral Trade Negotiations, formed in the summer of 1977, has carried out a series of direct consultations with the private sector, both on general aspects of the negotiations and on specific issues.

Indeed, I would say there are very few areas of our industrial society that haven't made a valuable contribution to the government in aiding it to prepare its case. Or a business leader who isn't conscious of the potentially profound significance of MTN.

For MTN is more than a negotiation on tariffs alone. It is more than a negotiation set up to look after the interests of the so-called major participants.

Rather, it's an effort to bring another meaningful dimension to world trade relations, one that will meet the economic and human demands of the world of tomorrow. Thank you.

Deputy Prime Minister | Vice-Premier Ministre

President of the Privy Council | Président du Conseil privé

Release | Communiqué

DATE: July 13, 1978 RELEASE: 1400 hours

THE DEPUTY PRIME MINISTER, THE HONOURABLE ALLAN J. MACEACHEN, RELEASED TODAY THE ATTACHED SUMMARIES OF THE RESULTS OF THE HIGH-LEVEL MEETING ON THE MULTILATERAL TRADE NEGOTIATIONS WHICH WAS HELD THIS WEEK IN GENEVA.

Ottawa

Deputy Prime Minister
Vice-Premier Ministre

President of the Privy Council
Président du Conseil privé

Release
Communiqué

DATE: July 13, 1978
RELEASE: 1600 hours

STATEMENT OF AMBASSADOR J.H. WARREN, CANADIAN COORDINATOR, MULTILATERAL TRADE NEGOTIATIONS, ON THE RESULTS OF THE HIGH LEVEL MEETING IN GENEVA.

Canada has made reasonable progress over the past few days of the negotiations.

Understandings have been reached by the main participants in a number of important areas. What has so far evolved should provide a reasonable basis for completion of the negotiations over the balance of the year.

Canada's objectives in these trade negotiations are designed to facilitate the improvement of Canadian economic performance. This applies not only to our industrial production but also to the maintenance and development of healthy agricultural and fisheries sectors. Attainment of these objectives has been advanced through the understandings reached today.

(A) Industrial Tariff Negotiations

There is now in prospect a major opening up of foreign markets for Canadian manufactured and other industrial goods including improved access for the products of resource-based sectors. These improved trading opportunities will increase the profitability of existing exports and provide greater opportunities for sales of upgraded and manufactured products. The final details of these negotiations affecting Canadian and foreign tariffs on industrial goods are to be worked out in the fall.

Canada is looking for a settlement that achieves maximum results on a balanced and reciprocal basis. A substantial agreement with the United States which would accommodate most Canadian objectives is within sight. Such an agreement would lead to elimination or substantial reduction of many U.S. tariffs facing a wide range of Canadian goods. Japan has improved its initial offer but further improvements will be necessary. The value of the EEC offer has been significantly affected by Community adjustments. A number of these are on items of importance to Canada. Restoration of these items as well as specific further improvements in the EEC offer will be necessary if maximum and balanced results are to be achieved.

Within the context of the industrial tariff negotiations, substantial progress should be possible in the achievement of Canada's objectives with respect to greater access for the upgrading products of our forest and non-ferrous metals sectors. Canada's interest is to obtain maximum liberalization of trade in these sectors covering both tariffs and non-tariff barriers. Canada has indicated that, subject to the achievement of its export objectives in resource sectors, consideration could be given to the interest expressed by a number of participants about the GATT rules on the use of export control measures.

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(B) Agriculture

Intensive discussions among the main participants have not yet resulted in a mutually satisfactory framework for an agricultural agreement.

Canada has been seeking a substantial reduction of tariff and non-tariff barriers for a wide range of agricultural products, particularly in Europe and Japan. While some concessions have been offered, they are not considered adequate and improvements are being sought, particularly from the EEC with respect to grains. Progress has been made in the discussions with the dairy and meat sub-groups. They have been considering ways of improving international consultation and cooperation to provide a better basis for expanded trade under more stable conditions.

There are good prospects for mutually beneficial negotiation with the United States which would improve market opportunities there and contribute to the further strengthening of Canadian agriculture. The mutual concessions which are in prospect are complementary to the interests of the two countries and promise greater harmonization of North American agricultural tariffs than has been the case in the past. A separate but related issue is the renegotiation that is being conducted on Canadian tariffs on horticultural products.

An arrangement to replace the International Wheat Agreement is being negotiated under the auspices of UNCTAD. Considerable progress has been made towards developing mechanisms for greater stability in the world wheat market. A possible arrangement on coarse grains is also being discussed. Despite some differences, discussions to date indicate that common ground can be found and a resumed UN conference is in prospect for the fall.

(C) Fisheries

Greater access to foreign markets for fish and fish products has been an important Canadian objective in the MTN negotiations. There are prospects for gains in the United States market. Canada is working to secure further improvements in access to the U.S. and other markets, particularly the EEC and Japan, as the negotiations proceed.

The Trading Framework

A great deal of progress has been made in updating the GATT trading rules and in developing new arrangements to contain or remove the trade inhibitive effects of non-tariff measures. These include:

(1) Safeguards

Temporary safeguard measures can be taken under Article XIX of the GATT to deal with serious injury or threat of injury to domestic producers resulting from increased imports. Substantial clarifications and improvements are being worked at with respect to the criteria for such

actions, the response permitted, and the procedures for international surveillance and the settlement of disputes arising from their application. The objective is to ensure that countries are able to act quickly and effectively but not arbitrarily or unreasonably. The possibility of "selective" application of safeguards under rigorously controlled conditions has been envisaged. This would be an exception from the generally accepted interpretation of the rule under which emergency import restrictions must be applied against imports from all countries on a non-discriminatory basis. Canadian negotiators are confident that what is envisaged with respect to the application of Article XIX will satisfy both its import and export interests.

(2) Subsidies and Countervailing Duties

An important outcome of the negotiations is the prospect that the United States will bring its countervailing legislation into line with the General Agreement on Tariffs and Trade. Under the present U.S. law, countervailing duties can be applied to offset subsidized competition from imports of dutiable products whether or not there is material injury or threat of injury to American producers. This has been an important problem in our trade with the United States.

In addition, greater clarity and certainty has been given to the GATT rules designed to limit the use of subsidies in international trade. The envisaged restraint on the use of subsidies would not affect the freedom of governments to employ subsidies for domestic development purposes. Exports benefiting from such domestic subsidies would be free to enter foreign markets without countervailing duties unless they cause or threaten material injury. This is important for Canada, particularly vis-a-vis the United States.

(3) Technical Barriers

Technical regulations, standards, test methods and certification systems can often inadvertently create obstacles to trade from one country to another. A new code is envisaged, designed to eliminate these effects so far as possible and to provide for greater consistency in the use of standards.

(4) Government Procurement

Efforts are being made to broaden the area of international competition with respect to purchases by governments. A code is being developed to permit foreign suppliers to compete on the same basis as domestic suppliers for purchases by certain government entities. Negotiations with respect to the rules, including the question of "transparency" that is, information to be made available on actual procurements, are well advanced and the discussions will now focus on the entities to be covered by the code. The extent to which Canada would be prepared to contemplate opening its government procurement market will

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depend mainly on the benefits Canada could expect from the opening up of the markets of other participants. This of course is true for other countries as well.

(5) Dispute Settlement

Canada attaches importance to improved dispute settlement procedures in the GATT so as to provide for the efficient and timely resolution of trade disputes.

(6) Customs Valuation

Canada has not taken part in the negotiations working towards a code on customs valuation but has been exploring as a technical matter whether particular Canadian interests could be accommodated. The Community, the United States and Japan are considering a code on valuation which would call for the valuing of goods for assessing import duties normally on the basis of "transaction" price. Existing Canadian law is based on a different concept, that of "fair market value in the country of origin."

Developing Countries

Canada intends to play a full part in ensuring that the MTN negotiations encompass the interests of both developed and developing countries and will continue to work with developing countries to this end. It has supported the concept of special and appropriate differential measures to provide more satisfactory and secure access for developing country goods and to strengthen their domestic economies. Canada looks to closer relations and expanding trade with developing countries in the years ahead. Canada also expects the more advanced developing countries to offer contributions of their own in the current negotiations and progressively to assume full GATT obligations.

Canada's position in the MTN has been carefully and thoroughly prepared. All Canadian interests concerned, the provincial authorities and the private sector, have been most cooperative in meeting the government's requests for view and in providing advice. The individual considerations advanced by various Canadian interests concerned are being taken into account to the fullest extent compatible with broad Canadian interests and the objective of further liberalization of world trade. The concessions in the Canadian tariff which have been offered in return for the benefits to be gained in the MTN have been carefully worked out and reflect the varying degrees of sensitivity to import competition of the different sectors of Canadian economic activity.

A great deal remains to be done to complete the MTN. It is difficult to say precisely when the final results can be expected. The objective is to complete the negotiations by the end of this year.

STATEMENT BY SEVERAL DELEGATIONS ON THE CURRENT STATUS OF THE TOKYO ROUND NEGOTIATIONS

GENEVA, July 13, 1978

"Framework of Understanding on the Tokyo Round

The delegations of some major trading nations have reached a framework understanding on the major elements on a comprehensive package for the Tokyo Round. This framework contains the necessary elements, as may be elaborated in further negotiations between these and other participants, to ensure a successful conclusion of the negotiations in accordance with the objectives of the Tokyo Declaration of September, 1973. These delegations recognize that a successful final outcome of the negotiations requires the participation of all delegations and they express their hope that all their partners will consider the framework described in this memorandum as a reasonable basis for completing a mutual agreement in the weeks ahead which will bring these negotiations to a successful conclusion. They agree for their part to ensure that the final results will lead to a strengthened and open international trading system based on increased international cooperation which should provide substantial benefits for the world trading community, in particular for developing countries.

The Significance of the Final Package

The framework established for the Tokyo Round results seeks to provide the broadest scope yet attempted for extending understandings in the area of international trade and for managing issues affecting trade relations. The distinguishing features of this Round are likely to be:

- a major trade liberalization programme extending over the 1980s;
- a movement bringing the GATT rules more closely into line with the requirements of the next decade;
- a substantially higher degree of fairness and discipline in the international trading system, to be achieved by the creation inter alia of new mechanisms for consultation and settlement of disputes in many fields;
- additional benefits for developing countries as well as measures of special and differential treatment for them inter alia in the tariff field and in several NTM codes.

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It is with these aims in view that delegations have agreed on the following elements which, taken together, should lead to a successful conclusion of the negotiations based on an overall reciprocal balance.

1. Non-Tariff Measures

Customs Valuation

Delegations recognize that the draft code, which has been carefully elaborated in the course of negotiations, represents a solid basis for instituting a harmonized international system for customs valuation which will provide a uniform and fair system of valuation in conformity with the provisions of the GATT. With appropriate technical assistance the code should be acceptable to developing countries and constitute one appropriate form of contribution by them to the success of the multilateral trade negotiations.

(The Delegation of Canada has not taken part in these negotiations.)

Government Procurement

The proposed draft text provides a basis for a code which will constitute a major step in opening government procurement to international competition by means of agreed non-discriminatory and transparent procedures under international supervision. Provisions in the draft, in particular regarding review, adjustment and possible extension of scope, should ensure balanced operation and development of this agreement in the mutual interest of participants. The delegations consider that their indicative offer lists represent a basis for continuing negotiations towards developing an agreement on a mutually advantageous basis before the end of the year. They confirm their support for specific provisions for special and differential treatment, and accept that developing country adherents will not offer full coverage at this time, but that their coverage will be expanded as their economic development needs allow. Additional benefits will be provided to the least developed countries. A final agreement will require an acceptable reciprocal participation by other developed and developing partners wishing to participate in this agreement.

Code on Standards and Technical Regulations

The delegations agree that the draft "standards" code is in near final form and undertake to work with their partners to finalize the code in the early autumn. Important elements of the code have been agreed. These include provisions to help avoid trade distortions arising in the field of "standards" and to promote international "standards". They further agree to seek a balanced level of commitment and advantages for all adherents to the code in regard to the development of product standards and in regard to related certification requirements. This code will provide for appropriate provisions and technical assistance for developing countries.

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Subsidies and Countervailing Duties

The delegations affirm that the present draft outline constitutes a substantial basis for developing an agreement in this area. This agreement should contain procedures for notification and consultation prior to the imposition of countervailing duties and should elaborate the provisions of GATT Article VI relating inter alia to material injury so as to provide greater uniformity and certainty in their implementation, in a reasonable way, by all signatories.

The final agreement should provide improved notification and consultation procedures concerning subsidies. With regard to the effects of subsidies on the trade and production of other countries, the final agreement should elaborate the provisions of Article XVI so as to strengthen the prohibition on the use of export subsidies on industrial products and clarify the provisions of Article XVI:3. With regard to other subsidies, the final agreement should recognize that such subsidies are intended to promote important objectives of national policy but may have adverse effects, which signatories should seek to avoid, on the trade and production interests of other signatories. The issue of indicative guidelines is still unresolved.

The final agreement should elaborate the concept of serious prejudice as used in Article XVI and provide the possibility for countermeasures within a framework of international rules and obligations, in the event there is serious prejudice to the interests of another signatory. The issue of whether these countermeasures might be authorized or unilateral is still unresolved.

In resolving the outstanding issues in negotiation, further attention will be given to the interests of developing countries whose development needs should be taken into account in relation to subsidies.

Other Non-Tariff Measures

- Trade in Counterfeited Goods.

Taking into account the provisions of Article IX as well as other relevant international agreements for the protection of trademarks, copyrights, etc., delegations will seek actively international agreement designed to strengthen rules and procedures to counter cases of trade in counterfeited goods.

- Licensing.

There are texts covering (1) automatic licensing and (2) restrictive licensing. The delegations agree that these texts contain the basis for an agreement. The primary objectives of these texts are to ensure that licensing systems are employed by all countries only when necessary, are not designed to distort trade, are transparent and are administered in a fair and equitable manner. Adherence to the final texts would represent one substantial contribution by developing countries to the Tokyo Round.

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- Rules of Origin.

This has been the subject of a bilateral understanding developed between the USA and the EC.

Other consultations are under way.

Non-Tariff Measures Not Dealt with Multilaterally

The delegations note that non-tariff measures not dealt with multilaterally are the subject of continuous and intensive bilateral negotiations.

2. Industrial Tariffs

The negotiations on industrial tariffs have not been completed but certain important elements of a comprehensive tariff package have been agreed. Delegations are working towards results which would represent a substantial degree of liberalization compared with the Kennedy Round. While generally following the Swiss Formula designed to achieve a substantive harmonized reduction of tariffs, delegations are proceeding to reciprocal adjustments in their initial offers involving both improvements as well as exceptions. They recognize that at this stage the detailed final results of the tariff negotiations cannot be decided and that the final results will vary between them and between different individual partners. Delegations acknowledge that there are still uncertainties with regard to certain offers in important sectors which require clarification and further negotiations. Reciprocal balance with other developed countries participating in formula reductions will also need to be reached. A high level of binding of duties by all participants is an important objective. Delegations confirm that their final offers will contain measures of special and differential treatment for developing countries; at the same time they expect adequate contributions from developing countries commensurate with their state of development.

The issue of the staging of tariff reductions remains to be resolved in the final phase of the negotiations.

Aircraft

Agreement was reached on the objective of negotiating maximum freedom of world trade in commercial aircraft, parts and related equipment, including elimination of duties and to the fullest extent possible, the reduction or elimination of trade restricting or distorting effects of other measures.

Steel

The delegations note that in the framework of the OECD, discussions are progressing on the preparation of a multilateral resolution on steel, under which a Steel Committee would be set up. The adoption of such a

resolution at the appropriate moment should facilitate negotiations in the MTN on steel products.

3. Agriculture

The delegations have continued intensive discussions of agricultural issues. There is mutual recognition that a positive result in agriculture is critical to the successful completion of negotiations in the Tokyo Round. Definitive agreements are still to be worked out satisfactorily. Building on the degree of consensus that has evolved up to this point in the field of agriculture as well as in the MTN as a whole, it is their view that there is a sound basis to proceed to the final development of a significant package during the weeks ahead.

Four areas of the negotiations merit special attention:

General Understanding on Agriculture

The delegations believe that the establishment of some fundamental understandings on the conduct of agricultural trade could provide a framework for avoiding continuing political and commercial confrontations in this highly sensitive sector in the future. Such understandings should build on a group of principles to be worked out that would lead to an improved level of international cooperation among participants in their efforts to secure adequate farm incomes, stabilization of food prices, and expansion of trade in agricultural products.

This aim could be achieved in the GATT through a systematic series of consultations, exchanges of information and the establishment of a consultative committee for reviewing and implementing the understandings and possibly coordinating the work of subsidiary bodies.

Subsidies

The delegations have recommitted themselves to ensure accordance with the provisions of GATT Article XVI:3. The signatories thereby agree not to grant directly or indirectly any export subsidy on any agricultural product in a manner which results in the signatory granting such subsidy having more than an equitable share of world export trade in such product, account being taken of the shares of the signatories in trade in the product concerned during a previous representative period, and any special factors which may have affected or may be affecting trade in such product.

To clarify the meaning of this article to avoid misunderstandings, and thereby to reduce conflicts between agricultural exporters and importers, the delegations have committed themselves to reach a common understanding in order to avoid distortions of trade in traditional markets through the use of subsidies and to develop appropriate definitions for markets and representative periods for reference in case disputes arise.

Specific Requests and Offers

In relation to specific agricultural and fishery products of interest to participants, delegations have had and are continuing intensive discussions in great detail concerning obstacles to trade the removal of which would further the expansion of world trade on a fair and equitable basis.

Although these detailed discussions continue, a sufficient number of possible actions have been reviewed to suggest that mutually advantageous improvements, including the abolition of certain non-tariff measures, can be negotiated in concrete terms early this autumn. The elaboration of the final MTN package is subject to completion of satisfactory settlements in this area of negotiations.

Commodity Arrangements

Negotiations are continuing for commodity arrangements in the four areas of wheat, coarse grains, dairy products, and meat. In grains it is noted that the differences have been narrowed to only a few key issues which are expected to be resolved well before year end. Work has been essentially completed on the framework for the dairy and meat accords. The protocols or possible annexes concerning individual products that would finalize the latter two arrangements as well as understandings with respect to access for specific related products are under negotiation.

These arrangements in commodity areas in combination with the understandings and rules emerging from the MTN provide a new framework for continuing consultation and cooperation on agricultural issues in order to avoid confrontations.

Timing for Completion

Delegations have committed themselves to complete the remaining tasks for bringing this package into form early in the autumn so that this can be included as an essential and significant element in the Tokyo Round results.

4. Trading System

Safeguards

Recognizing the need to strengthen the effective control of safeguard actions, the delegations agree on the need for a new code, based on the proposed draft integrated text. Building on the provisions of Article XIX, this code will reflect a balanced approach between exporting and importing interests and will assure that all safeguard actions are appropriately brought within the scope of the new code. It should provide greater precision for criteria and conditions for safeguard action and for notification and consultation procedures.

The question of how and under what circumstances and conditions a selective application of safeguard measures would be provided for in the code,

is still a subject of intensive negotiations.

Under the code there should be a new body to supervise the operation of the agreement, review particular actions and matters affecting the operation of the code, assist in resolving disputes and effectively deter abusive and unjustified resource to safeguard action. The interests of the developing countries should be taken into account in relation to particular products and particular markets.

Issues Relating to the Future Trading System

In accordance with the reference in the Tokyo Declaration to the need to improve the international framework for the conduct of world trade, a series of texts have been developed for full multilateral consideration. The results which are emerging in this area, which is of particular importance to developing countries, will contribute to strengthening the legal framework of the GATT and to enabling the GATT to develop its role as the world organization responsible for the expansion of international trade and for harmonious trade relations.

The provision of an enabling clause providing a basis for special and differential treatment in favour of developing countries -- particularly the least developed countries -- as well as for their increasing acceptance of responsibilities under the trading system as their development proceeds, will be of particular importance.

Extensive work has been carried out on dispute settlement/management procedures and possible improvements. Rules and disciplines on trade measures taken for balance of payments purposes for both developed and developing countries, and possible improvements to such rules have been discussed in depth. In addition, elaborations and/or better definitions of measures relating to export controls have been considered. There exists in all these areas a basis in the form of detailed draft texts on which, in the judgement of these delegations, a mutually acceptable solution could be successfully negotiated.

As a result of these negotiations, and as a contribution to reinforcing the future trading system, the delegations have determined to move towards uniform application of GATT rules.

Consultative Framework

As previously indicated consultative provisions have been included as an integral part of the draft agreement on non-tariff measures and the delegations decided to explore the development of a general framework for improved international cooperation and consultation on agricultural trade. To further improve international cooperation in the field of trade, the delegations agree that the GATT should be strengthened as a forum for continuing high-level international consultations with regard to trade policy and with regard to specific issues. This improved consultative

framework would be designed to ensure the early discussion of trade issues with a view to promoting their solution. The delegations note that setting up of a Steel Committee under the auspices of the OECD should help to develop common perspectives regarding emerging problems or concerns in the steel sector and establish, where appropriate, multilateral objectives or guidelines for government policies. The Committee would provide a continuing forum for bringing into consultation interested parties. The setting up of it would contribute to a new international climate of understanding, under which current problems could be more easily solved.

The Committee's objectives would be:

- ensure that trade in steel will remain as unrestricted and free of distortion as possible. Restrictive actions should be avoided and where necessary strictly limited in scope and time and in conformity with GATT rules.

- encourage reduction of barriers to trade.

- enable governments to act promptly to cope with crisis situations in close consultation with interested trading partners and in conformity with agreed principles.

- facilitate needed structural adaptations that will diminish pressures for trade actions and promote rational allocation of productive resources with the aim of achieving fully competitive enterprises.

- ensure that measures affecting the steel industry are consistent to the extent possible, with general economic policies and take into account implications for related industries, including steel consuming industries.

- avoid encouraging economically unjustified investments while recognizing legitimate development needs.

- facilitate multilateral cooperation consistent with the need to maintain competition, to anticipate and to the extent possible prevent problems."

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Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Bulletin No. 4

October 30, 1978

MULTILATERAL TRADE NEGOTIATIONS

SITUATION REPORT

Copies disponibles dans la version française
à l'adresse ci-haut mentionnée.
Ottawa, Canada, K1A 0H5, tél. (613)593-7815

Multilateral Trade Negotiations (MTN)

Situation Report as of October 15, 1978

Following the high-level meeting in Geneva in mid-July - and the Bonn Summit which came immediately afterwards - most delegations took advantage of August to review the progress made to date and to carry out whatever other preparations appeared to be necessary for the completion phase of the negotiations. Meetings of the various working groups began again in the early part of September and substantive discussions are now going forward with increasing intensity on all issues still outstanding.

It will be recalled that the intention of the high-level meeting was to obtain agreement among the major participants on the outline of the various settlements to be reached in a total negotiating package, leaving the details to be worked out in the course of the autumn. Although the meeting by no means accomplished everything that it set out to do in this respect, it achieved as much as could have been expected in the time available. There was a noticeable lack of movement by both the European Community and Japan on the agricultural side, while the industrial negotiations suffered a setback with the Community's announcement that it was withdrawing a number of important items from its original tariff offer. In general, however, reasonable progress was made. Agreement was reached by the main participants on a number of important issues and problem areas were given clearer definition. The results were set out publicly in the "framework of understanding" which emerged from the discussions. It was subsequently agreed at the Summit meeting that the negotiations as such should be concluded by December 15 of this year.

The following notes describe the state of play in the various aspects of the negotiations as of early October.

Industrial tariff negotiations

From Canada's point of view, the most important element in these negotiations is the prospect of a substantial agreement with the United States which would accommodate most of our tariff objectives. In order to maintain the present U.S. offer, however, we are under some pressure from the United States to improve our own. Discussions are continuing with

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regard to a range of products in which the United States has shown special interest and on particular items where we are seeking additional concessions from the United States. The final U.S. offer - and indeed the Canadian offer as well - will of course depend in part on what other countries, particularly Japan and the Community, are prepared to put forward.

So far as the other main participants are concerned, the original Japanese offer on industrial products - which was considered to be quite inadequate - has now been substantially improved. It still does not fully meet Canada's concerns, however, and we are pressing for further improvements.

The most serious negotiating problem at the moment relates to the recent tariff withdrawals by the Community which affected a number of items of key importance to Canada. Since Community spokesmen have indicated that their offer still remains negotiable, there have so far been no retaliatory withdrawals on the part of other participants. The Canadian delegation, like others, is working to obtain a Community offer which would match more closely what has been offered to the EEC and which would go further to meet our own special concerns. It is nevertheless possible that a significant proportion of the withdrawals may not in fact be restored. In such an event, appropriate adjustments in the Canadian offer would have to be considered.

The question of how the proposed tariff reductions will be staged has not yet been resolved. It will be recalled that a number of delegations, including our own, have proposed an eight-year phasing period with provision for special phasing in certain circumstances. The Community has urged the concept of a pause after the first five years of tariff reductions in order to see whether and to what extent further cuts are warranted by the economic situation. In view, among other things, of the uncertainties which such a procedure would introduce, it has been resisted by the other main participants. Until the actual scope, depth and value of negotiated tariff reductions are known, no final decisions on phasing are likely to be made.

Sector negotiations

Canada's objective of seeking the maximum liberalization of trade in certain resource-based sectors - forest products and non-ferrous products - continues to be pursued. Although "sector negotiations" as such have not taken place, progress has been made toward achieving the substance of these objectives, both in terms of tariff reductions, the control or elimination of non-tariff barriers and improved GATT dispute settlement procedures. The U.S. tariff offer has gone a considerable way toward meeting our concerns. Japan has proved reluctant, however, to meet our tariff requests for certain products, while the Community's withdrawals have had an adverse effect on our sectoral objectives in the EEC market.

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Commercial aircraft

Agreement was reached at the high-level meeting on the objective of negotiating the maximum liberalization of world trade in commercial aircraft, parts and related equipment. This would include the elimination of duties and, to the fullest extent possible, the reduction or elimination of the trade-restricting or distorting effects of other measures. This proposal, which was originally put forward by the United States in general terms, is being elaborated and is expected shortly to be the subject of detailed discussion in Geneva.

Agricultural negotiations

Agriculture remains a highly sensitive area of the negotiations. The United States, supported by Canada, Australia, New Zealand and other exporting countries, has taken a strong stand from the beginning on the importance of acceptable agreements on agricultural products. This would involve improved access to markets, particularly those of the Community and Japan, and a greater degree of control over agricultural export subsidies. Special arrangements on grains, dairy products and bovine meats are also being pursued.

The concessions so far offered by the Community and Japan are considered to be inadequate. Like other exporting countries, we are continuing to seek improved access for a number of our agricultural exports. The Community has so far declined to make any offer on quality wheat or on a number of other products. Its position on several issues under discussion in the negotiations toward a new international wheat agreement remains at variance with exporter interests. However, sufficient progress has been made in reconciling these differences on wheat and coarse grains to permit confirmation of the holding of a full United Nations negotiating conference in Geneva in early November. Progress has also been recorded toward understandings in the special groups considering trade in dairy products and bovine meats.

A major difficulty in the agricultural negotiations centres on the Community's opposition to the containment of agricultural export subsidy practices, sought by the United States, Canada and other traditional agricultural exporting countries.

Although the "framework of understanding" agreed upon at the high-level meeting is fairly optimistic that solutions will be found for these various problems, the potential for confrontation remains high. The Community and the United States have proposed a so-called "cathedral" approach for dealing with agricultural trading problems which may not have been resolved in the current negotiations. This approach has not yet been fully elaborated but it appears to envisage a possible new forum within the GATT where the interrelationship between domestic agricultural programs and agricultural trade might be considered in a coordinated way.

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Commercial aircraft

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Agricultural negotiations

So far as negotiations between Canada and the United States are concerned, there are prospects for a mutually advantageous agreement on a range of agricultural products. The outcome may be influenced, however, by the current but separate renegotiations on Canadian fresh and processed fruit and vegetable tariffs. The prospective MTN agreement with the United States would involve two-way concessions reflecting the basic interests of the two countries in their mutual trade and would promise a greater degree of harmonization of North American agricultural tariffs. At the moment, each side is pressing for improvements in the other's offer.

Fisheries negotiations

There appear to be prospects for meaningful gains in access to the U.S. market. Certain improvements in the U.S. offer are, however, still being sought. The offers so far put forward by the Community and Japan are much less satisfactory. Both are being urged to put greater concessions on the table.

Codes of conduct

In some cases, only a few issues remain to be resolved. The draft code on technical barriers to trade is in close to final form. There are still a few negotiating problems to be solved but attention is now tending to turn - in Canada at least - to the question of how its provisions will be implemented domestically, that is to say, the particular mechanisms and procedures that may have to be established to back up Canadian participation.

With regard to government procurement, the main issue still outstanding is that of the precise scope and coverage of the agreement, that is to say, the specific purchasing entities to be included, the threshold value below which contracts need not be affected, exceptions from the code and other related matters. The main participants, including Canada, have tabled offers with regard to the entities that they are provisionally prepared to place under the agreement. Discussions are now taking place to clarify the precise content of these offers. At the moment, that of the European Community appears to be one of the least forthcoming since it has taken the position that it cannot commit entities other than those subject to its own internal arrangements on government procurement. This would exclude certain industry sectors of interest to both Canada and the United States. The potential importance of this new code, both for world trade in general and for Canada in particular, will not be clear until the basic questions of scope and coverage have been settled.

With regard to the proposed subsidies/countervail code, one of Canada's key objectives is to obtain U.S. agreement to introduce an injury clause into its countervailing law and so put an end to certain of the problems encountered in recent years with regard to Canadian products which

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may have benefited from regional incentives or other domestic assistance programs. This objective is strongly shared by other trading countries. In return for the change being sought - which would bring U.S. legislation into line with international obligations - the United States is demanding more effective discipline over the use of subsidies - particularly those applied to the export of agricultural products - and, for the first time, some agreed international guidelines concerning the trade effects of domestic subsidy programs. The Community, while anxious to secure necessary changes in U.S. countervail legislation, is resisting these U.S. demands, especially those relating to agricultural export subsidies and domestic subsidy programs.

The subsidy question is currently complicated by the fact that the provision of the U.S. Trade Act which has permitted waiver of the imposition of U.S. countervailing during the negotiations is due to expire on January 2, 1979. The Community has taken the position that, while it will continue to participate in the negotiations, it may find it difficult to conclude them with the threat of U.S. countervailing action hanging over its head. Recent efforts by the U.S. Administration to obtain an extension of the waiver from Congress were successful in both Houses, but the legislative process was not completed prior to the adjournment of Congress for the mid-term U.S. elections. Unless this particular problem can be dealt with - and U.S. officials appear confident that a way will be found - the negotiating timetable in Geneva may well be affected.

Finally, a code which would enshrine "transaction price" as the international basis of valuation for customs purposes is a priority of the European Community and is being supported by the United States, Japan and the Nordic countries. Canada has so far taken part in the discussions only on a purely exploratory and technical basis to see whether or not our particular interests could be accommodated.

Safeguards

This issue involves clarification of the current provisions of Article XIX under which imports which cause or threaten to cause serious injury to domestic producers can be temporarily restricted. The present draft interpretive text is broadly consistent with Canada's own position and appears to be moving toward an agreement that we could support, provided that some understanding can be reached with regard to the special problems being experienced in the importation of horticultural products from the United States and Mexico. One of the general issues still outstanding concerns the rules to govern the withdrawal of concessions in response to safeguard measures adopted by other countries. Another is the concept of "selectivity" which was introduced by the Community. This would allow a country which is being adversely affected by imports to take action only against those countries whose shipments are actually causing the damage rather than against all suppliers of that particular product. If a measure of "selectivity" in the application of safeguards were to be agreed upon, it would be regarded as an exception to the general rule of non-discrimination

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and one to be used under strict conditions. In this regard, an important issue separating the Community from most other participants is its view that, in certain circumstances, selective safeguards could be applied against a particular source or sources of imports without prior international consideration and approval.

Developing countries

Until early last summer, the major participants had been largely concerned with moving towards agreement on key issues among themselves. Since the high-level meeting, however, an attempt has been made to involve the developing countries far more closely in all aspects of the negotiations. As a result, there has been increased focus on the special needs of the developing world, as envisaged in the Tokyo Declaration which called for agreement on special and differential treatment for the developing countries where appropriate. This focus includes not only the work of the so-called "framework group" which is considering, among other things, possible improvements in the GATT legal provisions governing the conduct of trade between developed and developing nations, but the extent to which the latter are to be given special treatment in the reduction of tariffs, in the application of the various codes of conduct and in almost every other area of the negotiations as well. In this regard, consideration is being given to the concept of "graduation", that is to say, the process by which a developing country may be said to have progressed far enough in economic terms to be able to assume greater trade obligations and to adapt to less preferential treatment in the markets of the industrialized countries.

Timing and outlook

At the Bonn Summit agreement was reached among the major participants to conclude the negotiations by December 15, 1978. While every effort is being made to do so, much remains to be accomplished in the time available. Quite apart from issues of substance, a procedural problem has emerged in that, according to the U.S. view, the substantial completion of the negotiations, including the settlement of the issues of subsidies and countervailing duties, is a pre-condition to seeking Congressional authority for extension of the U.S. countervailing waiver. The Community, however, appears to be taking the position that the negotiations cannot be completed until the waiver has been extended. The manner in which this difference is resolved will have obvious implications for the December 15 deadline.

As matters stand at the moment, the U.S. Administration hopes to be able to notify Congress by the beginning of December of its intention to conclude a trade agreement with MTN participants. Since ninety calendar days' notice of such intention is required, the Geneva agreements could not be initialled by the United States until the end of February at the earliest.

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In such an event, the final package, together with a statement of the administrative action needed to carry it out, would probably be transmitted to Congress sometime in March with passage of any necessary legislation to be expected within sixty Congressional working days.

Assuming that an MTN package is substantially agreed between participants by the first half of December, a number of months of detailed negotiations would still be required to translate the understandings reached into the contractual language needed for final definitive texts and schedules. This work could reveal difficulties of substance which would also need to be resolved over the final period leading to the actual conclusion of the negotiations.

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CANADIAN PARTICIPATION
IN THE
MULTILATERAL TRADE NEGOTIATIONS

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News Release Communiqué

Subject/Sujet

Multilateral Trade Negotiations

For release/Pour publication

Immediate

MTN PROGRESS REPORT

Statement made by Ambassador Rodney de C. Grey, Head of the Canadian Delegation to the MTN, in Geneva on December 22, 1978.

Copies disponibles dans la version française au bureau ci-haut mentionné à Ottawa, Canada, K1A 0H5 - Tél. (613) 593-7815

During the last few months, and in accordance with the timetable agreed at the Bonn Summit, the Canadian Delegation has been working intensively with the other participants towards a successful conclusion of the MTN. Together we have moved the MTN a long way toward completion. A number of the agreements on non-tariff measures are now so advanced that they can be the bases of decisions by governments - notably the draft code on subsidies and countervailing duties which has been put together by a group of developing and developed countries, including Canada.

The draft agreements on government procurement, import licensing procedures, technical barriers to trade, valuation, and certain technical adjustments to the anti-dumping code, as well as most of the negotiations with respect to other non-tariff matters are at an advanced stage. The present drafts encompass the elements of potential agreement on solutions to complex problems of trade relations. The Canadian delegation has been actively involved with the negotiation of all these drafts and by and large expects to be able to recommend them to the Canadian Government. As of now, the only major exception among those where tentative agreement has been reached is the draft agreement on customs valuation. An important task when the negotiations resume at the beginning of 1979 will be to turn the draft agreements into appropriate contractual language.

Some important issues remain to be settled early in the New Year. For example, much remains to be done to complete negotiations with developing

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countries and the Canadian delegation will be devoting considerable effort to this end in the weeks ahead. The tariff negotiations with our principal trading partners are at an advanced stage and significant agreements can now be envisaged. However, many difficult access issues for particular products remain to be negotiated with the delegations of the European Community, Japan and the United States. The Canadian delegation will be making a determined effort early in January to resolve these issues in a careful and balanced way taking into account the wide range of Canadian interests involved. Any understandings reached will of course be on an ad referendum basis to the Government of Canada.

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News Release Communiqué

Subject/Sujet

MULTILATERAL TRADE NEGOTIATIONS
NON-TARIFF MATTERS

For release/Pour publication

January 8, 1979

On December 22nd, Ambassador Grey, Head of the Canadian Delegation to the Multilateral Trade Negotiations in Geneva, issued a statement indicating that draft agreements or "codes" with respect to a number of non-tariff matters were at an advanced stage. While the texts of these draft agreements are not expected to be released until later in the negotiations, the attached summaries of their general content and of Canadian interest therein, are being made available at this time for the information of those in Canada interested in following the progress of the Geneva negotiations.

The attached notes cover draft agreements with respect to subsidies and countervailing duties, safeguards, government procurement, technical barriers to trade, customs valuation, import licensing procedures, counterfeiting of trade marks and trade in aircraft and parts. For most of these draft agreements, a number of issues remain to be resolved in the weeks ahead and time will be required to put such agreements into appropriate contractual language.

Notes are also included on certain aspects of the MTN agricultural negotiations and on certain changes being proposed in the GATT trading framework including a number of particular interest to developing countries.

A good deal of work remains to be done to complete both the tariff and non-tariff aspects of the negotiations. The formal conclusion of the various agreements is not expected to take place before April at the earliest since, inter alia, the U.S. Congress must be given 90 days' notice before the U.S. negotiators can sign agreements arising from the MTN. Following the formal conclusion of the MTN, the various participants will need to undertake domestic legislative or other procedures as necessary to permit them to implement the agreements reached. Actual implementation is not anticipated before 1980.

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Office of the Coordinator Multilateral Trade Negotiations / Bureau de Coordonnateur Négociations commerciales multilatérales

News Release / Communiqué

Subject/Sujet: MULTILATERAL TRADE NEGOTIATIONS
NON-TARIFF MATTERS

For release/Pour publication: January 8, 1979

SUBSIDIES AND COUNTERVAILING MEASURES

The arrangement on subsidies and countervailing measures has two primary objectives:

- the establishment of an agreed set of rules and procedures to be followed by member governments in the application of countervailing duties, that is to say, duties imposed by an importing country to offset the price effect of a subsidy granted by an exporting country;

- agreement on an improved set of rules or disciplines on the use by governments of subsidy practices which adversely affect trade or production in other countries.

The GATT provides that member countries can impose a countervailing duty on subsidized imports which cause or threaten material injury to an industry in an importing country. The rules in the proposed Arrangement would provide greater uniformity and certainty in the application of countervailing duties. The procedures envisaged under the Arrangement generally accord with those now followed under Canadian law. Both incorporate an injury test, provisions for consultations with the governments of the exporting countries concerned and a requirement that a causal link be established between the subsidized imports and injury to domestic producers. The Arrangement would permit importing countries to apply provisional measures, when warranted, prior to a final decision that subsidized imports are causing injury.

One of Canada's primary objectives in this negotiation has been to ensure that United States law is brought into line with the GATT and accordingly would not permit the application of countervailing duties without a determination of injury. Passage by the U.S. Congress of the proposed arrangement would accomplish this objective. Such a change would substantially diminish the threat of countervailing duties being levied against Canadian exports which have benefitted from Canadian assistance programs.

In many respects, the provisions of the new Arrangement are analogous to those found in the Anti-Dumping Code which was negotiated in the Kennedy Round of trade negotiations. The main MTN participants have agreed to bring the relevant provisions of the Anti-Dumping Code into line with the definitions and procedures negotiated in the Subsidies/Countervail Arrangement.

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The Arrangement would reinforce the GATT prohibition on the use of export subsidies on industrial products.

The Arrangement would also clarify the obligations of signatories with respect to the use of agricultural subsidies in world trade.

With respect to other kinds of subsidies, the Arrangement clearly recognizes that subsidies are legitimate tools used by governments to promote important national economic objectives. It is recognized, however, that in certain circumstances the results of such subsidies can have adverse effects on the trade or production interests of others. To the extent that such effects are thereby occasioned, affected signatories would be entitled to have recourse to remedies provided for under the Arrangement.

In this connection, the Arrangement provides a mechanism through which signatories will have an opportunity to consult both bilaterally and multilaterally in respect of subsidy and countervail practices as well as for the settlement of disputes.

AGREEMENT ON SAFEGUARDS

Under present GATT rules, a country may take temporary restrictive action to protect its domestic producers from serious injury or the threat of serious injury arising from a sudden and significant increase in imports. Although most MTN participants agree that the existing GATT provisions are basically sound, some problems have arisen in the past because of differing interpretations of the various provisions. The Safeguards Agreement which is being negotiated in the MTN represents an attempt to clarify and expand on the existing GATT rules.

The proposed agreement provides greater scope for governments to act effectively and responsibly to protect their domestic producers. The greater degree of certainty with respect to the rights and obligations of the parties to the safeguards agreement should help all countries to ensure orderly adjustment to new competitive conditions arising from expanded trading opportunities. It should also contribute to continuing stability in the conduct of world trade.

The main provisions of the agreement are designed to:

1. extend the internationally agreed rules governing the use of temporary safeguard action to cover certain measures not currently subject to specific GATT rules or arrangements;

2. define more clearly the circumstances in which a country may resort to temporary safeguard action by setting out, inter alia, the criteria that should be used in determining whether there is serious injury or a threat thereof arising from increased imports;

3. provide guidelines on the nature and scope of the safeguard action which an importing country may take;

4. elaborate on the procedures to be followed domestically and internationally in taking emergency safeguard action;

5. give greater precision to the rights of a country whose exports are affected by the actions taken by another country to protect its domestic producers; and,

6. spell out improved procedures to ensure that the rights and obligations of the parties to the agreement are being observed and to provide for settling any disputes which may arise.

In addition, there is under discussion a new provision which would allow a country, in exceptional circumstances and pursuant to stringent conditions and procedures, to act "selectively" against imports from a limited number of exporting countries rather than against such imports from all foreign sources as currently provided for in the GATT. The question of whether a country could in critical circumstances act selectively without prior international approval or the agreement of the countries affected has not yet been resolved.

GOVERNMENT PROCUREMENT

Governments purchase a wide range of goods. Over the years, the volume of government procurement in all countries has grown significantly. Under existing rules of the GATT, governments are free to discriminate in favour of local suppliers and all governments in varying degrees use both pricing preferences and administrative measures to direct purchases to domestic sources. These practices have tended to limit the scope of world trade.

The Agreement on Government Procurement represents a first step towards overcoming these constraints. The intent of the Agreement is to establish common rules to provide suppliers in signatory countries with a competitive opportunity to bid on certain government tenders for the supply of goods and directly related services. Service contracts as such are not covered. Rules are provided to ensure the fair operation of the Agreement and for the settlement of disputes. The scope and coverage of the Agreement is still under negotiation. This will largely be determined by the number and nature of purchasing bodies which signatories agree to place under its provisions. The amount of government purchasing initially covered may be limited. However, if the signatories are satisfied with the operation of the Agreement in its early years, this coverage could be expanded through subsequent negotiations.

In negotiating the scope and coverage of the Agreement, Canada is seeking a reasonable balance between our flexibility to use government procurement as a domestic policy instrument and the achievement of our export objectives. For a range of advanced manufactured products, Canadian firms have shown an ability to compete in those export markets which are now open to them. It is often restrictive procurement policies and practices, rather than tariffs, which limit export sales of these products. To the extent that foreign government procurement markets are opened to international competition, many Canadian suppliers stand to gain from important new export opportunities. Subject to the application of the Canadian tariff and within the area of trade agreed to be covered by the Agreement, certain Canadian procurement would similarly be open to international competition.

For procurement covered by the Agreement and subject to exceptions, signatories would undertake to:

(a) apply the same treatment to the suppliers of other signatory countries as to domestic suppliers;

(b) ensure that technical specifications do not create unnecessary obstacles to international trade;

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(c) follow agreed rules regarding the qualification of suppliers; notices of proposed purchases; tender documentation; submission, receipt and opening of tenders; and award of contracts.

(d) provide prescribed information to suppliers, tenderers, and the governments of signatory countries on all phases of the procurement process, including contract awards;

(e) maintain procedures for the hearing and review of complaints arising in connection with any stage of the procurement process.

The Agreement would not cover certain defence equipment. It is also envisaged that there will be scope for a limited number of product exceptions. For major capital acquisitions, signatories would be free under the Agreement to require suppliers to offer offsetting economic benefits. For a number of purposes, such as fostering R&D, the signatories will be able under agreed conditions to place contracts with a particular supplier without competitive bidding.

TECHNICAL BARRIERS TO TRADE

All countries use product standards to protect consumer interests. Such standards are important to the development of industry and trade and to the establishment of acceptable levels of safety, quality and performance. They are frequently the means by which the supplier describes his product and the customer expresses his requirements.

Serious barriers to trade, however, can be created by disparities among countries in their technical regulations (the term used in the Code to signify mandatory product standards), standards (the term used for voluntary standards) and certification systems, or by their unreasonable application. Difficulties can also arise with respect to methods for determining conformity with such technical regulations and standards.

The Code on Technical Barriers to Trade seeks to elaborate upon and, in some respects, to expand those provisions of the General Agreement on Tariffs and Trade which already apply to product standards. The aim of the Code is not to prevent its signatories from adopting certain product standards, but rather to facilitate trade by obliging them to take account of the restrictive effects that these may have on international commerce. Another purpose is to encourage the application of international standards wherever possible. There is no obligation to have common standards, nor does the Code alter the right of any signatory to maintain product standards appropriate to its needs, particularly with regard to health, safety, environment and national security.

The Code's obligations provide common rules and guidelines for the standards activities of its signatories, as well as an agreed basis for the settlement of disputes in cases where it is considered that a signatory has failed to comply with these rules. Canada's trade interests, both on the export and import side, should be furthered by the adherence to the Code of its major trading partners.

In Canada, both provincial and municipal governments, as well as non-governmental bodies, are active in the field of standardization. The federal government has approached the provinces regarding the applicability of this Code to their own activities and those of the municipal governments within their jurisdiction, and has sought their cooperation in its implementation. The government is also seeking the cooperation of the Standards Council of Canada and the various voluntary standardizing bodies in Canada.

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An important side benefit of Canadian adherence to the Code should be an increased harmonization of standards within Canada, thus further facilitating trade within the Canadian market.

The Code contains a number of procedural requirements with respect to:

- the elaboration and application of technical regulations, standards and related certification systems;

- the determination of conformity of imported goods with technical regulations and standards; and

- the provision of information about technical regulations, standards and certification systems.

CUSTOMS VALUATION

The proposed code on customs valuation seeks to establish uniform standards to be applied by governments in determining the value of imported goods for purposes of levying ad valorem rates of duty. The major trading countries are of the view that such uniform standards are desirable to facilitate international trade. The main MTN participants other than Canada have reached agreement in principle on the main provisions of a code for this purpose.

Canada is one of the few countries which now levies duties based on selling price or "fair market value" in the domestic market of the exporting country. The code instead looks primarily to prices at which goods move in international trade. Consequently, it would require Canada to make fundamental changes in its customs valuation legislation and administrative practices.

Canada has supported the principle of international harmonization of customs valuation practices as a means of reducing the scope for arbitrary valuation rulings and thus of increasing certainty for exporters and importers alike.

Canadian exporters would benefit from the proposed code as it would require the United States to eliminate certain requirements of its present valuation system which may result in value for duty higher than the exporter's selling price. In particular, the United States would abandon the "final list" and "American Selling Price" standards of valuation and would be required to provide more equitable valuation treatment for "assists", that is to say, goods or services provided free or at a reduced price by the importer to the exporter.

However, Canadian participation in the customs valuation negotiations has been based on the premise that any international code should permit the Customs authorities to reject, for valuation purposes, prices that do not reflect the actual value of the goods (for example, when the import price is not freely offered to all buyers or when it involves "distress" selling of used goods or off-quality goods). Canada's interests in these areas have not so far been accommodated. In view of this, and since the proposed code would affect Canada's level of tariff protection more than that of other countries, the Canadian Government has not yet taken any decision as to whether it will subscribe to the code.

The code sets out, in a sequential order, the techniques to be used by signatories in determining the value for duty of imported goods. When the importer and exporter are unrelated, the customs authorities would normally base the value for duty on the price actually paid or payable for the goods when sold for export. The price could, however, be adjusted to take account of charges payable to third parties and certain considerations which pass from the buyer to the seller but which are not part of the price paid or payable. The "transaction value" so determined would also normally be accepted in cases where the buyer and seller are related but where this

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relationship did not influence the price paid or payable. The code sets out a series of tests to be used in determining whether the transaction value in a sale between related parties can be accepted for valuation purposes.

If the transaction value cannot be used as the value for duty (for example, because the goods were shipped on consignment rather than sold, or because of a relationship between buyer and seller which influenced the price) recourse would then be made, in sequential order, to one of the following valuation techniques:

1. the transaction value of identical goods sold for export to the same country;

2. the transaction value of similar goods sold for export to the same country;

3. the price at which the imported goods, or identical or similar goods, are resold in the country of importation to unrelated persons, adjusted to take into account costs and usual profits incurred after importation;

4. a "computed" value based on the cost of production plus usual profits and expenses.

At the importer's request, the order of application of the last two methods may be reversed.

If the value for duty cannot be established using the preceding methods it may be determined using "reasonable means" consistent with the general provisions of the code and of the General Agreement on Tariffs and Trade.

IMPORT LICENSING PROCEDURES

All countries make some use of licensing requirements whereby a license or permit must be obtained prior to import or export. In some countries, including Canada, licensing requirements are employed only in certain circumstances for particular products. In other countries, licensing systems cover a large portion of their trade. Significant trade barriers can arise from the administration of these requirements due to lack of public information on the requirements themselves, complicated procedures to obtain licenses, and undue delay in the processing of applications and the issuance of licenses.

The Code on import licensing expands upon an existing GATT provision dealing with the need to minimize and simplify import and export documentation requirements and to ensure that any fee chargeable for licenses be limited to the costs of services rendered. The Code embodies a set of principles and guidelines intended to reduce and eliminate where possible the unnecessary trade restrictive effects which can arise from the administration of import licensing requirements. The main provisions of the Code include an obligation to publish all information relevant to the application for or issuance of licenses, to simplify and expedite the procedures, and to allow for the reconsideration of applications which have been rejected.

The agreement would apply to all import licensing requirements except those maintained for reasons of national security. The Code would not affect a signatory's rights or obligations with respect to the use of import control measures in accordance with existing GATT articles.

Canada employs licensing systems for a variety of purposes including the surveillance of potentially injurious imports, the monitoring of imports covered by bilateral export restraint agreements and the control of imports of products subject to import restriction. The provisions of the proposed Code are acceptable in terms of Canada's administration of such requirements.

Import licensing requirements, particularly in a number of developing countries, are unnecessarily restrictive and complex for a number of products for which Canada has the ability to compete in export markets. The obligations of this Code should help to improve Canadian export opportunities.

COUNTERFEITING OF TRADEMARKS AND TRADE NAMES

During the MTN negotiations the United States proposed a new international agreement to combat the problem of commercial trademark counterfeiting. The proposed agreement would provide, under certain conditions, for customs officials to stop counterfeited goods at borders and for forfeiture of the goods as the ultimate penalty. While welcoming its intent, a number of countries have difficulties with the U.S. proposal as drafted because of its practical and legal implications, including the additional obligations involved for governments and problems relating to the disposal of the goods. Canada has drawn attention to a number of such practical and legal considerations.

Canada already has laws in place which are adequate to deal with commercial counterfeiting. In the negotiations, Canada has suggested an arrangement of a more general nature than that proposed by the United States under which participants would endeavour to take appropriate action against trade in counterfeit merchandise.

AIRCRAFT AGREEMENT

It has been proposed that an agreement on trade in civil aircraft , parts and components be negotiated as part of the MTN. The envisaged agreement would provide for the early elimination of tariffs on civil aircraft, parts and components and would include certain understandings with respect to non-tariff measures affecting such trade (eg. national procurement policies, subsidies, offset arrangements, export credits and certification requirements). The precise product coverage of the agreement and the nature of these understandings are still under discussion. The agreement would not cover products for military use.

Canada is participating in these negotiations. Canadian manufacturers of aircraft and components would stand to benefit from the elimination of foreign tariffs and the adjustment of many of the non-tariff practices of other countries in this sector of production and trade. Canada does not currently apply its tariff on civil aircraft. It is the Canadian view that any understandings with respect to non-tariff measures should continue to allow, where appropriate, for offset arrangements and financial support to the Canadian industry.

AIRCRAFT AGREEMENT

MTN AGRICULTURAL NEGOTIATIONS

The agricultural tariff negotiations are being conducted on a request and offer basis rather than on the basis of formula tariff cuts. These negotiations are well advanced but have yet to be completed. In addition, three special MTN sub-groups were established to examine the particular trade problems encountered in dairy, meat and grains. The dairy and meat sub-groups have each formulated a draft international arrangement which is aimed at improving the framework of world trade for the products concerned. So far as cereals are concerned, the focus of attention is the negotiations for a new International Wheat Agreement and related agreement on coarse grains. These negotiations are taking place under the auspices of the United Nations Conference on Trade and Development (UNCTAD).

The dairy arrangement which Canada and other participants have under consideration would include provisions for information exchange and consultations on dairy policies and trade between member countries. As well, there would be provisions on minimum international prices for milk powders, milk fats and certain cheeses.

The meat arrangement, which essentially covers live cattle and beef, would primarily be for the purpose of consultation and information exchange.

For grains, negotiations for a new International Wheat Agreement are scheduled to resume on January 22. The negotiations are directed towards a system of internationally co-ordinated, nationally held reserve stocks and other measures to stabilize the world market for wheat and to provide for greater food security, particularly for the developing countries. The arrangement envisaged for coarse grains would be of a consultative nature. A new Food Aid Convention is also expected to emerge from these negotiations.

Consideration is being given to establishing an International Agricultural Consultative Council within the GATT. Its purpose would be to reinforce international consultation and cooperation in the related areas of agricultural production and trade. The principal function of the proposed Council would be to collect information, review agricultural policies affecting trade, facilitate consultations among members, and seek appropriate remedies to problems affecting trade in agricultural products.

FRAMEWORK

Within the negotiations, consideration has been given to a number of changes in GATT practices with a view to improving the international trading framework and, in particular, the rules which deal with the special trading situations of developing countries. The discussions have focussed on the following subjects.

General Enabling Clause

Canada is working with others to provide through the GATT a stronger basis for our trading relations with developing countries in the years ahead. An important feature will be a general enabling clause which would permit developed countries, under prescribed conditions, to extend special and differential treatment to developing countries in response to the latter's particular needs. While developing countries are not expected to provide fully reciprocal concessions for benefits received in trade negotiations, they will be expected to assume increased GATT obligations as their trade and economies develop more fully ie. to accept the principle of graduation.

Safeguards for Balance of Payments and Economic Development Purposes

Negotiations have been undertaken to elaborate GATT rules and procedures governing the imposition of import restrictions for balance of payments purposes. The suggested changes would involve a recognition that restrictive import measures may not be the most appropriate means to maintain or restore balance of payments equilibrium and an understanding that developed countries should seek to avoid introducing trade measures for balance of payments purposes except as a last resort. Any agreement in this area should contain provisions which will minimize the trade-distorting effects of such measures and ensure that all trade actions taken for balance of payments reasons are brought under international review. Greater international discipline on trade measures imposed for balance of payments reasons should provide a more secure international trading environment.

Discussions are also taking place on provisions which would broaden the current scope within the GATT for developing countries to take safeguard action to promote economic development.

Notification, Consultation, and Dispute Settlement

Canada has sought throughout the negotiations to strengthen the dispute settlement procedures of the GATT. In addition to the specific procedures contained in the various non-tariff codes, a broad understanding has been developed which applies to the GATT generally. It involves the reinforcement of commitments respecting notification and consultation, and the practice of establishing panels of independent experts to facilitate resolution of disputes.

FRAMEWORK

Government of Canada | Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

News Release | Communiqué

Subject/Sujet: Notes for an Address by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, at the opening of The World Trade Centre, Toronto.

For release/Pour publication: 2000 hours (EDT) January 9, 1979.

Attached are the notes for an address to be made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations on the opening of the World Trade Centre, Toronto, January 9th, 1979.

TO BE CHECKED AGAINST DELIVERY

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- NOTES FOR AN ADDRESS BY AMBASSADOR J.H. WARREN
CANADIAN COORDINATOR FOR THE MULTILATERAL TRADE NEGOTIATIONS
ON THE OCCASION OF THE OPENING OF
THE WORLD TRADE CENTRE
TORONTO
JANUARY 9TH, 1979.

MR. CHAIRMAN,

SINCE EARLIER DAYS WHEN I WAS DEPUTY MINISTER OF INDUSTRY, TRADE AND COMMERCE I HAVE FOLLOWED WITH INTEREST THE EVOLUTION OF THE CONCEPT OF WORLD TRADE CENTRES AND THE GROWTH OF THE WORLD TRADE CENTRES ASSOCIATION. IT WAS THUS A PARTICULAR PLEASURE TO HAVE BEEN ASKED TODAY FORMALLY TO OPEN, HERE IN TORONTO, THE FIRST SUCH TRADE CENTRE IN CANADA. I CONGRATULATE THE TORONTO HARBOUR COMMISSIONERS FOR THE INITIATIVE AND PERSEVERANCE SHOWN IN BRINGING SUCH AN IMPORTANT PROJECT TO FRUITION AND WISH THEM WELL, AS I AM SURE DO WE ALL, IN THE FULFILLMENT OF THEIR PLANS TO EXPAND AND ROUND OUT THE FACILITIES OF THE CENTRE.

IF SOMETIMES LESS IN THE FOREFRONT OF OUR FEELINGS TRADE - LIKE THE WEATHER - IS ALWAYS WITH US. IN TRADE, CANADA IS IN THE MAJOR LEAGUE. AND IN WEATHER, THIS COUNTRY IS PARTICULARLY WELL ENDOWED. INDEED, WE OFTEN HAVE A SURPLUS TO SEND TO OUR FRIENDS IN OTHER COUNTRIES. WHETHER AT THIS TIME OF YEAR THESE UNREQUITED EXPORTS ARE FULLY APPRECIATED IN EUROPE AND BELOW OUR SOUTHERN BORDER, IS PERHAPS ANOTHER QUESTION!

THE PERVASIVE AND DIVERSE NATURE OF TRADE MAY GIVE RISE TO LESS STREET CORNER CHAT THAN DO THE VAGARIES OF WIND AND TEMPERATURE, BUT IT IS A CONSTANT IN OUR LIVES. IT HAS BEEN SO SINCE MAN FIRST BARTERED PART OF WHAT HE PRODUCED FOR SOME OF THE PRODUCT OF OTHERS. IT WILL BE SO IN THE FUTURE. FROM THE POINT OF VIEW OF THIS HISTORIC CONTINUUM IT IS NOTABLE THAT TORONTO'S WORLD TRADE CENTRE, SURROUNDED BY THE TOWERING MONUMENTS OF TODAY'S ARCHITECTURE, SHOULD HAVE ITS BEING IN THE CLASSIC AND NOW BEAUTIFULLY RENOVATED HARBOUR COMMISSION BUILDING OF 1917. SO PAST JOINS WITH FUTURE IN DEVELOPING THE TRADE AND PROSPERITY OF THIS GREAT INLAND PORT - TOWARDS WHICH THE HARBOUR COMMISSIONERS HAVE DEVOTED SUCH SUCCESSFUL EFFORT OVER THE PAST SIXTY YEARS.

FOR THIS AUDIENCE THERE IS NO NEED TO UNDERLINE HOW IMPORTANT IS TRADE TO THE WELL-BEING OF OUR COUNTRIES AND OUR PEOPLES; NO NEED TO RESTATE THE FACT THAT WITHOUT REASONABLE OPPORTUNITY TO EXCHANGE GOODS BETWEEN NATIONS EACH WOULD BE VERY MUCH THE POORER - SOME CALAMITOUSLY SO. SO MUCH WOULD I THINK BE COMMON GROUND, WHATEVER ONE'S POSITION ON THE PHILOSOPHIC SPECTRUM OF TRADE POLICY. BUT IS SUCH COMMON PERCEPTION ADEQUATE IN TERMS OF THE TRUE FUNCTION OF TRADE IN TODAY'S WORLD? I THINK NOT.

I BELIEVE, FOR EXAMPLE, THAT THE DISTINCTION DRAWN BETWEEN PURCHASE AND SALE OF DOMESTIC GOODS WITHIN A COUNTRY AND SALES BETWEEN PEOPLE IN SEPARATE NATIONAL JURISDICTIONS CAN BE GREATLY EXAGGERATED IN TERMS OF WEALTH CREATION, INVESTMENT AND EMPLOYMENT EFFECTS. A PROFITABLE SALE IS A

...3

PROFITABLE SALE WHETHER TO A DOMESTIC OR FOREIGN PURCHASER. AND A PRODUCER WHO IS ABLE TO ACHIEVE THE EFFICIENCY REQUIRED TO PENETRATE FOREIGN MARKETS, IS LIKELY TO MAKE A FAR BETTER SHOWING IN COMPETING WITH IMPORTS IN HIS DOMESTIC MARKET. MANY IMPORTS GO INTO THE NATIONAL PRODUCTION PROCESS AND THEN FORM PART OF DOMESTIC OUTPUT. AND, OF COURSE, COMPETITIVE IMPORTS DIRECTLY SERVE CONSUMER INTERESTS. IT IS WORTH REMEMBERING ALSO THAT THE BASKET OF IMPORTS WILL CONTAIN DOMESTIC CONTENT TO THE EXTENT THAT EARLIER EXPORTS WERE USED IN PRODUCTION OF THE IMPORTED PRODUCT.

IT IS NOT MY PURPOSE, GENTLEMEN, TO INFLICT UPON YOU AN AFTER-DINNER COURSE IN SIMPLISTIC ECONOMICS (EVEN IF, I HAD THE ACADEMIC QUALIFICATIONS TO DO SO). BUT I DO WISH TO EMPHASIZE HOW CLOSELY LINKED AND INTERDEPENDENT ACROSS BORDERS IS THE ECONOMIC WORLD OF TODAY. TRADE, THEN, - AND I REFER TO IMPORTS AS WELL AS EXPORTS - SHOULD NOT BE THOUGHT OF AS A DISTINCT AND UNRELATED ACTIVITY. RATHER IT SHOULD BE THOUGHT OF AS AN INTEGRAL PART OF THE MECHANICS OF GROWTH AND THE ACHIEVEMENT OF HIGHER LEVELS OF WELL-BEING IN ALL COUNTRIES.

FROM THIS POINT OF VIEW TRADE LIBERALIZATION MAY BE SEEN AS A MUTUALLY BENEFICIAL PROCESS, NO SO MUCH FROM THE POINT OF VIEW OF FACILITATING THE INTERNATIONAL FLOW OF GOODS AS SUCH, BUT OF BRINGING ABOUT A MORE PRODUCTIVE AND WEALTH CREATING USE OF EACH COUNTRY'S RESOURCES OF LABOUR, CAPITAL AND LAND. THE LONGER TERM ADVANTAGES OF SUCH LIBERALIZATION HAVE BEEN OFTEN LISTED BY ECONOMISTS - CONSUMPTION GAINS, PRODUCTION GAINS, THE GAINS DERIVED FROM

...4

ECONOMIES OF SCALE, THE BENEFITS ACCRUING AS A RESULT OF A MORE COMPETITIVE DOMESTIC ECONOMY AND THE CONTRIBUTIONS MADE TO DOMESTIC PRICE STABILITY - A VERY IMPORTANT CONSIDERATION IF A COUNTRY IS EXPERIENCING RELATIVELY HIGH RATES OF INFLATION. THE SUPPORTING ANALYSES AND ARGUMENTATION FOR THESE POINTS ARE WELL KNOWN.

BUT IT WILL NOT HAVE ESCAPED YOUR ATTENTION THAT THE CASE FOR TRADE LIBERALIZATION HAS NOT GONE UNCHALLENGED IN RECENT YEARS. THIS IS UNDERSTANDABLE GIVEN THE UNCERTAINTIES AND LACK OF ECONOMIC BUOYANCY WHICH HAS BEEN EXPERIENCED SINCE THE EARLY SEVENTIES TOGETHER WITH THE ACCOMPANYING PHENOMENA OF UNACCEPTABLY HIGH LEVELS OF INFLATION AND UNEMPLOYMENT. AND THE PROBLEM HAS BEEN COMPLICATED BECAUSE, AS STATED IN A GATT STUDY PUBLISHED LAST YEAR "RECOVERY FROM THE RECENT RECESSION IS SADDLED WITH THE LONG-TERM PROBLEM OF ADJUSTMENT TO THE CHANGES IN RELATIVE PRICES, BOTH WITHIN AND BETWEEN COUNTRIES, CAUSED BY THE INCREASE IN THE COST OF ENERGY, BY THE MAJOR REALIGNMENT OF EXCHANGE RATES THAT ACCOMPANIED THE ABANDONMENT OF THE BRETTON WOODS SYSTEM OF FIXED RATES, AND BY THE CONTINUING CHANGE IN THE PATTERN OF COMPARATIVE ADVANTAGE, ESPECIALLY BETWEEN THE INDUSTRIAL AND THE DEVELOPING COUNTRIES".

SMALL WONDER THEN, THAT PRESSURES FOR IMPORT RESTRICTIONS AND OTHER FORMS OF HIGHER PROTECTION HAVE BEEN GROWING, THAT BUSINES COMMUNITIES GENERALLY HAVE BEEN CAUTIOUS, AT LEAST ABOUT THE TIMELINESS OF FURTHER TRADE LIBERALIZATION AND THAT SOME ECONOMISTS HAVE FLAGGED THE VULNERABILITY OF

NATIONAL ECONOMIES TO EXTERIOR FORCES IF "INTERDEPENDENCE" IS CARRIED TOO FAR. AND IT IS TRUE THAT GOVERNMENTS HAVE HAD TO BE RESPONSIVE IN A NUMBER OF PARTICULARLY DIFFICULT SECTORS TO THE PROBLEMS BEING EXPERIENCED BY THEIR PRODUCERS AND ARISING FROM INJURIOUS IMPORT COMPETITION.

WHATEVER THE LONGER-TERM BENEFITS THROUGH TRADE OF CHANGING PATTERNS OF COMPARATIVE ADVANTAGE, NO COUNTRY CAN BE EXPECTED TO ADJUST ITS ECONOMY AT RATES THAT PLACE INTOLERABLE BURDENS ON ITS ECONOMIC AND SOCIAL FABRIC. AND IN THESE CIRCUMSTANCES, GOVERNMENTS WOULD BE DELINQUENT IN THEIR RESPONSIBILITIES IF THEY FAILED TO ACT AGAINST UNFAIR AND INJURIOUS COMPETITION THAT CAN RESULT FROM DUMPING AND SUBSIDIZATION PRACTICES OF OTHERS OR WHERE DISRUPTIVE IMPORTS IN THE ORDINARY COURSE OF TRADE CAUSE OR THREATEN SERIOUS INJURY. SUCH "SAFEGUARDING" ACTIONS ARE, OF COURSE, PERMITTED UNDER GATT.

REFLECTING THE MORE DIFFICULT ECONOMIC CIRCUMSTANCES OF RECENT TIMES THE TERMINOLOGY OF TRADE HAS BEEN UNDERGOING CHANGE - "FREE TRADE" IS NO LONGER LOOSELY USED TO CHARACTERIZE TRADE LIBERALIZATION. IF LIBERALIZATION THERE MUST BE, "FREER TRADE" OR "FAIRER TRADE" AND "ADEQUATE SAFEGUARDS" ARE THE PHRASES OF THE DAY. AND IF IN NEGOTIATION YOU PURCHASE BETTER ACCESS TO FOREIGN MARKETS THROUGH TARIFF REDUCTION, BE SURE THAT YOUR PARTNER DOES NOT MAINTAIN OR INVENT SOME NEW NON-TARIFF BARRIER TO TAKE AWAY WITH ONE HAND WHAT HE HAS PROMISED WITH THE OTHER. AND BE CAREFUL NOT TO SUBSCRIBE TO INTERNATIONAL RULES WHICH YOUR COUNTRY WILL BE EXPECTED TO OBSERVE, BUT WHICH OTHERS MAY BE PREPARED TO BREACH WITH IMPUNITY.

...6

WHATEVER YOU MAY THINK OF THESE CONCERNS AND OF THE MORE DEFENSIVE TERMINOLOGY WHICH HAS EMERGED, YOU WILL AGREE THAT THE UNDERLYING ECONOMIC PROBLEMS, AND THE REACTIONS OF BUSINESS AND GOVERNMENTS THERETO, HARDLY CONSTITUTE AN ENCOURAGING BACKGROUND TO THE LARGEST AND MOST COMPREHENSIVE WORLD TRADE NEGOTIATION ATTEMPTED SINCE WORLD WAR II. AND YOU WOULD BE RIGHT.

BUT YOU WOULD BE WRONG TO CONCLUDE THAT BECAUSE CIRCUMSTANCES HAVE BEEN SO INAUSPICIOUS, THE GENEVA MULTILATERAL TRADE NEGOTIATIONS CANNOT BE BROUGHT TO A SUCCESSFUL CONCLUSION AND CANNOT HAVE POSITIVE IMPACT DESPITE THE ECONOMIC DIFFICULTIES FACING THE WORLD COMMUNITY.

WHILE EVEN NOW IT IS TOO EARLY TO BE SURE, THE MORE LIKELY SCENARIO IS THAT THE MTN WILL YIELD IMPORTANT AND GENERALLY ACCEPTABLE RESULTS, AND WITH RESPECT TO BOTH TARIFF AND NON-TARIFF BARRIERS TO TRADE. THIS IS NOT TO SUGGEST THAT THERE ARE NOT IMPORTANT NEGOTIATING ISSUES STILL OUTSTANDING, OR THAT THE REACTIONS OF GOVERNMENTS AND OF THE U.S. CONGRESS TO WHAT IS BEING NEGOTIATED COULD NOT UPSET THE DELICATE BALANCES WHICH ARE BEGINNING TO EMERGE. BUT, I DO SUGGEST SUFFICIENT PROGRESS HAS BEEN MADE, OR IS IN PROSPECT AND SUFFICIENT MOMENTUM HAS BEEN ACHIEVED, THAT INCREASINGLY EACH PARTICIPANT OR GROUP OF PARTICIPANTS WILL BE RELUCTANT TO PUT THE WHOLE AT RISK ON NON-FUNDAMENTAL POINTS OF NATIONAL INTEREST.

YOU WILL HAVE SEEN THAT A NUMBER OF PAIRS OF COUNTRIES INCLUDING THE UNITED STATES AND JAPAN WERE ABLE TO ANNOUNCE JUST BEFORE CHRISTMAS THAT THEY HAD REACHED SUBSTANTIAL AGREE-

...7

MENT, ON A BILATERAL BASIS, ON ISSUES OF PARTICULAR INTEREST BETWEEN THEM. WHILE ALL OF THESE AGREEMENTS ARE PROVISIONAL AND RELATED TO THE OUTCOME AS A WHOLE, THEY CONSTITUTE AN IMPORTANT INDICATION BOTH OF THE WILLINGNESS AND OF THE DETERMINATION OF THE MAIN PARTICIPANTS TO REACH AN ACCOMMODATION ON TARIFF AND NON-TARIFF ISSUES. THEY ARE ALSO EVIDENCE OF THE CONCRETE MEASURE OF SUCCESS WHICH IT IS NOW POSSIBLE TO RECORD. IN SIMILAR VEIN, THE USA/EUROPEAN COMMUNITY STATEMENT OF DECEMBER 22ND INDICATED THAT THE TWO DELEGATIONS HAD ESSENTIALLY RESOLVED THEIR DIFFERENCES ON NON-TARIFF MEASURES AND THAT THE MAJOR ELEMENTS FOR A FINAL BALANCE IN THE AGRICULTURAL SECTOR WERE NOW ON THE TABLE. ON TARIFFS, IT WAS STATED THAT WHILE THE MAJOR ELEMENTS FOR A "SUBSTANTIAL DEAL" WERE PRESENT, FURTHER BILATERAL NEGOTIATIONS WOULD BE NEEDED TO REACH A MUTUALLY SATISFACTORY AGREEMENT BOTH IN QUANTITATIVE AS WELL AS QUALITATIVE TERMS.

THE STATEMENT ISSUED BY THE CHIEF CANADIAN NEGOTIATOR, AMBASSADOR RODNEY GREY, ALSO ON DECEMBER 22ND, LIKEWISE NOTED THAT SO FAR AS NON-TARIFF BARRIERS WERE CONCERNED, DRAFT AGREEMENTS ON GOVERNMENT PROCUREMENT, IMPORT LICENSING PROCEDURES, TECHNICAL BARRIERS TO TRADE, VALUATION AND CERTAIN TECHNICAL ADJUSTMENTS TO THE ANTI-DUMPING CODE WERE AT AN ADVANCED STAGE.

AS TO THE TARIFF NEGOTIATIONS, (INCLUDING THOSE FOR AGRICULTURAL AND FISHERIES AS WELL AS INDUSTRIAL PRODUCTS) AMBASSADOR GREY INDICATED THAT THE POSITION WAS ALSO WELL ADVANCED BUT THAT DIFFICULT ACCESS ISSUES FOR A NUMBER OF PARTICULAR PRODUCTS REMAIN TO BE NEGOTIATED WITH THE EUROPEAN COMMUNITY,

JAPAN AND THE UNITED STATES. THE CANADIAN DELEGATION ENVISAGES SIGNIFICANT AGREEMENTS BEING REACHED WITH THESE TRADING PARTNERS OVER THE COMING WEEKS. THE SETTLEMENTS REACHED WILL OF COURSE BE SUBJECT TO THE APPROVAL OF THE GOVERNMENT OF CANADA.

WHAT DOES ALL THIS MEAN IN TERMS OF THE COMPLETION OF THESE LENGTHY AND IMPORTANT NEGOTIATIONS? FIRST, AND AS WILL BE APPARENT FROM WHAT I HAVE ALREADY SAID, SOME SUBSTANTIVE ISSUES REMAIN FOR RESOLUTION IN THE PERIOD IMMEDIATELY AHEAD. IN THE NON-TARIFF AREA, FOR EXAMPLE, THE QUESTION OF THE ACTUAL COVERAGE OF THE PROPOSED AGREEMENT ON GOVERNMENT PROCUREMENT, IN TERMS OF THE ENTITIES AND THUS THE TYPE OF PRODUCTS TO BE INCLUDED, IS NOT YET SETTLED. ANOTHER IMPORTANT NON-TARIFF ISSUE ARISES IN CONNECTION WITH THE PROPOSED NEW RULES FOR "SAFEGUARDS" - THAT IS THE RIGHT OF A COUNTRY TO TAKE SPECIAL AND NON-PERMANENT RESTRICTIVE ACTION AGAINST INJURIOUS IMPORTS. HERE A KEY QUESTION IS WHETHER OR NOT, AND IF SO UNDER WHAT CONDITIONS, A COUNTRY MIGHT BE PERMITTED TO APPLY SUCH SAFEGUARDS IN A "SELECTIVE" MANNER - THAT IS AGAINST THE COUNTRY OR COUNTRIES CAUSING THE INJURY, RATHER THAN AGAINST ALL FOREIGN SOURCES OF THE PRODUCT CONCERNED.

SO FAR AS TARIFFS THEMSELVES ARE CONCERNED, WHAT HAS BEEN AGREED BILATERALLY UP TO THIS POINT - AND MUCH HAS BEEN AGREED - IS STILL DEPENDENT IN MANY CASES ON WHAT OTHER COUNTRIES WITH A SIGNIFICANT INTEREST IN THE PRODUCT AREA CONCERNED ARE PREPARED TO DO. SO OVER AND ABOVE THOSE AREAS WHERE BILATERAL SETTLEMENTS ARE STILL OUTSTANDING, THERE REMAINS THE QUESTION OF FINAL BALANCING BETWEEN ALL THE COUNTRIES CONCERNED. THIS WILL BE A VIGOROUS PROCESS SINCE DIFFICULT ISSUES TEND

...9

INEVITABLY TO REMAIN UNRESOLVED UNTIL THE LAST MOMENT AND IT IS FREQUENTLY THE CASE THAT ONE'S COUNTRY HIGH EXPORT PRIORITIES ARE PRECISELY IN THE AREA OF ANOTHER COUNTRY'S HIGH IMPORT SENSITIVITY.

TRADITIONALLY, AGRICULTURAL NEGOTIATIONS HAVE BEEN DIFFICULT BETWEEN COUNTRIES AND CERTAIN OF THE AGRICULTURAL MATTERS UNDER DISCUSSION WILL PROBABLY REMAIN UNDER NEGOTIATION UNTIL PRETTY WELL THE END OF THE DAY. BUT SIGNIFICANT PROGRESS HAS ALREADY BEEN MADE IN A NUMBER OF AREAS INCLUDING UNDERSTANDINGS WITH RESPECT TO TRADE IN DAIRY PRODUCTS AND BOVINE MEATS. AND PROGRESS HAS ALSO BEEN REGISTERED WITH RESPECT TO A FORUM WITHIN THE GATT FOR THE DISCUSSION OF TRADE RELATED AGRICULTURAL MATTERS GENERALLY IN THE POST MTN PERIOD. ALTHOUGH THE NEGOTIATIONS FOR A NEW INTERNATIONAL WHEAT AGREEMENT ARE TAKING PLACE UNDER UNCTAD AUSPICES, CERTAIN COUNTRIES REGARD THEIR OUTCOME AS CLOSELY LINKED TO THE AGRICULTURAL NEGOTIATIONS IN THE MTN. THE IWA NEGOTIATIONS AND THE RELATED NEGOTIATION OF A COARSE GRAINS AGREEMENT AND FOOD AID CONVENTION ARE SCHEDULED TO RESUME IN GENEVA ON JANUARY 22ND.

ANOTHER IMPORTANT FEATURE OF THE NEGOTIATIONS OVER THE NEXT COUPLE OF MONTHS WILL BE THE COMPLETION OF TARIFF NEGOTIATIONS WITH AND BETWEEN A NUMBER OF COUNTRIES OTHER THAN THE MAIN PARTICIPANTS, INCLUDING CERTAIN OF THE DEVELOPING COUNTRIES AND A NUMBER OF COUNTRIES OF EASTERN EUROPE. HIGH PRIORITY WILL BE GIVEN TO BRINGING TO FINALITY THE DISCUSSION OF CERTAIN CHANGES IN THE GATT AIMED AT IMPROVING THE TRADING FRAMEWORK WITH DEVELOPING COUNTRIES. AN IMPORTANT

...10

FEATURE OF SUCH CHANGE IS LIKELY TO BE A GENERAL ENABLING CLAUSE WHICH WOULD PERMIT DEVELOPED COUNTRIES, UNDER PRESCRIBED CONDITIONS, TO EXTEND SPECIAL AND DIFFERENTIAL TREATMENT TO DEVELOPING COUNTRIES IN RESPONSE TO THEIR PARTICULAR ECONOMIC NEEDS. WHILE DEVELOPING COUNTRIES ARE NOT EXPECTED TO PROVIDE FULLY RECIPROCAL CONCESSIONS FOR BENEFITS RECEIVED IN TRADE NEGOTIATIONS, THEY WILL BE EXPECTED TO ASSUME PROGRESSIVELY INCREASED GATT OBLIGATIONS AS THEIR TRADE AND ECONOMIES DEVELOP - THAT IS, TO ACCEPT THE PRINCIPLE OF WHAT HAS COME TO BE KNOWN AS "GRADUATION".

ALTHOUGH THIS AREA OF THE MTN NEGOTIATIONS HAS BEEN GIVEN RELATIVELY LITTLE ATTENTION BY THE MEDIA, I BELIEVE THAT THE RESULTS OF WHAT EVENTUALLY COMES OUT OF GENEVA WILL BE OF GREAT IMPORTANCE, ONE WAY OR THE OTHER, IN TERMS OF THE TONE AND SHAPE OF NORTH/SOUTH RELATIONS. CERTAINLY THE MTN OUTCOME WILL COME UNDER CRITICAL EXAMINATION WHEN UNCTAD V CONVENES IN MANILLA NEXT MAY.

QUITE APART FROM THE BROAD POLITICAL/ECONOMIC ASPECTS IT IS IMPORTANT TO KEEP IN MIND THE INCREASING SIGNIFICANCE OF THE DEVELOPING WORLD IN TERMS OF GLOBAL ECONOMIC INTERDEPENDENCE. ALTHOUGH ADMITTEDLY STARTING FROM A MUCH LOWER BASE, REAL GROWTH OF DEVELOPING COUNTRIES HAS AVERAGED OVER 6% SINCE 1960, COMPARED WITH 4% FOR THE INDUSTRIALIZED COUNTRIES. SINCE THE 1950'S, THE COMBINED G.N.P. OF DEVELOPING COUNTRIES HAS RISEN FROM 6% TO 16% OF THE GLOBAL TOTAL. AND THEIR IMPORTS FROM DEVELOPED COUNTRIES HAVE IN THE 1970'S BEEN INCREASING AT A RATE OF NEARLY 30% PER ANNUM, INCLUDING THE RECESSION YEARS OF 1974-75. THE MESSAGE IS, I THINK, CLEAR - THE DEVELOPING WORLD IS ON THE MOVE.

...11

THE DEVELOPING COUNTRIES, PARTICULARLY THE MOST ADVANCED, ARE ALREADY IMPORTANT TRADING PARTNERS AND WILL BE SO INCREASINGLY FROM BOTH THE EXPORT AND IMPORT POINTS OF VIEW. ACCORDINGLY, THE RULES GOVERNING SUCH TRADE ARE LIKELY TO BE OF MUCH GREATER RELATIVE SIGNIFICANCE IN THE YEARS AHEAD THAN IN THOSE WE LEAVE BEHIND.

FROM WHAT I HAVE SAID IT WILL BE CLEAR THAT DELEGATIONS IN GENEVA ARE GOING TO BE FULLY EMPLOYED AS WE MOVE THROUGH THE FINAL STRETCH OF THE MTN. QUITE APART FROM THE AREAS WHERE TENTATIVE AGREEMENT HAS NOT YET BEEN REACHED, THE ARDUOUS AND DEMANDING WORK OF TRANSLATING ALL AGREEMENTS AND CODES INTO APPROPRIATE CONTRACTUAL LANGUAGE AND THE PREPARATION OF NECESSARY FINAL DOCUMENTATION AND SCHEDULES STILL LIES AHEAD. BECAUSE OF THE VOLUME AND COMPLEXITY OF THE TASK INVOLVED, THE TIME FRAME FOR COMPLETING THIS PROCESS WILL NECESSARILY BE MEASURED IN MONTHS RATHER THAN WEEKS.

MEANTIME, AND ON THE BASIS OF PROGRESS TO DATE AND IN SIGHT, THE PRESIDENT OF THE UNITED STATES HAS NOW GIVEN CONGRESS THE 90 DAY NOTICE OF INTENTION TO SIGN MTN TRADE AGREEMENTS WHICH IS REQUIRED UNDER U.S. LAW. THEREAFTER AND ASSUMING THE NEGOTIATIONS HAVE BEEN SATISFACTORILY CONCLUDED, THE UNITED STATES DELEGATION WOULD BE IN A POSITION FORMALLY TO SIGN THE AGREEMENTS REACHED IN GENEVA.

OF COURSE, THE NEGOTIATIONS COULD BE DEEMED TO BE SUBSTANTIALLY CONCLUDED AS TO SUBSTANCE BEFORE THEN. HOWEVER, THE EUROPEAN COMMUNITY POSITION IS THAT EVEN IF TENTATIVE AGREEMENTS HAVE BEEN REACHED ACROSS THE BOARD, THE FINAL "OK" SHOULD NOT BE GIVEN UNTIL THE U.S. CONGRESS

...12

HAS ACTED AFFIRMATIVELY ON RETROACTIVE EXTENSION OF THE WAIVER OF CERTAIN COUNTERVAILING DUTIES AGAINST IMPORTS FOR WHICH U.S. LEGAL AUTHORITY LAPSED ON JANUARY 2ND. THE EXTENSION OF THIS PREVIOUSLY EXISTING WAIVER AUTHORITY IS ALSO IMPORTANT TO CANADA BECAUSE CERTAIN OF OUR EXPORTS, INCLUDING FISH, WOULD STAND TO BE ADVERSELY AFFECTED IN THE ABSENCE OF U.S. ACTION TO AVOID THE COLLECTION OF COUNTER-VAILING DUTIES.

ASSUMING THEN THAT ALL GOES WELL IN THE PERIOD AHEAD AND THAT GOVERNMENTS AND THE U.S. CONGRESS DO NOT HAVE MAJOR DIFFICULTIES WITH WHAT HAS BEEN WORKED OUT AD REFERENDUM BY DELEGATIONS, THE GENEVA PHASE OF THE MTN COULD BE FORMALLY ENDED BEFORE SPRING IS TOO FAR ADVANCED. THEREAFTER, IT WILL BE UP TO THE PARTICIPANTS TO UNDERTAKE DOMESTIC LEGISLATION OR OTHER PROCEDURES AS NECESSARY TO PERMIT THEM TO IMPLEMENT THE AGREEMENTS SIGNED. FOLLOWING SUCH DOMESTIC ACTION IMPLEMENTATION WILL ACTUALLY TAKE PLACE IN ACCORDANCE WITH THE PROVISIONS OF THE VARIOUS CODES AND AGREEMENTS GOVERNING THEIR ENTRY INTO FORCE AND WITH WHATEVER SCHEDULE IS ESTABLISHED FOR THE PHASED IMPLEMENTATION OF TARIFF REDUCTIONS. A NUMBER OF QUESTIONS ABOUT THE TIMING OF IMPLEMENTATION OF CODES AND THE PHASING OF TARIFF-CUTTING REMAIN TO BE WORKED OUT. HOWEVER, IT IS NOT ANTICIPATED THAT ANY IMPLEMENTATION ACTION WOULD BE TAKEN BY PARTICIPANTS BEFORE 1980 AND, AS PREVIOUSLY ENVISAGED, TARIFF PHASING WOULD, AS THE NORM, BE SPREAD OVER EIGHT YEARS.

...13

WE ARE THUS LOOKING TOWARDS THE END OF A NEGOTIATING PROCESS WHICH WILL HAVE LASTED FOR SIX YEARS SINCE THE TOKYO DECLARATION OF 1973. THE EVENTUAL RESULTS, TOGETHER WITH EXISTING GATT RULES AND OBLIGATIONS, WILL SET THE MAIN FEATURES OF THE TRADING FRAMEWORK FOR THE NEXT DECADE, OR LONGER INTO THE FUTURE. A SUCCESSFUL OUTCOME OF THE MTN SHOULD GIVE MUCH GREATER CERTAINTY AND CONFIDENCE ABOUT THE TRADING ENVIRONMENT TO PRODUCERS, MANUFACTURERS AND TRADERS, BOTH IN GENERAL AND IN TERMS OF DAY TO DAY BUSINESS. THIS GREATER CERTAINTY, TOGETHER WITH THE KNOWLEDGE THAT GOVERNMENTS HAVE BEEN ABLE TO GIVE A POSITIVE AND COOPERATIVE DIRECTION TO THEIR COMMERCIAL POLICIES, SHOULD ALSO PROVE TO BE AN IMPORTANT AFFIRMATIVE FACTOR IN TERMS OF INVESTMENT DECISIONS, DOMESTICALLY AND INTERNATIONALLY. THE NEW AND AGREED FRAMEWORK FOR TRADE INCLUDING, OF COURSE, IMPROVED ACCESS TO EACH OTHERS' MARKETS SHOULD IN ADDITION BOTH STIMULATE AND HELP GOVERNMENTS AND INDUSTRIES TO ADAPT AND ADJUST THEIR ECONOMIES AND PRODUCTION TO CHANGING CIRCUMSTANCES. BY THE SAME TOKEN AND AGAINST THE BACKGROUND OF IMPROVED RULES FOR DEALING WITH INJURIOUS IMPORTS, GOVERNMENTS SHOULD BE IN A BETTER POSITION TO RESIST THE SORTS OF PROTECTIONIST PRESSURES WHICH WOULD FREEZE UNECONOMIC PATTERNS OF ECONOMIC ACTIVITY FOR PERIODS BEYOND THOSE REQUIRED FOR REASONABLE ADJUSTMENT WITHOUT UNACCEPTABLE SOCIAL COST.

FINALLY, IF, AS I HOPE, THE MTN CAN BE BROUGHT TO A WORTHWHILE CONCLUSION WE WILL HAVE HEADED OFF THE SPECTRE OF FAILURE AND THE CONSEQUENT RAPID DRIFT TO TRADE RESTRICTIONISM AND "BEGGAR THY NEIGHBOUR" POLICIES WHICH HAS

BEEN WAITING IN THE WINGS AND INDEED HAS OCCASIONALLY TAKEN THE SPOTLIGHT IN THE DIFFICULT YEARS SINCE 1974. BECAUSE THE NEGOTIATIONS HAVE DEALT WITH NON-TARIFF AS WELL AS TARIFF BARRIERS, BECAUSE THEY HAVE ADDRESSED THE GENERAL RULES OF GATT AND BECAUSE IN TARIFF NEGOTIATIONS MANY QUALITATIVE ASPECTS ARE INVOLVED, AS WELL AS PARTICULAR REGIONAL OR SECTORAL CONSIDERATIONS, IT MAY NEVER PROVE POSSIBLE TO QUANTIFY IN ANY MEANINGFUL WAY THE RESULTS OF THE MTN TAKEN AS A WHOLE. BUT HOWEVER THE BENEFITS ARE EVALUATED ONE MASSIVE POSITIVE FACTOR WILL HAVE BEEN THE AVOIDANCE OF THE BREAKDOWN OF INTERNATIONAL TRADE COOPERATION AND THE SELF-DEFEATING CHAOS WHICH IN MY VIEW WOULD THEN HAVE ENSUED.

I BELIEVE, IT WAS IN SIGNIFICANT MEASURE FEAR OF THIS ALTERNATIVE AND FRIGHTENING SCENARIO, WHICH MOTIVATED THE LEADERS OF THE INDUSTRIALIZED WORLD IN THEIR INSISTANCE AT SUCCESSIVE SUMMIT MEETINGS THAT PROTECTIONIST FORCES SHOULD BE RESISTED AND THE NEGOTIATIONS BROUGHT TO A SATISFACTORY CONCLUSION.

IT WAS ALSO, OF COURSE, AWARENESS OF THE POSITIVE LONG-TERM BENEFITS FOR GROWTH, WEALTH CREATION AND EMPLOYMENT WHICH WOULD FLOW FROM AN IMPROVED TRADING ENVIRONMENT AND THE FURTHER OPENING UP FOR TRADING OPPORTUNITIES WHICH THE REDUCTION OF TARIFF AND NON-TARIFF BARRIERS WOULD ENTAIL. IN THIS CONNECTION, PROFESSOR TINBERGEN, IN A 1978 STUDY UNDER U.N. AUSPICES HAS ESTIMATED THAT BETWEEN THE BEGINNING OF THIS DECADE AND THE END OF THE CENTURY THE PHYSICAL VOLUME OF WORLD TRADE

...15

IS LIKELY TO INCREASE MORE THAN FIVEFOLD. WORLD TRADE WOULD GROW MORE RAPIDLY THAN WORLD OUTPUT AND BY THE YEAR 2000, HE ESTIMATES THAT ABOUT 15% OF ANNUAL WORLD GROSS PRODUCT WILL CROSS NATIONAL BORDERS, COMPARED WITH JUST OVER 10% IN 1970.

I ASSUME THAT THE POLITICAL WILL SO CONSISTENTLY AFFIRMED BY SUMMIT LEADERS WILL REMAIN PRESENT. ACCORDINGLY, WE MAY HOPE, AND WITH A MEASURE OF CONFIDENCE, THAT THE MTN HARVEST CAN IN FACT BE GATHERED IN. I TRUST THAT WHEN THIS HAPPENS GLASSES WILL BE RAISED IN EACH OF YOUR WORLD TRADE CENTRES AND BY THE MEMBERS OF ALL OF YOUR OVER 100 AFFILIATED ORGANIZATIONS IN 46 COUNTRIES THROUGHOUT THE WORLD. THEN EACH SHOULD TURN AGAIN TO THE TASKS IN HAND. AS WE ADAPT TO THE POST MTN WORLD, GOVERNMENTS WILL OF COURSE BE THERE TO HELP BOTH TO TAKE ADVANTAGE OF OPPORTUNITY AND TO CUSHION DOWNSIDE ADJUSTMENT, WHERE THIS IS NECESSARY. BUT THE MAIN JOB WILL BE UP TO THOSE DIRECTLY INVOLVED IN THE PRODUCTIVE PROCESS AND AT WHATEVER LEVEL. AND, AS WOULD BE THE CASE IN ANY EVENT, THE PRIZES WILL NOT GO TO THE HESITANT, THE BACKWARD LOOKING OR THOSE WAITING FOR GOVERNMENT TO VENUE ALL THE RISKS.

YOU HAVE MY SUPPORTIVE BEST WISHES IN THE ENCOURAGEMENT WHICH WORLD TRADE CENTRES ARE DEDICATED TO GIVING TO THE EXPANSION OF WORLD TRADE. I CAN ASSURE YOU FROM EXPERIENCE THAT IN THE FUTURE AS IN THE PAST THERE WILL BE NO DEARTH OF TRADING OPPORTUNITIES TO BE SEIZED NOR OF TRADING PROBLEMS TO OVERCOME. I TRUST THAT SUCH PROBLEMS WILL BE ADDRESSED IN

...16

A COOPERATIVE WAY BY BUSINESS AND GOVERNMENT ALIKE. I HOPE, AS HAS BEEN THE CASE DURING THE TOKYO ROUND, THAT GOVERNMENTS IN FORMULATING POLICY AND COPING WITH SUCH DIFFICULTIES AT THE NATIONAL AND INTERNATIONAL LEVELS WILL INCREASINGLY WORK WITH BUSINESS IN SO DOING. WHILE FINAL DECISIONS MUST NECESSARILY REST WITH GOVERNMENT, IT IS MORE AND MORE IMPORTANT TO ENSURE THAT THE BUSINESS COMMUNITY IS GIVEN MEANINGFUL OPPORTUNITY TO MAKE THE SORTS OF CONTRIBUTIONS TO GOVERNMENT DECISION MAKING WHICH, BECAUSE OF THEIR DAY TO DAY EXPERIENCE IN THE MARKET PLACE, BUSINESSMEN ARE IN THE BEST POSITION TO OFFER.

I THANK YOU MR. CHAIRMAN FOR HAVING GIVEN ME THE OCCASION TO ADDRESS YOU ON THIS THE FORMAL OPENING DAY OF THE TORONTO WORLD TRADE CENTRE;ALL GOOD FORTUNE IN YOUR ENDEAVOURS AND IN PARTICULAR IN ACTING AS HOST LATER THIS YEAR TO THE TENTH GENERAL ASSEMBLY OF THE WORLD TRADE CENTRES ASSOCIATION.

Government of Canada / Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

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BACKGROUND INFORMATION

Attached is the text of the remarks on the Multilateral Trade Negotiations by the Secretary of State for External Affairs, Don Jamieson,to the Young Presidents' Organization of Ontario, at the Granite Club, Toronto, Monday February 5, 1979.

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Remarks by the Secretary of State for External Affairs, Don Jamieson, to the Young Presidents' Organization of Ontario, at the Granite Club, Toronto, Monday February 5, 1979.

Thank you very much Mister Chairman and gentlemen. I am very pleased to be with you and also with the format of the meeting. I enjoy much more than a formal presentation the ability to talk off the cuff as it were and also the fact that I will be meeting with the media afterwards. This does not mean incidentally that I am going to talk and run. I will be glad to come back after a few minutes and answer any questions that you may have of me although I am delighted that we have Ambassador Warren here with us today and he of course has been"carrying the can"as it were on the negotiations from the beginning and is certainly far better equipped than I to answer any sort of specific questions that you may have.

What I thought that I might do this afternoon is to give you an overview of the situation as it presently exists, indicate to you some of the rationale behind not only Canada's actions but those of other participants. I will try to the best of my ability and with a rather obscure vision in the crystal ball to indicate where I think the GATT negotiations and various related issues may take us over the next decade or so.

First of all as to timing. We are now getting down to the point where I think it is possible to forecast that we will have a general agreement wrapping up most of the elements of the MTN this spring. The date that is being aimed for is sometime in

April and it looks now as if that will be met. There are a great many, of course, last minute and very important details still to be ironed out but I believe that it is fair to say that the general direction of the negotiations is now becoming clearer and at the very least we have been able to identify some of the major issues that remain to be resolved. One of those is of course very much a factor in whether or not that agreement comes in April and that is the ability of the United States administration to persuade Congress to extend the limitations which were imposed almost arbitrarily last year because of the conditions of American law with regard to the countervailing duties. You may recall that just before Christmas, indeed back in November and prior actually to the Congressional elections in the United States, the waiver provision which the American administration had with regard to certain countervails actually expired, and Congress adjourned without having dealt with it. We have succeeded through a great deal of very delicate kind of negotiations to put in place the mechanism for keeping it from being harmful in the interim but the European Community and ourselves have made it very clear that we will not proceed on to the major body of the MTN and the completion until such time as Congress reimposes or restores is perhaps the more appropriate word, the various capabilities of the administration with regard to countervail

I said at the outset that I wouldn't go into detail and Jake Warren may not be able to do so either on too many specifics because this is a crucial period in the talks.

Obviously in negotiations, as you gentlemen in your business capacities will know, it is not wise in a period such as this to in a sense "tip your hand". I can I believe give you some background that will be helpful and the questioning no doubt will enable me to elaborate still further and help Jake Warren also to give you more detail.

Basically of course, before we start talking about what the MTN is going to do, we really have to understand what it is and there are times when I encounter a fair amount of confusion not only in the business community but in the country at large and in fact in some areas of government and provincial governments as to just what is involved here. Actually, it is not a new exercise. It is not a unique approach that is being taken. This current round which is referred to as the Tokyo Round is the seventh set of negotiations that have taken place since 1948. The post war period has seen a progression of international negotiations primarily up to now designed and centered upon tariffs and the reduction of tariffs. That has been the principle ingredient in the six previous sets of negotiations. The present one is far more comprehensive and therefore far more important in many respects although I would not want to diminish at all the effectiveness of what has been done in the last twenty five years. I think many of you as businessmen will acknowledge that had we not had this new approach, a slow and faltering one to begin with but nevertheless a new approach over this last quarter century then world trade probably would have been much more disrupted

than it is at the present time. And insofar as Canada is concerned, I believe we can look at the past twenty five years and indicate that the predecessors of MTN have all been very helpful in giving to Canada a better trading environment and better opportunities overseas. This time we have gone considerably beyond a mere discussion of a negotiation of tariffs. That continues of course to be a pivotal and central part of the negotiations. But in addition to that there have been other factors added. Among them for example some mechanism for dealing more effectively with what have come to be called non tariff barriers. If any of you have had the experience of seeking to deal with many foreign countries, indeed in some respects in dealing as closely as with our neighbour in the United States, you will know that there are many occasions when the tariff has not proved to be as much of an impediment as some of these what have come to be called non tariff barriers. The Japanese market in particular I suspect is probably the most dramatic example of how non tariff barriers can be a prohibition to a freer sort of trade environment. And so therefore a great deal of emphasis is being placed in this round of talks on normalizing and in a way legitimizing the whole question of non tariff barriers and of trying to achieve what is really the second objective to which I want to refer and that is a more orderly and stable world trading environment.

The biggest difficulty in many respects in the past and particularly over these last four or five years has been that businessmen

and governments have never been quite sure in terms of introducing new policies or in the case of business undertaking new and agressive sales techniques whether the ground rules were in fact going to be changed in mid-stream.

This has been especially true in a lot of the markets to which we in Canada have been looking under what has come to be described as the third option. We of course are referring in that context to the European Community, to Japan and particularly to some of the emerging countries. In virtually all of these there has been a good deal of uncertainty about what non tariff barriers are likely to do. One or two examples from our experience in Canada are obvious and I suppose the one that comes most readily to mind is the Michelin case in Nova Scotia where a whole question of governmental assistance for regional economic development was called into question by the action of the United States under what might be described as a non tariff barrier item. And as a result of that, for these last three or four years, although I have to say that the American administration has been co-operative, it has always been hanging over us, this question of whether or not once a grant was provided for a company to locate in one of the under developed parts of Canada whether in the United States or elsewhere, this grant might in fact be taken into account in establishing tariffs or in some way or other moving in a protectionist direction. And so I repeat that the objectives beyond tariffs in these

negotiations are number one to deal with the whole question of non tariff barriers and more broadly to try to get more of a sense of security for the next decade or more in the sense of your dealings with foreign markets and the like.

The second point that I think is important to bear in mind with regard to the current set of MTN negotiations is the climate in which they now find themselves. They began of course in 1973 and as all of us know, you businessmen in particular, 1973 bears very little resemblance in terms of the business climate to 1979 if for no reason other than the energy crisis which has intervened and a whole series of other developments such as some strains of considerable proportions on the world monetary system and the like. And so therefore there have been particularly in the last three or four years, pressures and certainly criticisms that this whole round of tariff negotiations ought to be either shelved or diminished in its importance because of the current economic situation. Well it was our view, shared by all of the industrialized countries of the world, that the exact opposite was of course the necessity: namely that given the precarious nature of the world's economic situation if there was not to be a determination and a strong commitment toward tariff reform and the various other matters to which I have referred then the inevitable development would be an almost irresistible demand in country after country for more

protectionism. This was the pattern back in the 1930's when we all saw the effects of the "beggar thy neighbour" kind of approach to things. So it was why at the London Summit in 1977 and again at the Bonn Summit in 1978 the leaders of the seven major industrialized countries including Prime Minister Trudeau of Canada reaffirmed their commitment to a comprehensive MTN and also to meeting the deadlines that we had set for ourselves as a counterweight to what was emerging in all of our countries including Canada as a perfectly obvious tendency towards greater protectionism.

In the Canadian context of course we have had particular problems with regard to protection and various demands of industries for greater shelter or for a greater degree of protection in one way or another from imports. And I should say in this regard that while we are seeking through the MTN negotiations the kind of more secure and open world trading environment to which I have referred, no country, most of all Canada, is going to take the position that we are totally devoid of any appropriate or entirely legitimate right to protect industries or sectors that are suffering or are threatened by excessive imports or indeed by inappropriate exporting techniques by other countries. And so therefore, we have quite legitimately under the existing GATT rules, moved in these last few years to protect some of our particularly vulnerable industries, two of which coming to mind of course right away being textiles and footwear but there have been others as well. On the whole however, I think

a case can clearly be made that Canada is a country that would suffer most of all if there was to be an enormous increase in the tendency toward protection, particularly in our largest markets and those which are now rapidly developing

By the way may I say parenthetically that another objective of the MTN is to look at this immense problem, and at the same time opportunity that is created by what has come to be called the North-South Dialogue, that is the relationship between the developed and the developing world. This round of the tariff negotiations as opposed to the other six is unique in the sense that it is seeking at least in so far as it can to accommodate some of the legitimate aspirations of the developing countries. And perhaps while I'm on that subject I might elaborate slightly by saying that we in this country and I believe this is true of most enlightened people in the developed world, do not regard our assistance to the developing world as being something of a charitable kind of gesture.

One of the problems in the developing world is that first of all although they refer to themselves in a sort of cohesive way as the group of 77 or some other designation there is a vast difference in the economies let us say of Brazil on the one hand which still regards itself as a developing country and Tanzania or some other African country on the other. So therefore, it is exceedingly difficult to craft any one cohesive set of policies that is responsive to all of those needs at the same time and

of course they are discovering even among themselves these days that what they have been seeking with regard to, for example, commodity agreements or some assurances with regard to basic prices for raw materials that they don't always fit into the same pattern. There is I repeat a big difference between a single commodity country which is producing only cocoa or coffee or some other raw material such as that, and a country which has a very diversified base such as many of those that are emerging in Latin America. So consequently, when we hear and see the various declarations made at meetings of UNTAD and other organizations which seem to suggest that there is a solidarity and a single point of view within the developing world,Ican assure you now from very wide experience that this simply is not the case. You will find that some of the countries now emerging which have oil reserves and have suddenly discovered that they have a good energy base are now taking a second look at whether they ought to for example indulge in the business of debt forgiveness because instead of being debtors on the one hand they are starting to be creditor countries insofar as some of their neighbours and others are concerned and so no simple formula exists to deal with them.

There is another point that perhaps is worth mentioning because each one of these things leads to another. It is a matter of great interest to us in Canada as to whether or not we can introduce into some of these developing countries

forms of our technology and our expertise that are somewhat off the difficult industries that we have in Canada. One of the natural tendencies for instance in developing countries almost invariably is to say "we will get into textiles". It is a comparatively simple exercise for them on the one hand. It is a large employer or labour and therefore there is a growing trend for people in these countries to say "well that is going to be our industrial base". I have to caution time after time after time that in fields such as that and in fields such as leather and footwear and many others that I could mention that that is not the wise course to go. Indeed it is interesting to note that some of the developing countries are now finding that they are being pushed in those particular areas, Hong Kong being a classic example, by even less developed areas such as Singapore or Malaysia or South Korea or some other region which is now actually providing very very serious competition in the textile field for even another developing area. And so part of our strategy around the world has been to try to direct developing countries first of all into the kinds of industries that won't be head to head competitors with us in Canada and secondly those where we have a capacity to supply them with the technology, with the equipment and the like which will get them into that particular kind of business. Clearly it is not an easy task but it is one I think on which

we are getting some focus and a considerable amount of experience in the business community. As for example we invite them to and they participate in various trade missions.

The third element in this is of course terribly important for us in Canada and that is the dichotomy that exists in a nation such as ours which is at one and the same time a developed and a developing country, a country of high technology on the one hand but a large producer of raw materials and natural resources on the other. I say that it is a problem for us because as you will have noted in perhaps the last six months or so a new kind of discussion and even debate has begun in this country, one in which I hope that groups like yourselves will engage in an analytical kind of way and give us the benefit of your judgement. The Export Development Corporation is something which the Government of Canada has been employing with considerably more usefulness over the last decade or so in support of Canadian industry and particularly in support of Canadian high technology and machinery manufacturing. Now one of the problems we have here is of course that many of the things which we produce and I will use pulp and paper as an example are machines which developing countries wish to buy from us including the technology that goes with them so that they can in turn produce various paper products. Consequently, we have clearly a tug-of-war within Canada between those who are manufacturing pulp and paper machines or logging machines

or whatever the case might be and on export development assistance in order to capitalize on those markets, and those within the country who are actually producing pulp and paper or raw materials of one kind or another such as copper and who say"well this is ridiculous because all you are doing in a way is creating new competitors for us overseas". The short answer of course and I won't try to go into the details today is that we are not the only people producing that kind of equipment and therefore it is not a matter of whether Czechoslovakia for instance is going to go into the business of producing pulp and paper - they are going to do that regardless. The question is whether they are going to get the equipment with which to do it from us or are they as was the case there going to get it from Austria or from France. We happened to beat them out on that particular order and we have in a number of other areas as well but really I am being diverted to some extent from the MTN but I did want to sketch in some of the elements that are involved in terms of what our negotiators and we who try to plan the strategy have to bear in mind.

Now insofar as the MTN itself is concerned and to return to some of the goals that we hope will come out of it, one is one that I have already mentioned to you namely a more secure environment. But clearly also it is inevitable that there will be within Canada companies and perhaps regions that will

not be able to make a total adjustment to the new scheme of things. The adjustment of course I should emphasize because once again it is not I believe fully understood that it is not going to occur overnight. In other words what is really being aimed for is a transitional period of about eight years starting around January 1, 1980 so that the total implementation will not occur until close to the end of the next decade. So no one or scarcely anyone I would expect is going to be seriously affected that is in Canada in the first year or so of this kind of operation. But there will be some and therefore a part of this exercise had to be the setting up of forms of adjustment assistance some manner in which those organizations those companies which clearly are going to be damaged in terms of the present scheme of things would be able either to move to different kinds of products or to adjust to new competition and a variety of things of this sort. So simultaneously with the actual negotiations we have been as a Federal Government in co-operation with the provinces seeking to put into place these kinds of transitional assistance programmes, built on top of I might say, many that are already in place. But even there of course it is probably overstated in some respects, that is, the impact negatively that the MTN is going to have. Because in addition to having their

equipment and their original capital inputs reduced in price because of a reduction of tariffs and the like, we would also expect that many of our Canadian producers would be able to reach out into a wider market than merely the Canadian domestic market. It clearly won't be possible for everyone, but here let me point out a phenomenon or a strange situation in terms of the way the world system is evolving in which Canada finds itself.

We are one of the six or seven most highly industrialized countries in the whole world. That I think can be measured by any yardstick you wish to employ. But we are the only country now that has a comparatively small domestic trading base . If you look at the developments of the past decade it is perfectly obvious that first of all of course by the natural size of it the United States has an enormous domestic base. I just happened to hear on the radio coming in from the airport that they hit 220 million people as of this day. We know also that the European Community has come together in what is essentially a kind of customs alliance so you have a common market there of the same or larger size. Similarly Japan with its large consumer demand is in the order of 100 million people and we have noted also in the developing world such evolving organizations as CARICOM in the Caribbean where there is a common market emerging between all of those countries

not big it is true because they are sparsely populated. And south east Asia which puts together perhaps another two hundred million people in what will eventually be a common market kind of trading relationship. So here we have Canada with 10% , give or take a few, of the United States population and perhaps the same in relation to the European Community as a domestic base seeking to compete in this new and highly competitive world in which we are living. Now clearly two things it seems to me have certainly seemed to our negotiators to be self evident: one that any kind of protection leave us highly vulnerable as I said at the outset, second that we must expand beyond our 22 million domestic market if we are going to really maximize the opportunities that the new MTN creates for us. That is not going to be easy and I wouldn't want to over sell the MTN or at the same time diminish its value. It is in many respects a catalyst around which we and I mean governments and the private sector are going to have to construct a strategy whether one wants to call it an industrial strategy in the singular as some people are prone to do. Some people are inclined to state critically that perhaps we don't have an overall single strategy or whether one wants to do it by sectors which is the tendency that the government and much of business is now tending to adapt. I am not sure but one way or the other what we have to do is

to see the MTN as a potential benefit. Even when it is completed by itself it isn't going to really solve anything for the business community. It will simply put opportunities in place, so the question is how do we exploit them best? And when you see those figures to which I referred a few moments ago it seems to me that the logical course for us to pursue is to ask ourselves how can we gain access to that broader market that is going to be opened up for us? Because the alternative of protection is simply no alternative at all.

So what we are anticipating is therefore that within the next six to eight weeks or so that a package will have been put in place. It will be in all respects I believe the word is ad referendum in the sense that it is bound to require rationalization or ratification rather by governments and various other political bodies. But that will be the situation as of say April of this year. If it is accepted what we will have put in place is a better and a more secure kind of trading environment with many opportunities and some challlenges in terms of certain existing industries which will have to get some form of help or transition and the like. Then in addition to that there will be an element I would hope in there that will offer some encouragement to the developing countries. No group can ever expect to get out of negotiations of this kind everything that it wants. Certainly the developing countries are more aware than they were even a couple of years ago that there are limits to how

much we can do in the industrialized world at this time until our own economies are in a more healthy state and so therefore there is bound to be some disappointment that we have not gone far enough. But I do want to emphasize once again that MTN is only a small part of the North-South Dialogue. There will be these opportunities created in both the developing and the developing world as a result of the processes that I have outlined. Then beginning next year the various reductions and changes will start to have their effect. There will obviously have to be much consultation both with provincial governments and also with sectors of industry and I have no doubt with individual industries to not only make them fully aware of the opportunities and the like that have been put before them but also to let them flag for governments where they see the problems as well as the opportunities. I don't believe that given as complex an exercise as this and given the kind of mixed economies around the world that with which we have to deal, that we can say that this is either a governmental exercise or a purely private enterprise exercise. There must be the maximum amount of cooperation between the two for the benefits to be fully achieved and also for the dangers to be minimized as much as possible. There is also of course something else which in the short run is something which has to be taken into account when looking at MTN and that is that what we are talking about here is something that is going to be in place

for at least a decade before another review starts which seems to suggest that we are probably talking something close to the end of this century before there is a full impact of yet another round. In the meantime we do have a situation in terms of the world monetary situation and the relationship of our own Canadian dollar to other currencies which can indeed have a considerable impact on our abilities to export or our problems with imports, which goes over and beyond the tariff negotiations. So there may be a tendency to say well look really MTN is not all that important in the kind of trading milieu in which we now have to find ourselves. My response to that is of course that we must press on with both the MTN on the one hand and the development of more stability in the world monetary situation than we have at the present time. In otherwords one is not an alternative to the other and if the dollar were to rebound as I am sure it will over time but if that were to happen and we didn't have a good far-sighted approach on MTN then we would not be in a position to take advantage and indeed we might well loose a good deal of the advantage which many of our exporters have now as a result of the devalued Canadian dollar.

Well this is then a broad outline and left out of course a tremendous amount of detail because it would take altogether too long and Jake Warren is here I repeat to answer specific questions for you. I myself will be more than pleased in

either private conversations or from the podium here to try to explain in more detail some of the things that I have mentioned, but in the last analysis the MTN is really one more weapon in our arsenal. We have I have no doubt at all the capability within this country to develop a strong industrial base to develop a healthy economy on the long term and incidentally if I can paraphrase Churchill I think he once said when addressing the United States Congress that if his father hadn't been British he might very well have gotten there in the Congress as a member himself because his mother was an American. Well if I hadn't twelve years ago been diverted the other way I might well be down here in the audience in the same kind of category that you are except that I don't think I could any longer qualify for the designation young but the truth of the matter is that I have had myself a fair amount of experience. I have had the difficulties and the great satisfactions of running businesses. I know myself how important it is that there be the stability we are talking about and I have no hesitation in saying either that in the last analysis it is really going to be more the decisions you make with the tools that government puts at your disposal that will make the difference rather than anything that government's can do on their own. Thank you very much for listening to me to this degree and as I say if there is anything I have left out on which you are interested I will be glad in a few moments to seek to answer the questions for you. Thank you very indeed.

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Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

News Release Communiqué

Subject/Sujet Notes for an Address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, at the Annual Meeting of the Canadian Federation of Agriculture, Ottawa.

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Attached are notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Annual Meeting of the Canadian Federation of Agriculture, Ottawa, February 13, 1979.

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A YEAR AGO I WAS WITH YOU FOR YOUR ANNUAL MEETING IN QUEBEC CITY AND I SPOKE ABOUT THE GENEVA MULTILATERAL TRADE NEGOTIATIONS. TODAY I WISH TO BRING YOU UP TO DATE ON THE DEVELOPMENTS THAT HAVE OCCURRED SINCE THEN AND TALK TO YOU ABOUT MTN ISSUES OF PARTICULAR CONCERN TO CANADIAN FARMERS. FIRST LETS LOOK AT PROGRESS IN THE NEGOTIATIONS AS A WHOLE.

LAST FEBRUARY THE NEGOTIATIONS HAD JUST PASSED FROM THE PREPARATORY STAGE, WHICH HAD LASTED SINCE 1973, TO THAT OF SUBSTANTIVE BARGAINING. AT THAT TIME, THE MAIN MTN PARTICIPANTS HAD TABLED INITIAL INDUSTRIAL TARIFF OFFERS BASED ON AN AGREED TARIFF CUTTING FORMULA AND WERE IN THE PROCESS OF TABLING AGRICULTURAL AND FISHERIES TARIFF OFFERS BASED ON THE MORE TRADITIONAL APPROACH OF SPECIFIC REQUESTS AND OFFERS. THE VARIOUS NON-TARIFF CODES AND AGREEMENTS BEING SIMULTANEOUSLY NEGOTIATED WERE FOR THE MOST PART ONLY IN VERY ROUGH SHAPE AT THAT POINT. BUT THE HORSES WERE OFF AND RUNNING AND THERE WAS A GENERAL COMMITMENT SERIOUSLY TO ADDRESS OUTSTANDING TRADE ISSUES, PARTICULARLY IN THE AREA OF NON-TARIFF BARRIERS, AND TO MOVE GENERALLY IN THE DIRECTION OF FURTHER TRADE LIBERALIZATION. AS A RELATED BUT SOMEWHAT SEPARATE THEME THERE WAS THE OBJECTIVE, SET FORTH IN THE TOKYO DECLARATION, OF DOING MORE THROUGH TRADE TO HELP THE WORLD'S DEVELOPING COUNTRIES - TO ACCORD THEM "SPECIAL AND DIFFERENTIAL" TREATMENT WHERE APPROPRIATE IN THE NEGOTIATIONS.

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A GREAT DEAL HAS HAPPENED SINCE THEN. THE GOING HAS NOT BEEN EASY AND SOME DIFFICULT TURNS HAVE HAD TO BE NAVIGATED AND MORE THAN A FEW HURDLES TAKEN. BUT NOW WE ARE IN THE HOME STRETCH.

WHILE NO ACTUAL DATE HAS BEEN SET FOR THE COMPLETION OF THE MTN, IT IS EXPECTED THAT THIS COULD OCCUR IN APRIL. THERE ARE SEVERAL FACTORS GOVERNING THIS POSSIBLE TIMETABLE, HOWEVER, INCLUDING THE ABILITY OF THE MAIN PARTICIPANTS TO REACH AGREEMENT OVER THE WEEKS AHEAD ON THE REMAINING DIFFICULT AND COMPLICATED TARIFF ISSUES AS WELL AS THEIR CAPACITY TO RESOLVE THE KEY OUTSTANDING NON-TARIFF BARRIER QUESTIONS.

THEN TOO THE USA CONGRESSIONAL PROCEDURES HAVE AN IMPORTANT BEARING ON WHAT CAN BE ACCOMPLISHED AND WHEN. UNDER THE USA TRADE ACT, THE AMERICAN ADMINISTRATION IS REQUIRED TO GIVE CONGRESS NINETY DAYS NOTICE OF ITS INTENTION TO ENTER INTO THE PROSPECTIVE TRADE AGREEMENTS INVOLVING NON-TARIFF BARRIERS. THIS WAS DONE BY PRESIDENT CARTER ON JANUARY 4. OVER THIS THREE MONTH PERIOD, CONGRESS WILL BE REVIEWING THE VARIOUS AGREEMENTS THAT ARE EMERGING TO DETERMINE WHETHER THEY ARE ACCEPTABLE AND CONSIDERING THE SORT OF LEGISLATION THAT IS REQUIRED TO CARRY THEIR PROVISIONS INTO U.S. LAW.

AND FINALLY, A SIGNIFICANT ELEMENT IN DETERMINING WHEN NEGOTIATIONS CAN CONCLUDE IS THE DECISION FACING CONGRESS WITH RESPECT TO A SERIES OF FINDINGS UNDER AMERICAN LEGISLATION

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DEALING WITH THE IMPOSITION OF COUNTERVAILING DUTIES AGAINST SUBSIDIZED IMPORTS. THE USA ADMINISTRATION HAD AUTHORITY TO WAIVE THE APPLICATION OF CERTAIN SUCH COUNTERVAILING DUTIES DURING THE EARLY YEARS OF THE MTN. THIS AUTHORITY HOWEVER EXPIRED AT THE BEGINNING OF THIS YEAR AND CONGRESS IS BEING ASKED TO EXTEND THE WAIVER AUTHORITY. WITHOUT SUCH AN EXTENSION, IT IS DOUBTFUL THAT THE EC AND OTHERS WOULD AGREE TO CONCLUDE THE NEGOTIATIONS.

BUT IF ALL GOES WELL AND IF NEGOTIATORS DO FIND THEMSELVES IN A POSITION TO SIGN ON THE DOTTED LINE IN APRIL, THE RESULTS WILL THEN BE CARRIED BACK TO CAPITALS FOR RATIFICATION OR OTHER NECESSARY LEGISLATIVE PROCEDURES. SUCH ACTION, SO FAR AS TARIFFS ARE CONCERNED, SHOULD BE COMPLETED BY ALL COUNTRIES BY THE END OF THE YEAR IF TARIFF CUTTING IS TO COMMENCE ON THE DATE FORESEEN - THAT IS JANUARY 1, 1980. ANY LEGISLATIVE ACTION THAT MAY BE REQUIRED TO IMPLEMENT THE NON-TARIFF CODES WOULD BE SCHEDULED TO THE EXTENT POSSIBLE, TO COINCIDE WITH THE PROVISIONS THAT ARE AGREED FOR THEIR ENTRY INTO FORCE. THE LATTER IS LIKELY TO BE LATER THAN THE BEGINNING OF 1980 FOR A NUMBER OF THE CODES.

THERE HAS BEEN A GREAT DEAL OF TOUGH BARGAINING IN THE PAST YEAR, NOT LEAST IN THE AREA OF TARIFFS. ON THE INDUSTRIAL SIDE MOST DEVELOPED PARTICIPANTS STARTED FROM A FORMULA OFFER (WEIGHTED AVERAGE "HARMONIZED" REDUCTION OF 40%) AND PROCEEDED THROUGH A SERIES OF BILATERAL NEGOTIATIONS WITH THEIR MAIN TRADING PARTNERS TOWARDS BALANCED AND RECIPROCAL PACKAGES THE

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RESULTS OF WHICH WOULD BE EXTENDED TO ALL UNDER THE MOST FAVOURED NATION PRINCIPLE.

THE USA ANNOUNCED BEFORE CHRISTMAS THAT THEY HAD REACHED SUBSTANTIAL AGREEMENT WITH THE JAPANESE AND SEVERAL WESTERN EUROPEAN COUNTRIES ON ALL ASPECTS OF THE NEGOTIATIONS. THE AMERICANS WERE APPARENTLY ALSO PRETTY CLOSE TO AGREEMENT WITH THE EC ON NON-TARIFF BARRIER QUESTIONS; BUT A NUMBER OF TARIFF QUESTIONS WERE STILL UNRESOLVED. AS IT TURNS OUT THE AREAS IN QUESTION, INCLUDING PAPER, TEXTILES AND CHEMICALS, ARE DIFFICULT, AND THE NEGOTIATIONS HAVE NOT YET BEEN BROUGHT TO A CONCLUSION. THE SAME IS TRUE OF THE TARIFF NEGOTIATIONS BETWEEN THE EC AND JAPAN.

FROM THE CANADIAN POINT OF VIEW, WE STILL HAVE SOME WAY TO GO WITH EACH OF THE OTHER MAIN PARTICIPANTS. OUR NEGOTIATIONS WITH THE USA IN THE INDUSTRIAL AREA ARE OF MAJOR SCOPE AND IMPORTANCE AND THERE IS IN PROSPECT A SOUND AND SUBSTANTIAL BARGAIN ON THE WHOLE COMPLEX OF INDUSTRIAL PRODUCTS. THERE ARE SOME IMPORTANT TARIFF ISSUES WHICH REMAIN TO BE SETTLED, BUT I AM REASONABLY CONFIDENT THAT IN THE END WE WILL BE ABLE TO DEAL WITH THEM ON A MUTUALLY SATISFACTORY BASIS.

WITH JAPAN, OUR NEGOTIATIONS ARE LESS FAR ADVANCED. I UNDERSTAND THAT THE CANADIAN DELEGATION HAS NOT YET BEEN APPRISED OF ALL THE IMPROVEMENTS IN THE JAPANESE TARIFF OFFER WHICH MAY FLOW FROM JAPAN'S PRE-CHRISTMAS AGREEMENT WITH THE USA.

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I HOPE THAT IN FACT WHAT MAY PROVE TO BE AVAILABLE WILL BE HELPFUL FROM THE CANADIAN POINT OF VIEW. IN THE MEANTIME, WE ARE CONTINUING TO PRESS THE JAPANESE FOR NEW OR IMPROVED CONCESSIONS FOR A VARIETY OF INDUSTRIAL PRODUCTS OF HIGH EXPORT PRIORITY FOR CANADA - ESPECIALLY IN THE AREA OF FOREST PRODUCTS AND NON-FERROUS METALS.

WITH THE EC ALSO, WE STILL HAVE SOME YARDS TO GAIN IN THE INDUSTRIAL TARIFF NEGOTIATIONS. WE ARE PRESSING FOR IMPROVEMENTS ON A RANGE OF INDUSTRIAL ITEMS INCLUDING THOSE IN THE FOREST PRODUCTS AND NON-FERROUS METALS SECTORS. FAILING ADEQUATE GAINS WE WOULD NECESSARILY HAVE TO REVIEW THE BALANCE OF ADVANTAGE IN TERMS OF WHAT WE HAVE ON OFFER OF INTEREST TO THEM. THIS COULD ALSO BE THE CASE WITH THE JAPANESE. WE WOULD PREFER AN UPSIDE SETTLEMENT BUT NOT IF THE PRICE IS INEQUITABLE.

NEEDLESS TO SAY THE AVAILABILITY OF CONCESSIONS OF INTEREST TO US IN FOREIGN MARKETS IS RELATED IN THE EYES OF OUR TRADING PARTNERS TO WHAT IS AVAILABLE THROUGH THE CANADIAN OFFER. WE BELIEVE THAT WHAT WE HAVE ON THE TABLE IS FAIR AND ADEQUATE FROM THIS POINT OF VIEW, AS WELL AS BEING SENSITIVE TO THE REALITIES OF OUR PARTICULAR INDUSTRIAL SITUATIONS AND PROSPECTS. AND IN THE ORDINARY WAY, THE TARIFF CONCESSIONS MADE BY CANADA SHOULD BE REFLECTED IN DUE COURSE IN THE PRICES AND AVAILABILITY OF IMPORTED GOODS AS WELL AS THE PRICE OF DOMESTIC PRODUCTS WHICH COMPETE WITH THEM. THIS WILL NATURALLY

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BE OF INTEREST TO MANY USERS AND CONSUMERS IN CANADA, INCLUDING OF COURSE THE FARMING COMMUNITY.

PERHAPS THE GREATEST DEGREE OF VISIBLE MTN PROGRESS HAS OCCURRED IN THE NEGOTIATIONS ON NON-TARIFF MATTERS. IN THE PAST YEAR THE NEGOTIATORS HAVE BEEN ABLE TO NARROW DIFFERENCES AND PUT INTO DRAFT CODES OR DRAFT AGREEMENTS THE CONCEPTS AND OBJECTIVES THAT WERE PREVIOUSLY BEING DISCUSSED IN AREAS SUCH AS SUBSIDIES/COUNTERVAIL, SAFEGUARDS, GOVERNMENT PROCUREMENT, VALUATION, IMPORT LICENSING AND TECHNICAL BARRIERS TO TRADE (I.E. PRODUCT STANDARDS). IN ADDITION, NEW PROPOSALS ON TRADE IN CIVIL AIRCRAFT AND PARTS AND COUNTERFEITING OF TRADE MARKS ARE BEING CONSIDERED AND THESE TOO HAVE BEEN SET DOWN IN DRAFT AGREEMENTS.

ALTHOUGH MUCH PROGRESS HAS BEEN MADE, WORK REMAINS TO BE DONE IN ALL THESE AREAS, AND THERE ARE A NUMBER OF IMPORTANT SUBSTANTIVE ISSUES STILL TO BE RESOLVED (SUCH AS THE EUROPEAN PROPOSAL FOR DISCRIMINATORY SAFEGUARD ACTION AND THE PRECISE COVERAGE OF THE PROCUREMENT CODE). AND, FOR CANADA, THE RESULTS OF THE DISCUSSIONS TO DATE ON VALUATION HAVE NOT BEEN SUCH THAT OUR DELEGATION COULD ASSOCIATE ITSELF WITH THIS PROPOSED CODE. ON GOVERNMENT PROCUREMENT THE CRITICAL ISSUE OF "COVERAGE", THAT IS, WHICH GOVERNMENT ENTITIES WOULD BE INCLUDED AND OVER WHAT PRODUCT AREA, IS STILL OUTSTANDING. AND STILL AHEAD ALSO IS THE IMPORTANT TASK, FOR ALL THE CODES, OF ENSURING THAT THE LANGUAGE IS CORRECT FROM THE LEGAL POINT OF VIEW.

IT IS AGAINST THIS BACKGROUND ON INDUSTRIAL TARIFFS AND THE CODES THAT I TURN NOW TO AGRICULTURE; AND THE ISSUES IN THIS SECTOR OF PARTICULAR IMPORTANCE FOR CANADA. THIS HAS, OF COURSE, BEEN A NEGOTIATING AREA OF HIGH PRIORITY FOR THE CANADIAN DELEGATION.

AS FOR THE NEGOTIATIONS WITH THE UNITED STATES - I CAN SAY THAT WE ARE VERY CLOSE TO CONCLUDING A SIGNIFICANT AND SATISFACTORY DEAL. WHEN ALL THE T'S ARE CROSSED AND THE I'S DOTTED WE SHALL, I BELIEVE, HAVE SUCCEEDED IN REDUCING OR ELIMINATING TARIFF DISPARITIES IN RESPECT OF A NUMBER OF IMPORTANT ITEMS, AS WELL AS LIBERALIZING A GOOD DEAL OF THE TRADE ON A BASIS OF MUTUAL ADVANTAGE. THESE NEGOTIATIONS CAN BE EXPECTED TO HAVE USEFUL RESULTS FOR ALL SECTORS OF CANADIAN AGRICULTURE EXPORTING TO THE USA INCLUDING THE MEAT AND LIVESTOCK SECTOR, THE FRUIT AND VEGETABLE SECTOR, THE GRAIN AND OILSEEDS SECTOR AND FOR A CONSIDERABLE RANGE OF PROCESSED AGRICULTURAL PRODUCTS.

SO FAR, THE PICTURE WITH JAPAN AND THE EC IS LESS PROMISING. BOTH THE EC AND JAPAN ARE PARTICULARLY RELUCTANT PARTNERS WHEN IT COMES TO AGRICULTURE, AND AS I FORECAST LAST YEAR THE TARIFF NEGOTIATIONS WITH THEM HAVE BEEN DIFFICULT. JAPAN HAS OFFERED SOME CONCESSIONS IN THE AGRICULTURAL AREA OF REAL INTEREST TO CANADA, BUT MORE IS REQUIRED BEFORE WE COULD AGREE THAT A SETTLEMENT WAS IN SIGHT. IN THE WEEKS AHEAD, WE WILL BE ZEROING IN ON NEW OR IMPROVED CONCESSIONS ON PRODUCTS OF PRIORITY EXPORT INTEREST TO CANADA INCLUDING PORK AND BEEF, OILSEEDS AND OILSEED PRODUCTS,

...8

CERTAIN GRAINS AND GRAIN PRODUCTS AND A VARIETY OF PROCESSED ITEMS.

THE EC HAS LIKEWISE PUT SOME INTERESTING OFFERS ON THE TABLE BUT WE NEED MORE IF A SATISFACTORY PACKAGE IS TO EMERGE. WE HAVE IN MIND, AS YOU WOULD EXPECT, THE IMPORTANCE OF THE TRADE WITH EUROPE IN GRAINS AND PARTICULARLY HIGH QUALITY WHEAT, TOBACCO, MEAT OFFALS, BEANS AND CERTAIN FROZEN AND PROCESSED FOOD PRODUCTS, FOR EXAMPLE -- AND DID I HEAR SOMEONE WHISPER CHEDDAR CHEESE? OUR EFFORTS IN THIS REGARD WILL BE HELPED TO THE EXTENT THAT THE PRODUCTS FOR WHICH WE ARE SEEKING IMPROVED ACCESS COINCIDE WITH THE PRIORITIES WHICH OTHER COUNTRIES HAVE IDENTIFIED. AN EXAMPLE OF THIS SORT OF SHARED INTEREST IS THE AMERICAN REQUEST ON THE EUROPEANS FOR CONCESSIONS ON TOBACCO, EDIBLE OFFALS AND "HOTEL BEEF".

I CAN ALMOST HEAR YOU THINKING - THIS IS ALL VERY WELL AND GOOD - BUT WHAT IS IT GOING TO COST US? THE SHORT ANSWER IS THAT, OF COURSE, IT WILL COST SOMETHING. WITH THE EXCEPTION OF JAPAN WHICH IS NOT AN AGRICULTURAL EXPORTER, AGRICULTURAL EXPORT PRIORITIES ARE NOT LACKING WITH THE OTHER PARTICIPANTS. AND IN THE COURSE OF THE NEGOTIATIONS WE HAVE BEEN ASKED FOR A WIDE RANGE OF CONCESSIONS, INCLUDING SOME WHICH ARE VERY SENSITIVE IN CANADA SUCH AS DAIRY PRODUCTS. NEEDLESS TO SAY WE HAVE HAD TO PROCEED WITH GREAT CARE IN PUTTING TOGETHER AN AGRICULTURAL OFFER WHICH WOULD ON THE ONE HAND REFLECT THE BASIC

NATURE AND IMPERATIVES OF OUR FARMING AND FOOD PROCESSING AND ON THE OTHER HAND BE REASONABLE ENOUGH TO SECURE THE HIGH PRIORITY OBJECTIVES WE SEEK IN FOREIGN MARKETS. IN DUE COURSE YOU WILL HAVE THE OPPORTUNITY TO EVALUATE WHAT HAS BEEN ACHIEVED. WHILE NOT EVERYONE CAN EXPECT TO BE SATISFIED I TRUST YOU WILL FIND THAT THE CANADIAN TEAM WILL HAVE ACTED WISELY IN PURSUIT OF THE NATIONAL AGRICULTURAL INTEREST.

LET'S LOOK NOW AT AGRICULTURE IN THE CONTEXT OF NON-TARIFF BARRIERS AND VARIOUS OF THE CODES UNDER NEGOTIATION.

OF PARTICULAR IMPORTANCE TO AGRICULTURE IS THE PROSPECTIVE ARRANGEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES. THE PRIMARY OBJECTIVES OF THIS ARRANGEMENT ARE:

(1) TO ESTABLISH AN AGREED SET OF RULES AND PROCEDURES TO BE FOLLOWED BY MEMBER GOVERNMENTS IN THE APPLICATION OF COUNTERVAILING DUTIES, THAT IS, THE DUTIES IMPOSED BY A GOVERNMENT TO OFFSET THE PRICE EFFECT OF A SUBSIDY GRANTED BY AN EXPORTING COUNTRY, AND

(2) TO ESTABLISH AN AGREED SET OF RULES OR DISCIPLINES ON THE USE BY GOVERNMENTS OF SUBSIDY PRACTICES WHICH ADVERSELY AFFECT TRADE OR PRODUCTION IN OTHER COUNTRIES.

THE AGREEMENT WILL NOT PROHIBIT NOR STRICTLY LIMIT THE USE OF AGRICULTURAL EXPORT SUBSIDIES AS SUCH. HOWEVER THE CAPACITY TO COUNTERVAIL AGAINST SUBSIDIZED EXPORTS WHICH ARE CAUSING MATERIAL INJURY IN THE DOMESTIC MARKET WILL BE CLEARLY

...10

SPELLED OUT. MOREOVER, THE CODE WILL GIVE COUNTRIES BETTER RECOURSE TO INTERNATIONAL DISPUTE SETTLEMENT PROCEDURES IN THE EVENT THAT SUBSIDIZED AGRICULTURAL EXPORTS CAUSE "SERIOUS PREJUDICE" TO ITS PRODUCERS IN OTHER MARKETS. UNDER THE NEW RULES WHICH ARE EMERGING WE SHOULD, FOR EXAMPLE, BE ABLE TO CHALLENGE ANOTHER COUNTRY IN THE GATT IF OUR SHARE OF A MARKET IN A THIRD COUNTRY WAS DECLINING AS A RESULT OF SUBSIDIZED SALES BY OUR COMPETITORS. UP UNTIL NOW WE WOULD HAVE HAD TO DEMONSTRATE THAT OUR SHARE OF THE WORLD MARKET AS A WHOLE FOR THAT PRODUCT HAD BEEN UNFAIRLY IMPAIRED. IN ADDITION THE NEW CODE WILL PROVIDE THAT SUBSIDIZED PRODUCTS SHOULD NOT BE OFFERED IN THIRD COUNTRY MARKETS AT PRICES MATERIALLY BELOW THOSE OF NON-SUBSIDIZING COMPETITORS. FINALLY THE DISPUTE SETTLEMENT PROVISIONS OF THE CODE ARE SUCH AS IF "SERIOUS PREJUDICE" WERE FOUND THE OFFENDING COUNTRY WOULD BE EXPECTED TO ADJUST ITS POLICIES OR FACE THE PROSPECT OF CONCESSIONS BEING WITHDRAWN FROM IT TO COMPENSATE FOR THE DAMAGE CAUSED.

NEGOTIATIONS ON THE RULES GOVERNING THE IMPOSITION OF TRADE RESTRICTIONS TO DEAL WITH SERIOUSLY INJURIOUS IMPORTS ARISING IN THE NORMAL COURSE OF TRADE - THAT IS, SAFEGUARDS - ARE ALSO WELL ADVANCED. THE PROPOSED SAFEGUARDS CODE WILL SUPPLEMENT AND IMPROVE UPON THE PRESENT PROVISIONS AND PROCEDURES WITHIN THE GATT BY SPELLING OUT MORE CLEARLY THE CRITERIA AND CONDITIONS FOR TAKING EMERGENCY SAFEGUARD ACTION. IT WILL ALSO ELABORATE ON THE PROCESSES TO BE FOLLOWED DOMESTICALLY AND

...11

INTERNATIONALLY BY A COUNTRY TAKING SUCH ACTION (TO ENSURE THAT THE SAFEGUARDS PROVISIONS ARE FAIRLY APPLIED) AND GIVE GREATER PRECISION TO THE RIGHTS OF A COUNTRY WHOSE EXPORTS ARE AFFECTED BY THE RESTRICTIVE ACTIONS TAKEN BY THE IMPORTING COUNTRY.

TAKEN AS A WHOLE THE SAFEGUARDS CODE SHOULD PROVIDE GREATER SCOPE FOR GOVERNMENTS TO ACT EFFECTIVELY AND RESPONSIBLY TO PROTECT THEIR DOMESTIC PRODUCERS AGAINST SERIOUS INJURY OR THE THREAT THEREOF ARISING FROM IMPORTS. THE GREATER DEGREE OF CERTAINTY WITH RESPECT TO THE RIGHTS AND OBLIGATIONS OF THE PARTIES SHOULD ALSO HELP ALL COUNTRIES TO ENSURE ORDERLY ADJUSTMENT TO NEW AND CHANGING COMPETITIVE CONDITIONS, WITHIN THE AGREED FRAMEWORK OF THE TRADING SYSTEM.

I NEED NOT UNDERLINE THE IMPORTANCE OF ADEQUATE SAFEGUARDS ARRANGEMENTS TO OUR AGRICULTURAL PRODUCTION AND TRADE. (AND OVER AND ABOVE THE PROVISIONS OF THE MULTILATERAL CODE WE ARE TRYING TO DEVELOP SUPPLEMENTARY UNDERSTANDINGS WITH CERTAIN OF OUR TRADING PARTNERS TO DEAL WITH THE SPECIAL SEASONAL PROBLEMS WHICH PERIODICALLY PLAGUE THE HORTICULTURAL INDUSTRY--PROBLEMS WHICH, THROUGH PRICE EFFECTS, CAN ARISE IN ADVANCE OF AND SOMETIMES EVEN WITHOUT AN ACTUAL INCREASE IN THE FLOW OF IMPORTS.)

THE CODE ON TECHNICAL BARRIERS TO TRADE (STANDARDS) IS ALSO HIGHLY RELEVANT TO AGRICULTURE. THIS CODE IS NOT INTENDED TO PREVENT COUNTRIES FROM ADOPTING REGULATIONS WHICH ARE NECESSARY TO PROTECT PLANT LIFE OR THE HEALTH AND SAFETY OF HUMAN AND ANIMAL POPULATIONS. IT IS HOWEVER INTENDED TO

DISCOURAGE THE USE OF, FOR EXAMPLE, PRODUCT STANDARDS, TESTING PROCEDURES AND PRODUCT CERTIFICATION SYSTEMS UNNECESSARILY TO RESTRICT TRADE. IT IS ALSO AIMED AT FACILITATING TRADE BY ENCOURAGING SIGNATORIES TO APPLY, WHENEVER POSSIBLE, ANY RELEVANT INTERNATIONAL STANDARDS.

ANOTHER IMPORTANT FEATURE OF THE MTN AGRICULTURAL NEGOTIATIONS HAS BEEN THE EFFORT TO WORK OUT SPECIFIC ARRANGEMENTS FOR TRADE IN BEEF AND BEEF PRODUCTS AND FOR DAIRY PRODUCTS. THE NEGOTIATION ON AN INTERNATIONAL DAIRY ARRANGEMENT IS NEAR COMPLETION. UNDER THIS ARRANGEMENT, AN INTERNATIONAL DAIRY PRODUCTS COUNCIL WOULD BE ESTABLISHED TO PROVIDE A FORUM FOR COUNTRIES TO CONSULT REGULARLY ON THE WORLD TRADE SITUATION IN DAIRY PRODUCTS AND TO PROPOSE SOLUTIONS TO ANY SERIOUS MARKET IMBALANCES WHICH MIGHT BE EMERGING. THESE PROPOSED SOLUTIONS WOULD THEN BE CONSIDERED BY GOVERNMENTS. THE COUNCIL WOULD ALSO PROVIDE A FORUM FOR THE EXCHANGE OF INFORMATION AMONG MEMBERS ON PRODUCTION, CONSUMPTION, PRICES, STOCKS AND TRADE.

THE PROPOSED DAIRY ARRANGEMENT ALSO CONTAINS PROVISIONS WHICH WOULD ESTABLISH AGREED MINIMUM EXPORT PRICES FOR A RANGE OF DAIRY PRODUCTS INCLUDING MILK POWDERS, MILK FATS AND CERTAIN CHEESES. SOME DETAILED ASPECTS OF THE MINIMUM PRICE SYSTEM REMAIN TO BE WORKED OUT. BUT PROVIDED THEY ENABLE US TO SERVE MILK POWDER MARKETS OF PARTICULAR INTEREST TO CANADA, WE EXPECT TO BE ABLE TO SUPPORT THE PROPOSED UNDERSTANDINGS.

...13

PROGRESS HAS ALSO BEEN MADE IN DEVELOPING AN INTERNATIONAL ARRANGEMENT FOR BEEF. UNDER THIS ARRANGEMENT, AN INTERNATIONAL MEAT COUNCIL WOULD BE ESTABLISHED TO PROVIDE FOR THE EXCHANGE OF INFORMATION, THE MONITORING OF PRICES AND FOR REGULAR CONSULTATIONS ON INTERNATIONAL TRADE IN BEEF, EDIBLE OFFALS AND LIVE CATTLE. IT WOULD NOT HOWEVER CONTAIN ANY PROVISIONS RELATING TO PRICES.

AS TO WHEAT, THERE HAS BEEN, AS YOU KNOW, A SEPARATE UN SPONSORED NEGOTIATION AIMED AT A NEW AND DIFFERENT INTERNATIONAL WHEAT AGREEMENT AND A RELATED BUT LESS AMBITIOUS UNDERSTANDING WITH RESPECT TO COARSE GRAINS.

WE HAVE ALWAYS REGARDED THE WHEAT NEGOTIATIONS AS SEPARATE, SELF-CONTAINED AND SELF-BALANCING AS BETWEEN EXPORTING AND IMPORTING COUNTRIES. JAPAN AND THE EC ON THE OTHER HAND HAVE SEEN THEM AS PART OF THE MTN OVERALL TRADE PACKAGE. THESE NEGOTIATIONS ARE CONTINUING AND THE OUTCOME REMAINS UNCERTAIN.

FINALLY, I SHOULD MENTION A PROPOSAL, MADE ON THE INITIATIVE OF THE EEC AND THE UNITED STATES, TO ESTABLISH A SORT OF FRAMEWORK GROUP WITHIN THE GATT TO CONSIDER AGRICULTURAL TRADING PROBLEMS GENERALLY, FOLLOWING THE CURRENT NEGOTIATIONS. THIS APPROACH HAS YET TO BE FULLY ELABORATED. IN ITS PRESENT FORM HOWEVER IT WOULD CALL FOR A NEW CONSULTATIVE FORUM WHERE THE INTERRELATIONSHIP BETWEEN DOMESTIC FARM PROGRAMS AND AGRICULTURAL TRADE MIGHT BE CONSIDERED IN CONTEXT. IT REMAINS

...14

TO BE SEEN HOW THIS NEW FORUM WOULD RELATE TO EXISTING INTERNATIONAL FORA FOR THE DISCUSSION OF AGRICULTURE, FOR EXAMPLE IN THE OECD AND THE FAO.

THERE IS ANOTHER ASPECT OF THE NEGOTIATIONS, WHICH I COMMENTED ON WHEN WE WERE TOGETHER LAST YEAR AND WHICH DESERVES SOME COMMENT AGAIN TODAY -- THAT IS, THE PROCESS OF CONSULTATIONS THAT HAS TAKEN PLACE AND INDEED, IS CONTINUING WITHIN CANADA. THESE NEGOTIATIONS ARE, AS I HAVE STRESSED ON MANY OCCASIONS, THE MOST FAR REACHING AND COMPLEX ATTEMPTED SINCE THE GATT WAS ESTABLISHED. THE TASK OF SORTING OUT SENSIBLE CANADIAN POSITIONS FOR THE CONSIDERATION OF MINISTERS HAS NOT BEEN EASY, GIVEN THE GREAT VARIETY OF CANADIAN INTERESTS IN PLAY -- BUT IT WOULD HAVE BEEN VASTLY MORE DIFFICULT IF WE HAD NOT HAD THE COOPERATION AND ADVICE OF SO MANY PRODUCERS, PROCESSORS, CONSUMERS, IMPORTERS AND EXPORTERS AND PROVINCIAL GOVERNMENTS. THE ADVICE RECEIVED BOTH THROUGH FORMAL SUBMISSIONS AND IN THE COURSE OF CONFIDENTIAL CONSULTATIONS HAS BEEN INVALUABLE IN THIS TASK. AND I AM PERSONALLY MOST GRATEFUL FOR THE CONSTRUCTIVE INPUTS AND COOPERATION WHICH HAVE BEEN SO FREELY VOLUNTEERED BY REPRESENTATIVES OF THE PRIVATE SECTOR. I TRUST THAT WHEN THE FULL STORY CAN BE TOLD YOU WILL CONSIDER THAT YOUR HELP IN THE CONSULTATIVE PROCESS HAS BEEN WELL WORTHWHILE.

THE CLOCK IS RUNNING. WE ARE IN THE CLOSING MINUTES OF THE THIRD PERIOD. BUT AS IN HOCKEY THE DEFENSIVE AND OFFENSIVE

...15

EFFORT MUST BE FULLY MAINTAINED UNTIL THE GAME IS OVER. IT WOULD OF COURSE BE UNREALISTIC TO EXPECT THAT EVERY OBJECTIVE OF EVERY COUNTRY WILL BE FULLY MET, BUT I THINK IT SHOULD PROVE POSSIBLE TO FIND SOLUTIONS TO THE REMAINING PROBLEMS WHICH CAN COMMEND THEMSELVES AS BALANCED AND WORTHWHILE.

WHEN THE MTN CURTAIN COMES DOWN, OR WHEN, TO PUT IT ANOTHER WAY, THE CURTAIN OF THE POST MTN WORLD GOES UP, WE WILL HAVE MOVED ONE MORE STAGE DOWN THE LONG ROAD OF INTERNATIONAL TRADE COOPERATION WHICH IS SO VITAL TO ALL COUNTRIES. WE WILL NOT HAVE DONE SO BECAUSE OF ANY THEORETICAL ATTACHMENT TO TRADE LIBERALIZATION AS SUCH, BUT RATHER AS A MEANS OF FURTHERING OUR NATIONAL OBJECTIVES, THE FULLER ACHIEVEMENT OF OUR POTENTIAL AND THE IMPROVEMENT OF OUR WELL BEING. BUT WE WILL NOT HAVE SOLVED ALL PROBLEMS AND NEW ONES WILL ARISE. ONE CAN HOPE HOWEVER THAT IN RETROSPECT THE RESULTS OF SIX YEARS OF GENEVA MTN NEGOTIATIONS WILL BE FOUND TO HAVE BEEN RELEVANT, HISTORICALLY SOUND, AND WORTHY OF THE EFFORT WHICH HAS GONE INTO THEM.

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Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet Notes for an address by ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, at the 59th Annual Meeting of the Rubber Association of Canada, Toronto.

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Attached are the notes for an address to be made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, at the 59th Annual Meeting of the Rubber Association of Canada, Toronto, February 22, 1979.

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NOTES FOR AN ADDRESS BY AMBASSADOR J.H. WARREN
CANADIAN CO-ORDINATOR FOR THE MULTILATERAL TRADE NEGOTIATIONS
AT THE 59TH ANNUAL MEETING OF THE RUBBER ASSOCIATION OF CANADA

TORONTO

FEBRUARY 22, 1979

IT IS A PLEASURE TO MEET WITH YOU TODAY AND TO SPEAK ABOUT THE MULTILATERAL TRADE NEGOTIATIONS.

IN THE SOME 18 MONTHS, THAT I HAVE BEEN CANADIAN CO-ORDINATOR FOR THE GENEVA TRADE NEGOTIATIONS I HAVE SPOKEN TO MANY BUSINESS GROUPS - SOME ASSOCIATIONS LIKE YOUR OWN, CONCERNED WITH SPECIFIC SECTORS OF PRODUCTION AND TRADE, AND OTHER MORE HORIZONTAL ASSOCIATIONS WITH INTERESTS RUNNING ACROSS THE RANGE OF ECONOMIC ACTIVITY IN CANADA. THESE OPPORTUNITIES HAVE BEEN PARTICULARLY VALUABLE AS THEY HAVE ENABLED ME NOT ONLY TO OBTAIN THE VIEWS AND INPUTS OF BUSINESS, BUT ALSO TO EXPLAIN TO CONCERNED AND WELL-INFORMED PEOPLE WHAT IS AT STAKE FOR CANADA IN THE MTN.

THE RUBBER ASSOCIATION OF CANADA HAS, SINCE THE OUTSET, SHOWN A KEEN INTEREST IN THE NEGOTIATIONS AND WAS AMONG THE FIRST TO MAKE A SUBMISSION TO THE GOVERNMENT THROUGH THE CANADIAN TRADE AND TARIFFS COMMITTEE. THIS SUBMISSION, ITS SEVERAL UPDATES, AND THE OTHER CONTACTS WE HAVE HAD, HAVE MADE AN IMPORTANT CONTRIBUTION TO THE PROCESS OF DEVISING AND CARRYING THROUGH OUR NEGOTIATING POSITION IN THIS SECTOR.

IT IS NOW NEARLY SIX YEARS SINCE THE NEGOTIATIONS WERE FORMALLY LAUNCHED IN TOKYO IN 1973. THE DECISION THAT THEY SHOULD BE UNDERTAKEN STEMMED FROM A REALIZATION BY THE PRINCIPAL TRADING COUNTRIES THAT AFTER THE MANY PREVIOUS ROUNDS OF MULTILATERAL TARIFF NEGOTIATIONS, A MAJOR NEW AND COMPREHENSIVE EFFORT WAS CALLED FOR TO COME TO GRIPS ALSO WITH THE RANGE OF NON-TARIFF BARRIERS TO TRADE. NOW, FINALLY THE END IS IN SIGHT.

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THE CONSIDERABLE PERIOD OF TIME WHICH HAS ELAPSED SINCE THE TOKYO DECLARATION IS A REFLECTION OF MANY FACTORS. TWO, HOWEVER, STAND OUT. THE FIRST IS THE VERY COMPLEXITY OF THE NEGOTIATIONS AND THE RANGE OF ISSUES AND INTERESTS IN PLAY. THE NEGOTIATIONS ARE CONCERNED, AS I HAVE INDICATED, NOT ONLY WITH THE FURTHER REDUCTION OF TARIFFS ON A MUTUALLY ADVANTAGEOUS BASIS BUT ALSO WITH THE DEVELOPMENT OF AGREEMENTS ON MAJOR NON-TARIFF MEASURES, THE UPDATING OF CERTAIN OF THE BASIC GATT RULES AND THE REDUCTION OR ELIMINATION OF SPECIFIC NON-TARIFF BARRIERS NOT COVERED BY THE NEW CODES. IN THE LATTER STAGES OF THE NEGOTIATIONS, NEW ISSUES HAVE COME FORWARD AS WELL. EXAMPLES ARE PROPOSALS FOR A SPECIAL AGREEMENT TO PROVIDE FOR FREE TRADE IN CIVIL AIRCRAFT AND PARTS AND FOR ADDITIONAL MEASURES TO DEAL WITH COUNTERFEITING OF TRADE MARKS.

THE SECOND FACTOR WHICH HAS ATTENUATED THE NEGOTIATIONS IS THE RAPID AND INDEED PROFOUND CHANGES WHICH HAVE TAKEN PLACE IN THE ECONOMIC SITUATION OF THE MAJOR TRADING NATIONS. OVER THE SIX-YEAR PERIOD, THE WORLD HAS HAD TO ADJUST TO HUGE INCREASES IN ENERGY COSTS, MAJOR BALANCE OF PAYMENTS IMBALANCES, WIDELY FLUCTUATING EXCHANGE RATES AND THE EMERGENCE OF CERTAIN DEVELOPING COUNTRIES AS NEW AND COMPETITIVE FORCES IN WORLD TRADE, ESPECIALLY IN MANUFACTURED PRODUCTS. AND I NEED NOT MENTION TO THIS AUDIENCE THE RELATED AND INTRACTABLE PROBLEMS OF HIGH INFLATION, UNSATISFACTORY LEVELS OF UNEMPLOYMENT, BUSINESS UNCERTAINTY AND HESITATION ABOUT LONG-TERM INVESTMENT. THAT SUCH DEVELOPMENTS HAVE HAD AN IMPORTANT EFFECT UPON THE PACE OF THE NEGOTIATIONS AND THE PERCEPTIONS WHICH COUNTRIES BRING TO BEAR ON THEIR INTERESTS IN THEM WILL BE SELF-EVIDENT. BUT, NOTHWITHSTANDING THE UNDERSTANDABLE PRESSURES UPON COUNTRIES TO MOVE CAUTIOUSLY

...3

IN LOWERING BARRIERS TO TRADE AND THE RESURGENCE OF PROTECTIONISM, THE LEADERS OF THE MAJOR WESTERN INDUSTRIALIZED COUNTRIES IN RECENT SUMMIT MEETINGS HAVE REPEATEDLY MADE CLEAR THEIR DETERMINATION TO RESIST TRADE RESTRICTION AS A GENERAL SOLUTION (WHICH IT WOULD NOT BE IN ANY CASE) AND INSTEAD BRING THE MULTILATERAL TRADE NEGOTIATIONS TO A SUCCESSFUL CONCLUSION.

CHANGES IN THE MARKETPLACE ARE NOT STRANGERS TO THE CANADIAN RUBBER MANUFACTURERS. DURING THE PAST DECADE, YOUR INDUSTRY HAS HAD TO ADAPT TO PROFOUND TECHNOLOGICAL CHANGES AND THE FALLOUT OF THE ENERGY CRISIS. ALAN BROADBENT, YOUR PRESIDENT, RECENTLY FORWARDED TO ME A COPY OF HIS NOTES FOR THE ADDRESS HE HAD GIVEN ON "CANADA'S RUBBER PRODUCT MANUFACTURING INDUSTRY: A LOOK AHEAD". ON READING THESE NOTES I WAS STRUCK BY THE ADMIRABLE RESILIENCY OF THE INDUSTRY, WHICH THROUGH DIVERSIFICATION AND CONSOLIDATION HAS WEATHERED A DIFFICULT PERIOD. AND I RECOGNIZE, OF COURSE, THAT MAJOR CHALLENGES FOR THE INDUSTRY LIE AHEAD ARISING FROM STRUCTURAL CHANGES IN THE MARKET, RISING MATERIAL COSTS AND CONTINUED PRESSURE FROM IMPORTS. BUT I AM PLEASED WITH THE EMPHASIS PLACED UPON THE RENEWED VIGOUR AND OPTIMISM WITH WHICH THE INDUSTRY FACES THE FUTURE. I UNDERSTAND THAT A SURVEY CARRIED OUT BY YOUR ASSOCIATION INDICATED PLANS OF MEMBERS TO INVEST IN EXCESS OF SIXTY MILLION DOLLARS IN 1979 TO IMPROVE AND EXPAND PRODUCTION FACILITIES. IN THE WORDS OF YOUR PRESIDENT: "A SIGN OF CONFIDENCE BOTH IN THE FUTURE OF THE INDUSTRY IN CANADA, AND IN CANADA AS A PLACE TO MANUFACTURE."

THE RESULTS OF THE NEGOTIATIONS IN GENEVA WILL BE ONE OF THE MANY FACTORS, BUT PROBABLY BY NO MEANS THE MOST SIGNIFICANT OF THOSE AFFECTING THE GROWTH AND DEVELOPMENT OF THE RUBBER INDUSTRY. THEY WILL,

...4

HOWEVER, HAVE AN INFLUENCE OVER TIME ON THE ENVIRONMENT FOR DOING BUSINESS IN A VARIETY OF WAYS. THUS, THE NEGOTIATIONS WILL AFFECT NOT ONLY LEVELS OF PROTECTION ON FINAL PRODUCTS OF CANADIAN MANUFACTURERS BUT AS WELL ON IMPORTED INPUTS WHICH ENTER INTO PRODUCTION COSTS. THIS WILL ALSO BE TRUE OF THE PRICE OF DOMESTIC INPUTS TO THE EXTENT THAT THEY MUST COMPETE WITH SUCH IMPORTS. THIS ASPECT OF EFFECTIVE VERSUS NOMINAL PROTECTION IS AN IMPORTANT CONSIDERATION AND ONE THAT IS NOT ALWAYS FULLY RECOGNIZED. GENERALLY, HOWEVER, THE MAIN FOCUS OF CONCERN BY INDUSTRY HAS BEEN THAT THE FINAL BARGAIN, WHATEVER INCREASED OPPORTUNITIES IT MAY PROVIDE IN EXPORT MARKETS, WILL ALSO RESULT IN INCREASED COMPETITION IN THE CANADIAN MARKET THROUGH REDUCTIONS IN EXISTING TARIFF LEVELS. IT IS TRUE THAT REDUCTIONS IN TARIFFS HAVE THIS EFFECT AS WELL AS LOWERING THE COST OF IMPORTS TO USERS AND CONSUMERS. BUT THIS IS NOT NEW OR UNUSUAL. IT IS THE PRICE THAT IS REQUIRED NOT ONLY TO SECURE WIDER MARKET OPPORTUNITIES AS SUCH, BUT ALSO THROUGH TRADE TO HELP IMPROVE OVERALL EFFICIENCY AND PRODUCTIVITY.

WE NEED ALSO TO BEAR VERY MUCH IN MIND THAT THE IMPROVED COMPETITIVENESS WE ARE ALL AIMING FOR WILL AFFECT BOTH IMPORTS AND EXPORTS. TO THE EXTENT OUR RELATIVE COMPETITIVE POSITION IMPROVES WE SHOULD SEE THE RESULTS BOTH IN ROLLING BACK IMPORT PENETRATION AS WELL AS IN THE EXPLOITATION OF EXPORT OPPORTUNITIES.

WHATEVER YOUR PERCEPTIONS MAY BE, IT IS CLEAR THAT CANADA HAS A LOT AT STAKE IN GENEVA. A GREAT DEAL OF PROGRESS HAS BEEN MADE AND THE VARIOUS COMPLEX ELEMENTS OF THE NEGOTIATIONS ARE COMING TOGETHER. THE BROAD OUTLINES OF A PACKAGE OF AGREEMENTS THAT WILL CONSTITUTE THE OUTCOME

...5

OF THE NEGOTIATIONS CAN NOW BE DISCERNED.

YOU WILL HAVE NOTED THAT A NUMBER OF PAIRS OF MTN COUNTRIES INCLUDING THE UNITED STATES AND JAPAN WERE ABLE TO ANNOUNCE JUST BEFORE CHRISTMAS THAT THEY HAD REACHED SUBSTANTIAL AGREEMENT, ON A BILATERAL BASIS, ON ISSUES OF PARTICULAR INTEREST BETWEEN THEM. WHILE ALL OF THESE AGREEMENTS ARE PROVISIONAL AND RELATED TO THE OUTCOME AS A WHOLE, THEY CONSTITUTE AN IMPORTANT INDICATION BOTH OF THE WILLINGNESS AND OF THE DETERMINATION OF THE MAIN PARTICIPANTS TO REACH AN ACCOMMODATION ON TARIFF AND NON-TARIFF ISSUES. IN SIMILAR VEIN, THE USA/EUROPEAN COMMUNITY STATEMENT OF DECEMBER 22ND INDICATED THAT THE TWO DELEGATIONS HAD ESSENTIALLY RESOLVED THEIR DIFFERENCES ON NON-TARIFF MEASURES AND THAT THE MAJOR ELEMENTS FOR A FINAL BALANCE IN THE AGRICULTURAL SECTOR WERE NOW ON THE TABLE. ON TARIFFS, IT WAS STATED THAT WHILE THE MAJOR ELEMENTS FOR A "SUBSTANTIAL DEAL" WERE PRESENT, FURTHER BILATERAL NEGOTIATIONS WOULD BE NEEDED TO REACH A MUTUALLY SATISFACTORY AGREEMENT BOTH IN QUANTITATIVE AS WELL AS QUALITATIVE TERMS.

WHAT DO THESE INDICATIONS OF PROGRESS MEAN IN TERMS OF THE COMPLETION OF THE NEGOTIATIONS? FIRST, A NUMBER OF SUBSTANTIVE ISSUES REMAIN FOR RESOLUTION. IN THE NON-TARIFF AREA, FOR EXAMPLE, THE QUESTION OF THE ACTUAL COVERAGE OF THE PROPOSED AGREEMENT ON GOVERNMENT PROCUREMENT, IN TERMS OF THE ENTITIES AND THUS THE TYPE OF PRODUCTS TO BE INCLUDED, IS NOT YET SETTLED. ANOTHER IMPORTANT NON-TARIFF ISSUE ARISES IN CONNECTION WITH THE PROPOSED NEW RULES FOR "SAFEGUARDS" - THAT IS THE RIGHT OF A COUNTRY TO TAKE SPECIAL AND NON-PERMANENT RESTRICTIVE ACTION AGAINST INJURIOUS IMPORTS. HERE A KEY QUESTION IS WHETHER OR NOT, AND

...6

IF SO UNDER WHAT CONDITION, A COUNTRY MIGHT BE PERMITTED TO APPLY SUCH SAFEGUARDS IN A "SELECTIVE" OR DISCRIMINATORY MANNER - THAT IS AGAINST THE COUNTRY OR COUNTRIES CAUSING THE INJURY, RATHER THAN AGAINST ALL FOREIGN SOURCES OF THE PRODUCT CONCERNED.

So FAR AS TARIFFS THEMSELVES ARE CONCERNED, WHAT HAS BEEN AGREED BILATERALLY UP TO THIS POINT - AND MUCH HAS BEEN AGREED - IS STILL DEPENDENT IN MANY CASES ON WHAT OTHER COUNTRIES WITH A SIGNIFICANT INTEREST IN THE PRODUCT AREA CONCERNED ARE PREPARED TO DO. IN A NUMBER OF KEY PRODUCT AREAS THE AMERICAN, COMMUNITY AND JAPANESE NEGOTIATIONS WITH EACH OTHER AND WITH CANADA INVOLVE A COMPLEX INTERLINKAGE OF INTERESTS WHERE THE BALANCE STRUCK BETWEEN SAY ANY TWO COUNTRIES MAY HAVE AN IMPORTANT BEARING ON THE BALANCES BEING SOUGHT WITH AND BETWEEN OTHERS. FOR OUR PART, WE ARE CONTINUING TO PRESS OUR PARTNERS FOR A BETTER ACCOMMODATION OVER A CONSIDERABLE RANGE OF OUR EXPORT INTERESTS WHERE OFFERS RECEIVED TO DATE CANNOT BE REGARDED AS SATISFACTORY. AND AS YOU COULD EXPECT THE OTHER PARTICIPANTS ARE NOT SHY IN PRESSING THEIR INTERESTS WITH US. MOREOVER IT IS TO BE REMEMBERED THAT WHEN THE MAIN OUTSTANDING BILATERAL TARIFF QUESTIONS HAVE BEEN DEALT WITH, THERE WILL REMAIN THE MATTER OF FINAL BALANCING BETWEEN ALL THE COUNTRIES CONCERNED.

AS REGARDS TIMETABLE, THE USA ADMINISTRATION, EARLY LAST MONTH, GAVE ITS CONGRESS THE 90-DAY NOTICE REQUIRED UNDER THE TRADE ACT OF ITS INTENTION TO SIGN TRADE AGREEMENTS. THIS MEANS THAT WE ARE LOOKING AT A PERIOD SOMETIME AFTER EARLY APRIL FOR FORMAL SIGNATURE. THIS MUST, HOWEVER, BE PRECEDED BY A PERIOD OF LEGAL DRAFTING WHICH WILL TAKE SOME TIME. SO YOU WILL READILY APPRECIATE THAT THE DAYS AND WEEKS IMMEDIATELY AHEAD ARE MAKE OR BREAK IN TERMS OF SOLVING THE OUTSTANDING PROBLEMS

...7

WHICH MUST BE DEALT WITH IF THE NEGOTIATIONS ARE TO SUCCEED.

THE REACTION OF THE USA CONGRESS OVER THE 90-DAY PERIOD TO THE PACKAGE OF AGREEMENTS BEING SUBMITTED TO THEM IS OF COURSE HIGHLY IMPORTANT. A RELATED POINT, ALSO LINKED TO THE CONCLUSION OF SUBSTANTIVE NEGOTIATIONS IS THE QUESTION OF THE RETROACTIVE EXTENSION BEING SOUGHT FROM THE US CONGRESS OF UNITED STATES AUTHORITY TO WAIVE COUNTERVAILING DUTIES AGAINST IMPORTS IN CERTAIN CIRCUMSTANCES. LEGAL AUTHORITY FOR THIS WAIVER TERMINATED ON JANUARY 2, 1979. THE EUROPEAN COMMUNITY HAS TAKEN THE POSITION THAT ITS FINAL ACCEPTANCE OF NEGOTIATED AGREEMENTS WOULD NOT BE GIVEN UNTIL THE US CONGRESS HAS ACTED AFFIRMATIVELY ON THIS MATTER. THIS IS ALSO OF IMPORTANCE TO CANADA, PARTICULARLY IN RESPECT OF COUNTERVAILING DUTIES ON CANADIAN EXPORTS OF FISH.

WHAT ARE THE BROAD ELEMENTS OF THE PACKAGE THAT IS EMERGING? FIRST, THERE IS THE PROSPECT OF A MAJOR REDUCTION OF TARIFFS ON INDUSTRIAL PRODUCTS. THE CANADA/U.S.A. NEGOTIATIONS IN THIS AREA ARE WELL ADVANCED BUT WITH SOME PARTICULARLY DIFFICULT QUESTIONS STILL TO BE RESOLVED, A MAJOR DEAL IS IN SIGHT. THERE REMAIN IMPORTANT GAPS IN OUR NEGOTIATIONS WITH JAPAN AND THE EEC AND FURTHER MOVEMENT IS ESSENTIAL FROM THEM IN CERTAIN KEY SECTORS OF INTEREST TO CANADA IF WE ARE TO REACH A SIZABLE AND MUTUALLY BENEFICIAL AGREEMENT. FAILING SUCH IMPROVEMENTS WE WOULD NECESSARILY HAVE TO LOOK AT BALANCING AT A SOMEWHAT LOWER LEVEL OF CONCESSIONS.

IN YOUR OWN AREAS OF INTEREST AND CONCERN YOU SHOULD ASSUME THAT THERE WILL BE SOME MEASURE OF REDUCTION IN CANADIAN TARIFF PROTECTION

...8

AND AN INTERESTING RANGE OF OPPORTUNITY OPENED UP BY THE REDUCTION OF FOREIGN TARIFFS.

IN THE NON-TARIFF MEASURE AREA, DRAFT AGREEMENTS OR "CODES" HAVE BEEN ELABORATED WITH RESPECT TO SUBSIDIES AND COUNTERVAILING DUTIES, SAFEGUARDS, GOVERNMENT PROCUREMENT, TECHNICAL BARRIERS TO TRADE (PRODUCT STANDARDS AND RELATED TESTING AND CERTIFICATION REQUIREMENTS), CUSTOMS VALUATION AND IMPORT LICENSING PROCEDURES, AS WELL AS THE AGREEMENTS ON COUNTERFEITING OF TRADE MARKS AND TRADE IN AIRCRAFT AND PARTS WHICH I MENTIONED EARLIER. CHANGES TO AMEND AND UP-DATE THE ANTI-DUMPING CODE ARE ALSO UNDER INTENSE NEGOTIATION. A FRAMEWORK AGREEMENT WILL ALSO PROVIDE LEGAL COVER WITHIN THE GATT FOR SPECIAL AND DIFFERENTIAL TREATMENT FOR LDC'S. AS YOU MIGHT SUSPECT FROM THE SUBJECT MATTER OF THESE VARIOUS DRAFT CODES, NEGOTIATIONS HAVE NOT BEEN EASY. MANY OF THE CODES MEET HEAD ON ISSUES OF CONSIDERABLE IMPORTANCE AND POLITICAL SENSITIVITY. AN EXAMPLE IS THE NEGOTIATIONS ON GOVERNMENT PROCUREMENT AIMED AT BRINGING SOME PART OF THIS GROWING AREA OF PRODUCT DEMAND UNDER GATT RULES OF NON-DISCRIMINATION AND EQUAL TREATMENT FOR FOREIGN AND DOMESTIC PRODUCTS. YOU MAY BE SURE THAT THE EXPERTS REALLY STRETCHED EACH OTHER TO ENSURE THAT THE RULES WOULD BE STRONG AND POLICEABLE IN THIS AREA WHERE TO DATE GOVERNMENTS HAVE HAD FREE REIN TO FAVOUR DOMESTIC PRODUCERS.

WHILE THE SIGNIFICANCE OF CANADIAN ADHERENCE TO THESE CODES WOULD VARY BY INDUSTRY, CERTAIN OF THEM HAVE BROAD APPLICATION AND RELEVANCE. ONE SUCH IS THE DRAFT ARRANGEMENTS OF SUBSIDIES AND COUNTERVAILING DUTIES. IT WOULD ACHIEVE ONE OF CANADA'S PRIMARY MTN OBJECTIVES IN THE NON-TARIFF AREA, NAMELY, THE BRINGING OF U.S. LAW INTO LINE WITH THE EXISTING GATT RULES SO THAT DETERMINATION OF MATERIAL INJURY TO U.S. DOMESTIC INDUSTRY WOULD BE PREREQUISITE TO THE APPLICATION OF COUNTERVAILING

DUTIES AGAINST SUBSIDIZED EXPORTS. FOR CANADIAN PRODUCTS WHICH HAVE BENEFITTED FROM CANADIAN FINANCIAL ASSISTANCE PROGRAMS, THIS WOULD SUBSTANTIALLY REDUCE THE RISK OF U.S. COUNTERVAIL. IN ADDITION, UNDER THE CODE, THE EXISTING PROHIBITION ON EXPORT SUBSIDIES FOR INDUSTRIAL PRODUCTS WOULD BE STRENGTHENED AND GREATER CLARITY AND CERTAINTY WOULD BE GIVEN TO GATT RULES ON OTHER SUBSIDIES WHICH CAN ADVERSELY AFFECT EXPORTS TO THE SUBSIDIZING COUNTRY OR TO THIRD COUNTRIES.

THE PROPOSED CODE ON CUSTOMS VALUATION ON THE OTHER HAND PRESENTS SOME SERIOUS DIFFICULTIES FOR US. THE CODE SEEKS TO ESTABLISH UNIFORM STANDARDS TO BE APPLIED BY GOVERNMENTS IN DETERMINING THE VALUE OF IMPORTED GOODS FOR PURPOSES OF LEVYING AD VALOREM RATES OF DUTY. THE MAIN MTN PARTICIPANTS OTHER THAN CANADA HAVE REACHED AGREEMENT IN PRINCIPLE ON THE MAIN PROVISIONS OF A CODE FOR THIS PURPOSE. CANADA IS ONE OF THE FEW COUNTRIES WHICH NOW LEVIES DUTIES BASED ON SELLING PRICE OR "FAIR MARKET VALUE" IN THE DOMESTIC MARKET OF THE EXPORTING COUNTRY. THE CODE INSTEAD LOOKS PRIMARILY AT PRICES AT WHICH GOODS MOVE IN INTERNATIONAL TRADE - THE SO CALLED "TRANSACTION PRICE". THIS WOULD REQUIRE A SIGNIFICANT CHANGE IN CANADIAN CUSTOMS VALUATION LEGISLATION AND ADMINISTRATIVE PRACTICES.

OUR MTN DELEGATION HAS STRESSED THAT ANY INTERNATIONAL CODE SHOULD PERMIT, AS DOES THE GATT PRESENTLY, CUSTOMS AUTHORITIES TO REJECT FOR VALUATION PURPOSES, PRICES THAT DO NOT REFLECT THE ACTUAL VALUE OF THE GOODS. EXAMPLES OF THIS ARE WHEN THE IMPORT PRICE IS NOT FREELY OFFERED TO ALL BUYERS OR WHEN IT INVOLVES "DISTRESS" SELLING OF USED GOODS OR END-OF-LINE GOODS. CANADIAN INTERESTS IN THIS REGARD HAVE NOT

...10

SO FAR BEEN ACCOMMODATED. WE HAVE NOT ASSOCIATED OURSELVES WITH THE RESULTS TO DATE ON THIS CODE AND NO DECISION HAS BEEN TAKEN ON POSSIBLE ADHERENCE. FOR CANADA TO CONSIDER SUCH A STEP, OUR PARTICULAR INTERESTS WOULD HAVE TO BE ACCOMMODATED ONE WAY OR ANOTHER. MOREOVER, WE WOULD NEED TO BE GIVEN APPROPRIATE CREDIT FOR THE CHANGES INVOLVED INCLUDING THE LOWERING OF THE PROTECTIVE BASE WHICH WOULD BE INVOLVED. THIS MIGHT BE GREATER FOR SOME SECTORS OF PRODUCTION THAN FOR OTHERS.

WITH THE SORT OF PACKAGE I HAVE OUTLINED COMING INTO VIEW, WE CAN BEGIN TO GET A CLEARER PICTURE OF THE IMPLICATIONS FOR CANADIAN PRODUCTION AND TRADE INTERESTS. AND WE MUST COME TO GRIPS WITH THE SORTS OF THINGS WHICH WE AS A COUNTRY NEED TO DO TO EXPLOIT FULLY THE RESULTS OF THE NEGOTIATIONS AND TO ADJUST EFFECTIVELY AND IN GOOD TIME TO NEW COMPETITIVE CHALLENGES AND OPPORTUNITIES IN WORLD TRADE.

THE PHASING OF THE TARIFF RESULTS OVER A PERIOD, LIKELY TO BE 8 YEARS BEGINNING ON JANUARY 1, 1980, IS INTENDED TO PERMIT AN ORDERLY PERIOD OF ADJUSTMENT AND TO FACILITATE THE TAKING AND IMPLEMENTATION OF NECESSARY INVESTMENT, PRODUCTION AND TRADE DECISIONS. THE ADJUSTMENTS TO CHANGES IN COMPETITIVE CONDITIONS IN EXPORT AND DOMESTIC MARKETS WILL, OF COURSE, BE TAKING PLACE IN THE CONTEXT OF A CONSTANT AND DYNAMIC PROCESS OF INDUSTRIAL CHANGE IN CANADA. I BELIEVE THERE IS A GROWING AND BROADLY SHARED RECOGNITION IN CANADA THAT PROMPT AND FORWARD LOOKING ADJUSTMENT IS OF GREAT IMPORTANCE IF WE ARE TO ACHIEVE AND MAINTAIN ACCEPTABLE RATES OF ECONOMIC GROWTH AND EMPLOYMENT HERE IN CANADA. AND I AM, OF COURSE, NOT TALKING ONLY ABOUT ADJUSTMENT WHICH MAY FLOW FROM THE RESULTS OF THE MTN.

MOST OF THE ADJUSTMENTS REQUIRED WILL TAKE PLACE THROUGH THE MARKET MECHANISM AND WILL BE PLANNED AND FINANCED BY INDUSTRY. WE LOOK

...11

FOR THESE ADJUSTMENTS TO BE AIMED INTER ALIA TO TAKE FULL ADVANTAGE OF THE BROADER EXPORT OPPORTUNITIES ARISING FROM IMPROVED MARKET ACCESS AND THE LOWER INPUT COSTS RESULTING FROM THE REDUCTION IN CANADIAN TARIFFS. AND THE MTN RESULTS SHOULD IN THIS WAY FOSTER AND FACILITATE MORE SPECIALIZED, MORE EFFICIENT AND LARGER SCALE PRODUCTION, ENABLING MANY CANADIAN INDUSTRIES TO IMPROVE THEIR PERFORMANCE IN THE DOMESTIC MARKET AS WELL AS INCREASE THEIR EXPORTS. WE WOULD EXPECT, AND I BELIEVE SHOULD STRONGLY ENCOURAGE MULTINATIONAL COMPANIES TO TAKE A HARD LOOK AT THE NEED AND OPPORTUNITY TO RATIONALIZE PRODUCTION IN A STRUCTURED AND BALANCED WAY BETWEEN PARENT AND CANADIAN SUBSIDIARY, PERHAPS BY MANDATING PARTICULAR PRODUCTION LINES AND ALL THAT GOES WITH IT INCLUDING RESEARCH AND DEVELOPMENT TO CANADIAN OPERATIONS WHERE IT IS EFFICIENT AND PROFITABLE TO DO SO. IT WOULD THEN BE UP TO THE CANADIAN COMPANY TO DEMONSTRATE WHAT IT COULD DO. AND I WOULD HOPE BUILD SUCCESS UPON PERFORMANCE AND FURTHER PERFORMANCE UPON SUCCESS.

FOR THE GOVERNMENT'S PART, THE PACKAGE OF ADJUSTMENT INITIATIVES ANNOUNCED BY THE MINISTER OF INDUSTRY, TRADE AND COMMERCE IN OCTOBER LAST YEAR IS RECOGNITION THAT THE GOVERNMENT HAS A RESPONSIBILITY TO HAVE THE APPROPRIATE MEASURES IN PLACE TO ASSIST, WHERE NECESSARY, IN THE EXPLOITATION OF THE OPPORTUNITIES ARISING FROM THE MTN, TO CUSHION PROBLEMS ARISING FROM INCREASED IMPORT PRESSURE; THIS WHEN PARTICULAR PROBLEMS - REGIONAL, STRUCTURAL OR OTHERWISE - ARE SUCH THAT MANAGEMENT CANNOT REASONABLY BE EXPECTED TO COPE WITHOUT PUBLIC HELP. THERE IS ALSO A RECOGNITION OF THE NEED TO ENSURE THAT CANADA'S EXPORT MARKET DEVELOPMENT PROGRAMS INCLUDING EXPORT FINANCING AND EXPORT PROMOTION WILL BE ADEQUATE TO THE NEW

...12

OPPORTUNITIES. AND APART FROM THE SO CALLED FRAMEWORK POLICIES CONDITIONING THE OVERALL ENVIRONMENT FOR DOING BUSINESS IN CANADA WE SHOULD NOT FORGET THE IMPORTANT PLACE OF MANPOWER TRAINING AND MOBILITY PROGRAMS AND IN CERTAIN CASES THE NEED TO SUSTAIN WORKERS WHO FOR AGE, LOCATIONAL OR OTHER SPECIAL REASONS DO NOT HAVE THE CAPACITY TO MOVE FROM OCCUPATIONS OF DECLINING DEMAND TO AREAS OF GREATER ECONOMIC OPPORTUNITY.

ANOTHER IMPORTANT ELEMENT IN IMPLEMENTING THE RESULTS OF THE MTN LIES IN THE POLICIES AND PROCEDURES CANADA HAS OR WILL HAVE IN PLACE TO DEAL WITH INJURIOUS IMPORT COMPETITION. GATT ALREADY PROVIDES ADEQUATE SCOPE FOR GOVERNMENTS TO ACT EFFECTIVELY TO RESTRICT IMPORTS IN SITUATIONS WHERE INCREASED IMPORTS ARE SERIOUSLY INJURIOUS. THE PROPOSED MTN AGREEMENT WITH STRENGTHENED SURVEILLANCE AND DISPUTE SETTLEMENT PROCEDURES SHOULD PROVIDE REASONABLE ASSURANCE ALSO THAT FOREIGN GOVERNMENTS WILL NOT RESORT UNNECESSARILY TO IMPORT RESTRICTIONS. DOMESTIC PROCEDURES AND INSTRUMENTS WILL BE EXAMINED ON A PRIORITY BASIS TO ENSURE THAT THEY GIVE US THE CAPABILITY SWIFTLY TO EXERCISE OUR FULL RIGHTS IN SITUATIONS WHERE A SURGE OF IMPORTS IMPERILS THE ADJUSTMENT EFFORTS OF CERTAIN INDUSTRIES OR WHERE DUMPED OR SUBSIDIZED IMPORTS CAUSE MATERIAL INJURY TO DOMESTIC PRODUCTION. THIS WILL INCLUDE INTER ALIA EXAMINATION OF OUR COUNTERVAILING DUTY AND ANTI-DUMPING PROVISIONS AND PROCEDURES, IN LIGHT OF THE MTN RESULTS. MORE GENERALLY, THE GOVERNMENT INTENDS IN ALL THESE AREAS TO HAVE IN PLACE FACILITIES AND CAPABILITIES TO SERVE THE NEEDS OF DOMESTIC PRODUCERS AS EFFICIENTLY AND PROMPTLY AS WILL BE THE CASE IN OTHER INDUSTRIALIZED COUNTRIES AND, OF COURSE, ON A BASIS WHICH GIVES A FAIR HEARING TO THE VARIOUS INTERESTS WHICH ARE USUALLY INVOLVED. ALL THIS, OF COURSE, CONSISTENTLY WITH OUR INTERNATIONAL OBLIGATIONS.

AS WE SQUARE AWAY FOR WHAT LIES AHEAD THERE IS MUCH WHICH REMAINS UNCLEAR. AND CHANGE WILL REMAIN THE ORDER OF THE DAY. BUT WITHIN THAT MOVING SCENE I BELIEVE THERE WILL BE GREATER CERTAINTY SO FAR AT LEAST AS THE COMMERCIAL POLICY FRAMEWORK IS CONCERNED. THOSE AMONGST YOU WHO WISELY AND IMAGINATIVELY MOVE FORWARD WILL SHARE THE REWARDS. THE FUTURE WILL OBVIOUSLY HOLD LESS FOR BUSINESSMEN TRYING TO MANAGE THROUGH REAR VIEW MIRRORS. YOU DEAL WITH A MATERIAL OF REMARKABLE PROPERTIES AND TECHNOLOGY NOW PERMITS YOU TO ADAPT IT TO A MYRIAD OF APPLICATIONS. I AM CONFIDENT THAT YOUR SECTOR IS HEADED FOR A HEALTHY AND PROFITABLE FUTURE AND THAT THE CANADIAN RUBBER INDUSTRY WILL PROVE NO LESS VERSATILE IN MEETING THE CHALLENGES AND OPPORTUNITIES OF THE FUTURE THAN HAS BEEN THE PRODUCT WITH WHICH YOU WORK IN ADAPTING TO THE EVER EVOLVING NEEDS OF THE MARKET PLACE.

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Deputy Prime Minister | Vice-Premier Ministre

President of the Privy Council | Président du Conseil privé

Release | Communiqué

DATE: February 26, 1979 RELEASE: 1300 hours

Notes for an address by the Honourable A.J. MacEachen, Deputy Prime Minister, to the Canadian Club in Toronto, February 26, 1979.

TO BE CHECKED AGAINST DELIVERY

Deputy Prime Minister

Vice-Premier Ministre

President of the Privy Council

Président du Conseil privé

NOTES FOR AN ADDRESS BY

THE HONOURABLE A.J. MACEACHEN

DEPUTY PRIME MINISTER

TO

THE CANADIAN CLUB

TORONTO

FEBRUARY 26, 1979

Mr. Chairman:

I am particularly pleased to be with you today and I thank you for your gracious introduction. I shall be talking to you this afternoon about a "countdown" - not a political one (though I am sure you would be equally interested in that subject) but about an international economic countdown of great importance to Canada and indeed to the whole future of the world trading system.

I refer, of course, to the imminent conclusion, after nearly six years, of the Multilateral Trade Negotiations in Geneva - negotiations which have involved not just the major trading nations but a total of almost 100 countries, both developed and developing, and which account among them for nearly 95 percent of world trade.

International trade has never been a matter of remote concern to Canadians. Directly or indirectly, it is central to the prosperity of every sector of our economy, including services. On the export side, for example, our sales abroad account for one dollar in every four of our Gross National Product or, to put it in physical terms, over one-half of what we produce must find market outside Canada. On the import side, trade provides us with many of our production inputs, with a broad range of consumer goods, and with much of the competitive challenge which helps to build efficient and productive industries.

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As things stand at the moment, our trade account is in surplus. This does a great deal to cover some of the deficits incurred in other areas. We are determined that this surplus should increase even further. In this respect, there are two elements in play. One is what we can do ourselves to improve our economic performance. The other is the type of world trading environment in which we shall be working.

I think we have to face the fact that we allowed ourselves, during the middle years of the seventies, the luxury of becoming more and more uncompetitive in relation to other countries. This situation was masked for a time by the generality of economic problems facing most countries - high inflation, higher energy costs, slower growth and business uncertainty. But as import penetration rose, exports slowed down, and inflation remained high, we had to come to terms with reality. And just in case we were unable to recognize what was happening, the world sent us a signal which could not be ignored - the sharp decline in the value of our dollar.

We have taken steps - and will continue to take steps - to turn this situation around. Current policy is increasingly oriented to the creation of wealth and less to the division of what was falsely assumed to be an exponentially expanding pie. Business has become leaner and fitter; wage settlements are more realistic; productivity has been rising. We are fighting our way back and with some success as the trade figures are beginning to show. The lower exchange rate has, of course, helped our exports and acted to brake imports. But as costs rise because of higher import prices, such advantages tend to erode. It is vital to use the present breathing space to re-establish our position, to make the adjustments needed to exploit our opportunities, and to build from the new base.

Swift action is essential, for the world is not going to stand still while we get our house in order. Our competitors too are adapting to slower growth, higher energy costs and new relationships between currencies. They, like Canada, must adjust to the ever-changing nature of product demand. They, like we, must accommodate to an accelerated pace of innovation and to the

.../3

presence of new and highly competitive suppliers in the market place - including a number of the more advanced of the developing countries. And all of us will be working within the new trading framework which is expected to result from the negotiations in Geneva.

I shall not speak in detail about the many and various aspects of these negotiations. In general terms, however, what we should expect to see is a significant reduction in industrial tariffs; improved access to other markets for our agricultural and fisheries products; and the removal, reduction or amelioration of a wide variety of non-tariff barriers which, in one way or another, limit the export of particular products.

In addition, attempts are being made to revise and update a number of basic trading rules, such as those governing the use of temporary import restrictions against disruptive imports, subsidies and countervailing duties, anti-dumping duties, and restrictions imposed for balance-of-payments reasons. We are also looking at what are termed international codes of conduct. One of these is intended to open up certain elements of government procurement to international competition. Another would bring under control the tendency to use standards and technical regulations in such a way as to create unnecessary obstacles to trade.

Finally, we are looking at new GATT legal provisions designed further to facilitate the trade of developing countries and to help their economic growth. At the same time we should see the beginning of understandings and assumptions of responsibility which would progressively bring the more advanced of such countries more fully within the framework of rights and obligations accepted by developed members of the trading community.

It is not often that international negotiations of this scope and complexity are undertaken. The current round in Geneva is certainly the most ambitious attempted since the GATT itself came into being some 30 years ago. In total what seems likely to emerge would amount to a revised basic framework for world trade and one likely to apply for many years to come, certainly into the 1990's and perhaps even further.

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As in all negotiations, there have, of course, been disappointments as well as successes. While no subject matter has been dropped from the Geneva agenda, progress in some areas has not been as great as at least some countries had originally hoped. In the industrial area the results in terms of tariff reduction will be less in some sectors than in others. The eventual reaction to what has been achieved will naturally vary depending on whether the interest concerned sought more open access to markets or was more interested in the maintenance of existing protection. But in general we can anticipate a substantial result so far as industrial tariffs are concerned and one which should permit production and investment planning to be carried out on the basis of significantly improved access to world markets.

Traditionally, international negotiations in the area of agriculture have been difficult and trade liberalization has been less than in the industrial field. In the current round some interesting gains will have been made, taking agriculture as a whole. But many efficient agricultural countries will be disappointed that greater access for their products could not have been gained in foreign markets. And you will have noticed that the negotiations under UNCTAD auspices for a new international wheat agreement have not been crowned with success. So far as the new codes are concerned, very real progress has been made in most areas. But in government procurement, while a good set of rules has been developed to permit foreign suppliers to participate fairly in government purchasing, I think we shall see that only a beginning will have been made so far as the amount and character of procurement which governments are at this stage ready to open up.

So far as the prospective results for Canada are concerned, the picture is similarly mixed. In general, we expect to see significantly improved access to markets abroad for our cattle, meats, oilseeds, vegetable oils, certain grains, many fruits and vegetables and a range of processed agricultural products. Canadian concessions will also have been made, commensurate with the export benefits received. As to our trade in agricultural products with the United States we should see, as well as

.../5

liberalization, the elimination of many of the tariff disparities which have tended to distort trade flows between the two countries.

Better opportunities are also expected for the sale of our fish and fish products in the United States, Europe and Japanese markets - essential outlets for the larger catches to be harvested from our enlarged coastal fishing zones.

On the industrial side, in addition to improved access generally for most products there will be de-escalation of tariffs which have protected the processing of raw materials and foodstuffs in foreign markets to the detriment of processing and upgrading in Canada. There will be areas, however, where progress in this direction will be less than we would have whished.

Subject to the imminent resolution of a number of important issues, a major deal is in prospect with the United States and the results will be very important both from the point of view of exports and our further industrial development. There are still significant gaps, however, in the offers being put forward by Japan and the European Community - offers which have not taken adequate account of many of our essential export interests. If we are to reach mutually beneficial agreement with these countries, improvements in their offers will have to be forthcoming, particularly as regards certain agricultural and fisheries products and in the area of forest products and non-ferrous metals. Failing this, agreement may have to be reached at a somewhat lower level of concessions.

And I should mention that good progress is being made in the negotiation of a special agreement for the elimination of duties by the major industrialized countries on aircraft, aircraft parts and airborne equipment, broadly defined. This is of high priority for the Canadian industry. The agreement also addresses a number of particular measures which governments can and do take and which can influence the production and marketing of these products. We are endeavouring to ensure that these provisions of the agreement

.../6

are also acceptable from the Canadian point of view.

In general, there should be much greater assurance and certainty of access to foreign markets for our exports as a result of improved trading rules and the bringing of a number of non-tariff barriers under better international control.

The proposed code on subsidies and countervailing duties will clarify the international rules with respect to the use of export and other subsidies and the actions that can be taken to deal with them so far as trade may be affected. In accordance with the code U.S. law is expected to be amended so that a determination of material injury to a domestic industry is a prerequisite to the application of countervailing duties. This should do much to reduce the risk of Canadian exports being subject to U.S. countervail action when their production has benefitted from governmental assistance.

The range of defensive measures which we shall be able to take against unfair competition and disruptive imports will be more clearly defined and the application of such measures will be more uniform as between trading countries. This will be important for Canada both in terms of protection for our domestic producers and constraints on the actions which can be taken by other countries against our exports.

The rule of law in international trade will apply over a larger area of commerce because of the number and scope of new codes and rules and because more precise dispute settlement procedures are being built into the trading system. This should limit areas of possible arbitrary action and harassment in international trade and could be particularly important for a trading nation such as Canada vis-a-vis its larger trading partners.

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There are many other elements in the prospective MTN results which are of considerable significance. But I do not wish to try your patience and I think I have said enough to give you some idea of our stake in the outcome of these negotiations.

How is this all going to affect Canada? A great deal will depend on our own capacity to adjust, not only to the new export opportunities abroad but to the challenges of new competition at home. We should not fall into the trap, however, of assuming that there will be no requirements for adjustment other than to the MTN. There has always been a constant and dynamic process of industrial change in Canada. And it will be so in the future. By way of other changes to which we must adapt one only has to consider, for example, the demographic shift which is taking place in our population; the rapid pace of technological development; the everchanging tastes and patterns of consumer demand; changes in the price of energy; shifts in exchange rates and in the relative competitive position of trading nations (including new suppliers). And you could think, I am sure, of dozens of other examples.

So far as the MTN itself is concerned, the tariff results will be phased in over what seems likely to be an 8-year period, beginning on January 1, 1980. This will permit an orderly period of adjustment and facilitate the taking and implementation of necessary investment, production and trade decisions. It has never been the intention of any participating government, needless to say, to impose changes at a faster rate than its economy can absorb.

Some industries in Canada may find it more difficult to adapt to these changed conditions than others. And as you are aware the government will have in place a variety of programmes to facilitate adjustment both to the opportunities which lie ahead and to help in certain situations where it is not possible for those concerned to adapt to the new circumstances without government assistance. These programmes will, of course, address the needs of workers as well as those of the companies concerned. We fully

.../8

recognize the problems of those who, for valid reasons, may not be able to make the shift from localities of declining employment to those where opportunities are greater.

While government assistance will be significant where it is available to help industry and workers adapt to the challenges and opportunities flowing from the MTN, most such adjustment will be accommodated through the market place in the usual way. And indeed the adjustment called for will, I believe, be small relative to that which is ongoing in any event as our producers and manufacturers respond to changing economic circumstances day by day and year by year.

The important objective is, of course, to improve our economic performance. And here I am encouraged by the extent to which business, labour and government have in the recent past been increasingly working together to make this happen.

These efforts must be continued. In preparing our negotiating positions for Geneva, the Government had the benefit of close and continuing consultations with all Canadian interests concerned - with provincial governments, industry, labour, agricultural, fisheries and consumer groups, business and trade associations and many others. Such consultations were of great value in working out sound Canadian positions on the many difficult and complex problems being taken up in Geneva.

Such a co-operative approach between government and the private sector must more and more inspire our efforts if over the years ahead we are to remain competitive, stay in the main stream, and make the best of our natural heritage and rich human endowment. With each of us sharing a determi- nation to do so I have no hesitation in expressing full confidence in Canada's capacity to work and thrive in the post-MTN world. We have the potential. We'll prove by performance.

Government of Canada | Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

News Release Communiqué

Subject/Sujet

Address to the Montreal Economics Association.

For release/Pour publication
13:00 hours (EST)
March 20, 1979

Attached are the notes for an address to be made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations (delivered by H.W. Richardson) to the Montreal Economics Association, Montreal, March 20, 1979.

TO BE CHECKED AGAINST DELIVERY

Copies disponibles dans la version française à l'adresse ci-haut mentionnée.
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News Release / Communiqué

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Address to the Montreal Economics Association.

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NOTES FOR AN ADDRESS BY AMBASSADOR J.H. WARREN
CANADIAN CO-ORDINATOR FOR THE MULTILATERAL TRADE NEGOTIATIONS
TO THE MONTREAL ECONOMICS ASSOCIATION
MONTREAL

MARCH 20, 1979

WHEN I MET WITH THE CANADIAN ASSOCIATION FOR BUSINESS ECONOMICS IN OTTAWA LAST YEAR I SKETCHED OUT THE NATURE AND PURPOSES OF THE TOKYO ROUND, THE BACKGROUND AGAINST WHICH THE NEGOTIATIONS WERE UNFOLDING AND THE IMPLICATIONS OF THE MTN FOR CANADIAN TRADE AND ECONOMIC POLICIES. MUCH OF WHAT I SAID THEN IS STILL RELEVANT BUT IT IS POSSIBLE NOW, AS WE APPROACH THE CONCLUSION OF THIS LONG AND COMPLICATED EXERCISE TO FILL OUT THE PICTURE. I WOULD LIKE TODAY TO REVIEW BRIEFLY THE MAIN ELEMENTS OF THE NEGOTIATIONS AND GIVE YOU SOME IDEA OF THE SORT OF RESULTS THAN CAN BE EXPECTED TO EMERGE. I WOULD ALSO LIKE TO SUGGEST HOW THESE RESULTS MIGHT FIT INTO AND AFFECT THE DIRECTION AND PATTERN OF CANADIAN ECONOMIC PERFORMANCE IN THE YEARS AHEAD.

I SHOULD START OFF BY SAYING THAT NONE OF THE PROTECTIONIST FORCES AND NONE OF THE DIFFICULT ECONOMIC REALITIES THAT WERE PRESENT A YEAR AGO HAVE DISAPPEARED. THE NEGOTIATIONS HAVE BEEN TOUGH AND ALL COUNTRIES HAVE HAD TO MAKE COMPROMISES AND, GIVEN THE ECONOMIC CIRCUMSTANCES, THESE COMPROMISES HAVE PERHAPS BEEN MORE DIFFICULT THAN IS THE CASE IN THE USUAL TRADE NEGOTIATING PROCESS. WHAT IS SURPRISING AND IN THE CIRCUMSTANCES, PLEASANTLY SURPRISING, IS THAT WE HAVE BEEN ABLE TO ACHIEVE AS MUCH AS NOW APPEARS POSSIBLE.

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THOSE OF YOU WHO HAVE BEEN FOLLOWING THE NEGOTIATIONS WILL HAVE NO DOUBT NOTICED THAT A NUMBER OF MTN PARTICIPANTS WERE ABLE TO STATE BEFORE CHRISTMAS THAT THEY HAD REACHED SUBSTANTIAL BILATERAL AGREEMENT ON THE TARIFF NEGOTIATIONS. CANADA WAS NOT AMONG THOSE MAKING SUCH ANNOUNCEMENTS, BUT SINCE THEN WE HAVE BEEN ABLE TO NARROW DOWN THE RANGE OF ISSUES THAT NEED TO BE RESOLVED BETWEEN US AND OUR MAJOR TRADING PARTNERS. WE HAVE NOW ALL BUT CONCLUDED A SUBSTANTIAL DEAL WITH THE USA ON BOTH INDUSTRIAL TARIFFS AND AGRICULTURAL TARIFFS - A BARGAIN WHICH, IF CONFIRMED, WOULD GO A LONG WAY TOWARDS CREATING CONDITIONS FOR SUBSTANTIALLY-IMPROVED TRADING AND ECONOMIC DEVELOPMENT OPPORTUNITIES FOR CANADA-BASED PRODUCERS AND MANUFACTURERS. THERE ARE STILL SOME QUESTION MARKS HANGING OVER THE PROSPECTIVE SETTLEMENT WITH THE U.S.A., AND WITHIN IT THERE ARE SOME AREAS IN WHICH WE WOULD HAVE WISHED TO DO MORE, BUT THE PACKAGE, IF CONFIRMED, SHOULD REPRESENT A FAIR, BALANCED, AND MUTUALLY-ADVANTAGEOUS DEAL, CONSISTENT WITH SENSIBLE AND LOGICAL DEVELOPMENT OF TRADE RELATIONS BETWEEN THE TWO COUNTRIES.

IN THE AREA OF INDUSTRIAL TARIFFS OUR NEGOTIATIONS WITH THE USA HAVE SO FAR BEEN PROMISING. WE HAVE MANAGED TO LAY THE GROUNDWORK FOR INCREASED AND MORE REWARDING TRADE IN RESOURCE BASED SECTORS, SUCH AS FOREST PRODUCTS, WHERE WE HAVE TRADITIONALLY BEEN IMPORTANT EXPORTERS. AND WE HAVE IN PROSPECT SIGNIFICANT BENEFITS IN HIGH TECHNOLOGY SECTORS, INCLUDING AIRCRAFT AND AEROSPACE PRODUCTS, IN WHICH WE EXPECT TO EARN AN INCREASING REPUTATION AND COMMERCIAL POSITION OVER THE YEARS AHEAD. IN MACHINERY WHERE OUR INDUSTRY HAS BEEN DEVELOPING IN THE DIRECTION OF

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RATIONALIZED AND SPECIALIZED PRODUCTION, WE CAN EXPECT THE RESULTS OF THE MTN GREATLY TO INCREASE THE OPPORTUNITIES FOR CANADIAN PRODUCERS TO COMPETE EFFECTIVELY IN USA MARKETS.

NEEDLESS TO SAY, NONE OF THESE BENEFITS WAS OFFERED TO CANADA FREE OF CHARGE. I THINK THAT YOU WILL FIND HOWEVER, WHEN THE DETAILED RESULTS ARE MADE PUBLIC, THAT THE CONCESSIONS CANADA HAS MADE WILL STILL ALOW FOR A REASONABLE LEVEL OF PROTECTION, WHILE HELPING OUR INDUSTRIES TO RESTRUCTURE AND RATIONALIZE WHERE THIS IS REQUIRED IN TERMS OF OUR FUTURE CAPACITY TO MEET COMPETITION HERE IN CANADA, AND IN FOREIGN MARKETS. AND WE HAVE BEEN CONSCIOUS ALSO OF THOSE AREAS WHERE CANADIAN PRODUCTION AND EMPLOYMENT, AS A STRUCTURAL MATTER, HAS BEEN PARTICULARLY EXPOSED TO DISRUPTIVE COMPETITION FROM OTHER COUNTRIES, INCLUDING NEW SUPPLIERS.

THE INDUSTRIAL TARIFF DEALS WITH JAPAN AND THE EUROPEAN ECONOMIC COMMUNITY, AS INDEED WITH OTHER OF OUR TRADING PARTNERS, WILL, AS YOU WOULD EXPECT, NOT BE AS LARGE NOR AS FAR-REACHING AS THE PROSPECTIVE BARGAIN WITH THE UNITED STATES. THIS IS TO SOME EXTENT A REFLECTION OF CURRENT PATTERNS OF TRADE AND OF A LESSER COINCIDENCE OF TRADING INTERESTS THAN THAT WHICH EXISTS BETWEEN CANADA AND THE U.S.A. NEVERTHELESS WE SEE SOME IMPORTANT GAINS IN THE MARKETS OF THESE COUNTRIES AS WELL, AND WE SHOULD KNOW SOMETIME IN APRIL, AFTER THE BALANCING AND FINE-TUNING HAS BEEN COMPLETED, JUST WHAT, IN DETAIL, HAS BEEN ACHIEVED.

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A NOTE OF CAUTION IS WARRANTED HERE. ALL OF THESE BILATERAL PACKAGES, THE RESULTS OF WHICH ARE, OF COURSE, MADE AVAILABLE TO ALL UNDER THE GENERAL PRINCIPLE OF MOST FAVOURED NATION TREATMENT (MFN), ARE LINKED AND BOUND TOGETHER. A CONCESSION TO ONE COUNTRY IS OFTEN CONDITIONAL ON A CONCESSION, FROM ANOTHER, AND SO ON. SOMETIMES THE LINKAGES ARE DIRECT, THAT IS TO SAY IN THE SAME PRODUCT AREA, AND SOMETIMES NOT. SO IT IS ALWAYS POSSIBLE, RIGHT UP UNTIL THE LAST MINUTE THAT A PACKAGE CAN START TO UNRAVEL, AND A PROCESS OF "BALANCING DOWN" SET IN. THE MAIN MTN PARTICIPANTS ARE CONTINUING TO WORK FOR A SUBSTANTIAL RATHER THAN A LIMITED RESULT, BUT THE FINAL ADJUSTMENTS COULD BE OF SOME SIGNIFICANCE IN TERMS OF THE SIZE OF THE MTN TARIFF NEGOTIATIONS AS A WHOLE.

OF COURSE NOT ALL THE NEGOTIATING OBJECTIVES OF ALL COUNTRIES WILL OR CAN BE MET. ALL PARTICIPANTS HAVE "BOTTOM LINES" AND THE NEGOTIATIONS CANNOT REALISTICALLY BE PRESSED BEYOND THESE POINTS. ON THE OTHER HAND NONE OF THE MAIN PARTICIPANTS WOULD WISH TO BE RESPONSIBLE FOR JEOPARDIZING THE MAJOR RESULT WHICH APPEARS WITHIN REACH AND WHICH WOULD PUT IN PLACE A BETTER AND MORE CERTAIN INTERNATIONAL TRADING ENVIRONMENT THAN IT WAS POSSIBLE TO ACHIEVE IN PREVIOUS TRADE ROUNDS.

IN AGRICULTURE TOO, THE ISSUES HAVE BEEN NARROWED DOWN.

AS WITH THE INDUSTRIAL TARIFF NEGOTIATIONS, THE LARGEST AND MOST SIGNIFICANT PACKAGE WE ARE LIKELY TO CONCLUDE WILL BE WITH THE UNITED STATES. IT PROMISES TO BE A FAIR BARGAIN WHICH WILL IN TIME SUBSTANTIALLY REDUCE OR ELIMINATE THE TARIFF DISPARITIES ON A RANGE OF IMPORTANT PRODUCTS. AND, AS INTENDED, IT WILL LIBERALIZE AND FOSTER TRADE IN THIS IMPORTANT SECTOR ON THE BASIS OF MUTUAL ADVANTAGE.

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THE AGRICULTURAL PACKAGES WITH JAPAN, THE EC AND OTHER TRADING PARTNERS WILL BE LESS EXTENSIVE. THIS IS PARTLY A REFLECTION OF THE RELUCTANCE THAT SOME OF THESE COUNTRIES, AND PARTICULARLY JAPAN AND THE EC, HAVE TRADITIONALLY SHOWN IN APPROACHING NEGOTIATIONS BEARING ON AGRICULTURE. BUT IT IS ALSO THE RESULT OF A LOWER LEVEL OF SHARED OR COMPLEMENTARY MARKET INTERESTS WHICH PROVIDE THE BASIS AND INCENTIVE FOR SUBSTANTIVE NEGOTIATIONS. NEVERTHELESS, THERE ARE SOME WORTHWHILE CONCESSIONS AVAILABLE TO CANADA AND, SUBJECT TO THE SAME CONDITIONS OF RECIPROCITY, BALANCING, AND FINE TUNING WHICH PREVAIL IN THE INDUSTRIAL NEGOTIATIONS, WE EXPECT TO OBTAIN SIGNIFICANT BENEFITS FOR CANADIAN AGRICULTURAL PRODUCERS AND EXPORTERS.

IN FISHERIES, THE PATTERN OF RESULTS WHICH APPEARS TO BE EMERGING IN THE INDUSTRIAL AND AGRICULTURAL SECTORS REPEATS ITSELF. THAT IS TO SAY THE BIGGEST PACKAGE WE WILL CONCLUDE WILL BE WITH THE USA. IT WOULD HAVE BEEN, OF COURSE, UNREALISTIC TO EXPECT THAT, MERELY BECAUSE OUR FISHING LIMITS HAD BEEN EXTENDED, IMPORTING COUNTRIES WOULD SUDDENLY BE READY TO ABANDON THE PROTECTION TRADITIONALLY GIVEN TO THEIR FISHERMEN AND FISH PROCESSORS. BUT IN THE MTN WE WILL SECURE IMPORTANT GAINS. CONCESSIONS OBTAINED FOR TRADITIONAL AND NEW PRODUCTS COULD IN THE LONG RUN PROVE TO BE EVEN MORE VALUABLE THAN OUR INITIAL ASSESSMENT OF THEM REVEALS, AS THEY LEAD TO INCREASED FAMILIARITY WITH, AND DEMAND FOR, CANADIAN FISH AND FISH PRODUCTS IN THE MARKETS OF OUR TRADING PARTNERS.

AS I HAVE REMARKED ON MANY OCCASIONS THE UNIQUENESS OF THE TOKYO ROUND DERIVES IN PART FROM THE PROMINENCE THAT HAS BEEN GIVEN TO THE NEGOTIATIONS ON NON TARIFF BARRIERS. SOME OF THESE BARRIERS AS, FOR EXAMPLE,

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QUOTAS OR OTHER RESTRICTIONS AFFECTING PARTICULAR PRODUCTS, HAVE BEEN NEGOTIATED BILATERALLY ON A REQUEST AND OFFER BASIS. OTHERS, WHICH HAVE MORE GENERAL RESTRICTIVE EFFECTS ON TRADE, HAVE BEEN DEALT WITH THROUGH THE NEGOTIATION OF A SERIES OF INTERNATIONAL CODES OR AGREEMENTS. MOST OF THESE AGREEMENTS SUCH AS THE ONES DEALING WITH SUBSIDIES AND COUNTERVAIL, VALUATION, SAFEGUARDS, AND IMPORT LICENSING EXPAND ON, INTERPRET OR, TO SOME EXTENT, CHANGE EXISTING GATT RULES. OTHERS, SUCH AS THOSE DEALING WITH GOVERNMENT PROCUREMENT AND TECHNICAL BARRIERS TO TRADE BREAK NEW GROUND.

WHILE THE TEXTS OF THESE AGREEMENTS ARE STILL IN DRAFT FORM, MOST OF THE KEY CONCEPTS HAVE BEEN AGREED AND INDEED IN SOME CASES, THE WORK IS NOW FOCUSSED ON TECHNICAL DETAILS AND POINTS OF LEGAL DRAFTING. THERE ARE HOWEVER SOME "CRUNCH" ISSUES WHICH MAY ONLY BE SETTLED IN THE FINAL HOURS OF THE MTN. THESE INCLUDE THE PRECISE PRODUCT COVERAGE OF THE AGREEMENT ON GOVERNMENT PROCUREMENT, THE FATE OF THE EC OBJECTIVE WITH RESPECT TO THE RIGHT TO TAKE DISCRIMINATORY "SAFEGUARD" ACTION AND, FOR CANADA, THE WHOLE QUESTION OF THE WILLINGNESS OF OTHER COUNTRIES TO ACCOMMODATE OUR LEGITIMATE CONCERNS IN THE IMPORTANT AREA OF CUSTOMS VALUATION. THIS LAST IS ESSENTIAL IF WE ARE TO CONSIDER POSSIBLE MOVEMENT TOWARDS THE SYSTEM NOW BEING PROPOSED FOR UNIVERSAL APPLICATION.

NON-TARIFF BARRIERS OF GENERAL CONCERN ARE MORE DIFFICULT TO DEAL WITH THAN PARTICULAR TARIFF BARRIERS AND ANY ATTEMPT TO QUANTIFY THEIR EFFECTS, OR THE EFFECTS OF SOLUTIONS DESIGNED TO DEAL WITH THEM, CAN BE HIGHLY MISLEADING. NONETHELESS, WHAT HAPPENS IN THIS AREA AS A

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RESULT OF THE MTN WILL BE A VERY IMPORTANT DETERMINANT OF THE INTERNATIONAL TRADING ENVIRONMENT. BY WAY OF ILLUSTRATION OF THIS THESIS I PROPOSE TO CITE ONE OF THE AGREEMENTS BEING WORKED OUT, AND EXPLAIN HOW IT WOULD OPERATE, AND WHAT IT WOULD MEAN FOR CANADA AND FOR WORLD TRADE. I HAVE CHOSEN THE PROSPECTIVE CODE ON SUBSIDIES AND COUNTERVAILING DUTIES.

I AM NOT REVEALING ANY SECRET WHEN I TELL YOU THAT THE DEVELOPMENT OF THIS NEW CODE WAS ONE OF THE MORE SENSITIVE AND DIFFICULT ISSUES TACKLED IN THE MTN. WHAT HAS BEEN UNDERTAKEN HERE REPRESENTS AN ATTEMPT TO AGREE ON INTERNATIONAL RULES WHICH WOULD BEAR ON THE SUBSIDY PRACTICES OF GOVERNMENTS SO FAR AS SUCH PRACTICES MAY HAVE AN IMPACT ON INTERNATIONAL TRADE. EQUALLY SENSITIVE WAS THE ESTABLISHMENT OF MORE PRECISE AGREED RULES AND PROCEDURES COVERING THE USE OF COUNTERVAILING DUTIES -- THAT IS THE IMPOSITION OF A DUTY BY ONE GOVERNMENT TO OFFSET THE EFFECT OF A SUBSIDY GRANTED BY ANOTHER GOVERNMENT WHICH INCREASES THE COMPETITIVENESS OF FOREIGN GOODS IN THE MARKET OF THE IMPORTING COUNTRY. BOTH SUBSIDY PRACTICES AND COUNTERVAILING DUTIES ARE NOW DEALT WITH IN GENERAL TERMS IN THE GATT (ARTICLES VI AND XVI RESPECTIVELY); THE NEW AGREEMENT, HOWEVER, SETS OUT CLEARER RULES, GUIDELINES AND PROCEDURES, INCLUDING PROVISIONS FOR THE SETTLEMENT OF DISPUTES, WHICH WILL ENABLE THE INTERNATIONAL COMMUNITY TO MAKE MORE EFFECTIVE AND DISCIPLINED USE OF CONCEPTS ENSHRINED IN EXISTING GATT PROVISIONS.

THE NEW AGREEMENT WILL PROVIDE GREATER UNIFORMITY AND CERTAINTY IN THE APPLICATION OF COUNTERVAILING DUTIES. ALL SIGNATORIES WILL BE EXPECTED TO ABIDE BY THE INVESTIGATION PROCEDURES SET OUT IN THE AGREEMENT, INCLUDING THE OBLIGATION TO CONSULT THE GOVERNMENT OF THE EXPORTING COUNTRY

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PRIOR TO THE IMPOSITION OF SUCH DUTIES. CANADA ATTACHES PARTICULAR IMPORTANCE TO THIS RIGHT OF CONSULTATION GIVEN OUR HEAVY RELIANCE ON EXPORT MARKETS, PARTICULARLY IN THE USA. FURTHER, THE ADOPTION OF COMMON PROCEDURES, COMMON CRITERIA FOR THE DETERMINATION OF INJURY, AND COMMON PROVISIONS RELATING TO PUBLIC DISCLOSURE OF ALL DECISIONS WILL PROVIDE GOVERNMENTS AND THE BUSINESS COMMUNITY WITH A VALUABLE GUIDELINE AS TO THE TYPE OF SUBSIDY MEASURE THAT MIGHT LEAD TO COUNTERVAILING ACTIONS. IN THIS REGARD, I SHOULD NOTE THAT THE PROCEDURES ENVISAGED UNDER THE NEW AGREEMENT GENERALLY ACCORD WITH THOSE NOW FOLLOWED UNDER CANADIAN LAW.

ONE OF THE MORE IMPORTANT OBJECTIVES FOR CANADA IN THIS NEGOTIATION WAS TO ENSURE THAT UNITED STATES LAW IS BROUGHT INTO LINE WITH THE GATT BY REQUIRING AN INJURY DETERMINATION BEFORE THE APPLICATION OF COUNTERVAILING DUTIES. AT PRESENT THE UNITED STATES DOES NOT CONDUCT AN INJURY TEST IN RESPECT OF DUTIABLE IMPORTS. AS A RESULT, CANADIAN BUSINESSMEN WHO HAVE BENEFITTED FROM GOVERNMENT ASSISTANCE OF ONE KIND OR ANOTHER HAVE BEEN FACED WITH THE RISK THAT THEIR EXPORTS TO THE UNITED STATES MIGHT ATTRACT A COUNTERVAILING DUTY. THE UNCERTAINTY IS ITSELF A NON-TARIFF BARRIER AND MAY INHIBIT PRODUCTION WHICH WOULD OTHERWISE TAKE PLACE. IN SOME CASES COUNTERVAIL HAS BEEN APPLIED WHERE, SO FAR AS WE COULD SEE, THERE WAS NO MATERIAL INJURY TO AMERICAN PRODUCERS, AS FOR EXAMPLE, IN THE CASE OF MICHELIN TIRES. THE NEW AGREEMENT WILL REDUCE THIS CONCERN IF, AS IS ANTICIPATED, THE U.S. CONGRESS IN FACT AMENDS U.S. LAW TO BRING IT IN LINE WITH THE CODE.

INSOFAR AS SUBSIDIES ARE CONCERNED, A NUMBER OF MAJOR IMPROVEMENTS ARE ALSO INCORPORATED IN THE NEW AGREEMENT. FIRST OF ALL

THE CODE WOULD REINFORCE,AND WIDEN TO MINERALS AND MINERAL PRODUCTS, THE EXISTING GATT PROHIBITION ON THE USE OF EXPORT SUBSIDIES ON INDUSTRIAL PRODUCTS. AS FOR AGRICULTURAL SUBSIDIES THE CODE WILL ALLOW FOR THEIR CONTINUED USE IN WORLD TRADE BUT IT WILL CLARIFY THE OBLIGATION OF SIGNATORIES WITH RESPECT TO THEM. THE AGREEMENT WILL RECOGNIZE THAT SUBSIDIES ARE LEGITIMATE TOOLS USED BY GOVERNMENTS TO PROMOTE IMPORTANT NATIONAL ECONOMIC OBJECTIVES, SUCH AS REGIONAL DEVELOPMENT, THE ENCOURAGEMENT OF R & D, AND OTHER MEANS TO STIMULATE INDUSTRIAL DEVELOPMENT. IT WILL ALSO RECOGNIZE THE USEFULNESS OF SUBSIDY PRACTICES IN DEVELOPING COUNTRIES FOR THE GENERAL PROMOTION OF ECONOMIC AND SOCIAL DEVELOPMENT. AT THE SAME TIME,HOWEVER,THE AGREEMENT WILL INDICATE THAT IN CERTAIN CIRCUMSTANCES THE RESULTS OF SUCH SUBSIDIES CAN HAVE ADVERSE EFFECTS ON THE TRADE OR PRODUCTION INTERESTS OF OTHERS. IN SUCH SITUATIONS, AFFECTED SIGNATORIES WILL BE ENTITLED TO RECOURSE UNDER THE AGREEMENT -- THAT IS, THE AFFECTED COUNTRY COULD, FAILING A MUTUALLY SATISFACTORY SOLUTION IN BILATERAL CONSULTATIONS, PURSUE THE CASE IN THE GATT AND SEEK THE RIGHT TO APPLY COUNTERMEASURES AGAINST THE SUBSIDY PRACTICE OF THE OTHER COUNTRY.

THUS, IF A CANADIAN EXPORTER FELT THAT HE WERE LOSING HIS MARKET IN A THIRD COUNTRY BECAUSE OF SUBSIDIZED SHIPMENTS FROM ANOTHER COUNTRY, THE CANADIAN GOVERNMENT WOULD HAVE THE RIGHT UNDER THE NEW AGREEMENT TO MOVE TO PROTECT THE INTERESTS OF CANADIAN FIRMS AGAINST SUCH UNFAIR TRADING PRACTICES WHEN THEY GIVE RISE TO ADVERSE EFFECTS. THAT RIGHT WOULD ALSO EXIST WHERE THE IMPORTING COUNTRY USED SUBSIDIES IN SUCH A WAY AS TO PRECLUDE CANADIAN PRODUCERS FROM SELLING IN ITS OWN MARKET.

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THERE ARE OF COURSE MANY OTHER ASPECTS OF THE NEW AGREEMENT WHICH ARE IMPORTANT AND WHICH WILL WARRANT CAREFUL STUDY, SUCH AS THE PRECISE CRITERIA FOR DETERMINING MATERIAL INJURY. MOREOVER THERE IS A PARALLEL SET OF PROPOSED AMENDMENTS TO THE EXISTING ANTIDUMPING CODE. THESE HAVE BEEN DERIVED FROM THE RESOLUTION OF ISSUES IN THE COURSE OF NEGOTIATING THE CODE ON SUBSIDIES AND COUNTERVAILING DUTIES.

IF ALL GOES ACCORDING TO THE SCENARIO NOW EVOLVING IN GENEVA, THE FORMAL NEGOTIATIONS WILL BE CONCLUDED IN EARLY APRIL. AT THAT TIME THE HEADS OF DELEGATIONS IN GENEVA WILL BE EXPECTED TO INITIAL THE MTN RESULTS AND REFER THEM TO THEIR RESPECTIVE CAPITALS FOR APPROVAL WITH A VIEW TO SUBSEQUENT IMPLEMENTATION. SOME TIME LATER, POSSIBLY NOT BEFORE THE AUTUMN, GOVERNMENTS WILL BE EXPECTED TO CONFIRM THEIR FORMAL ACCEPTANCE OF THE RESULTS AND THEIR WILLINGNESS TO BE BOUND BY THE AGREEMENTS AND TO IMPLEMENT THEM IN THEIR RESPECTIVE COUNTRIES. IN THIS REGARD THE ACTION OF THE USA CONGRESS IN THE 90 WORKING-DAY PERIOD THAT IS PROVIDED UNDER US LAW FOR THE SENATE AND THE HOUSE OF REPRESENTATIVES TO REVIEW THE MTN RESULTS AND PASS ANY REQUIRED NEW LEGISLATION WILL BE OF CRITICAL IMPORTANCE. AS OTHER PARTICIPANTS ALSO PREPARE THEMSELVES TO IMPLEMENT THE NEW CODES, THEY WILL BE KEEPING A CLOSE EYE ON THE PROGRESS OF THIS IMPLEMENTATION LEGISLATION THROUGH THE U.S. CONGRESS.

THE IMPLEMENTATION STAGE IS OF COURSE CENTRAL. IT IS THUS THAT THE RESULTS OF THE NEGOTIATION WILL BE GIVEN SUBSTANCE AND PUT TO THE TEST.

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FOR TARIFFS, THE RESULTS ARE GENERALLY EXPECTED TO BE PHASED IN OVER A PERIOD OF 8 YEARS BEGINNING ON JANUARY 1, 1980. THIS WILL PERMIT AN ORDERLY PERIOD OF ADJUSTMENT TO NEW COMPETITIVE CONDITIONS. FOR THE NON-TARIFF MEASURES, THOSE CONTAINED IN THE CODES OR OTHERWISE NEGOTIATED, THERE WILL BE A REQUIREMENT FOR GOVERNMENTS TO PUT INTO EFFECT NEW OR REVISED LEGISLATION TO REFLECT THE RIGHTS AND OBLIGATIONS THAT HAVE BEEN NEGOTIATED IN THE TOKYO ROUND. GOVERNMENTS, AS WILL BE THE CASE IN CANADA, WILL ALSO WISH TO LOOK AT THEIR EXISTING OR PROPOSED TRADE, INDUSTRIAL, AND ECONOMIC POLICIES TO ENSURE THAT THEY ARE DESIGNED ON THE ONE HAND TO EXTRACT THE MAXIMUM BENEFIT FROM THE IMPROVED TERMS AND CONDITIONS OF TRADE, AND ON THE OTHER TO PROVIDE THE APPROPRIATE ATMOSPHERE FOR THE KINDS OF ADJUSTMENTS THAT WILL NECESSARILY FLOW FROM THE MTN. THIS IS NOT TO SUGGEST THAT THE RESULTS OF THE TOKYO ROUND ARE LIKELY TO BE IN ANY WAY THE CRITICAL ELEMENT IN DEALING WITH EXISTING CANADIAN ECONOMIC PROBLEMS, BUT THEY WILL BE A SIGNIFICANT PART OF THE GENERAL FRAMEWORK WITHIN WHICH WE MUST MOVE FORWARD.

IF WE LOOK AT THE CANADIAN SITUATION, IT IS IMPORTANT TO PLACE IN CONTEXT THE ADJUSTMENTS THAT THE CANADIAN ECONOMY WILL HAVE TO UNDERGO AS A RESULT OF THE MTN. OURS IS A DYNAMIC ECONOMY CONSTANTLY UNDERGOING CHANGE IN RESPONSE TO DEMOGRAPHIC FACTORS, THE INTRODUCTION OF NEW TECHNOLOGY, AND THE CONSTANTLY CHANGING PATTERN OF COMPETITIVE POSITIONS WE FACE IN WORLD MARKETS. THE 1970S HAVE BEEN PARTICULARLY MARKED BY SUCH INFLUENCES; DEVELOPMENTS IN THE FIELD OF ENERGY PROVIDE THE MOST OBVIOUS EXAMPLE. THE FIVE-FOLD INCREASE IN THE PRICE OF OIL HAS SET IN MOTION

FORCES WHICH ARE LEADING TO MAJOR CHANGES IN OUR CONSUMPTION OF ENERGY-INTENSIVE PRODUCTS AND TO MASSIVE INVESTMENTS WHICH WILL ENABLE US TO PRODUCE DOMESTIC SUBSTITUTES FOR IMPORTED OIL. BUT THERE IS A HOST OF OTHER DEVELOPMENTS WHICH, WHILE NOT AS DRAMATIC, ALSO PORTEND MAJOR SHIFTS IN THE ECONOMIC STRUCTURE HERE AND ELSEWHERE. THE EMERGENCE OF SEVERAL OF THE DEVELOPING COUNTRIES AS MAJOR MANUFACTURERS, AND THE SECULAR TREND TOWARDS GROWING INCOMES BEING SPENT MORE ON SERVICES THAN ON GOODS ARE BUT TWO EXAMPLES.

OUR ECONOMIC HISTORY DEMONSTRATES A REMARKABLE ADAPTABILITY TO CHANGING CONDITIONS AND SHOWS THAT WE HAVE BEEN ABLE TO MAKE STRUCTURAL ADJUSTMENTS ON A SUBSTANTIAL SCALE WITHOUT MAJOR DISRUPTIONS. CURRENTLY, OF COURSE, WE HAVE THE ADDITIONAL BURDEN OF THE SIMULTANEOUS EXISTENCE OF PERSISTENTLY HIGH AND DAMAGING RATES OF INFLATION AND A CONTINUATION OF UNEMPLOYMENT RATES THAT ARE UNACCEPTABLY HIGH BY HISTORICAL STANDARDS. IN THIS CONTEXT, IT IS PARTICULARLY IMPORTANT THAT ADJUSTMENT TAKE PLACE IN SUCH A WAY AS TO TAKE ACCOUNT OF, AND HELP TO OVERCOME, THESE PROBLEMS. THIS WAS EXPLICITLY RECOGNIZED LAST JUNE WHEN THE MINISTERS OF THE OECD ENDORSED THE CONCEPT OF "POSITIVE ADJUSTMENT POLICIES" WHICH ARE DESIGNED TO ENSURE THAT GOVERNMENTS IN THEIR FORWARD POLICIES PROMOTE RESOURCE ALLOCATION THAT IS EFFICIENT AND FOSTERS ECONOMIC GROWTH. OF COURSE, TO THE EXTENT THAT GOVERNMENTS ARE INVOLVED IN BRINGING ABOUT THE KIND OF CHANGE THAT THIS APPROACH MAY INVOLVE, THEY WILL WISH TO ENSURE THAT SUCH EVOLUTION IS MANAGED IN A TIME FRAME WHICH WOULD ALLOW FOR ADJUSTMENT WITHOUT DAMAGING SOCIAL AND ECONOMIC CONSEQUENCES.

... 13

THE SUCCESS OF THE MTN WILL IN FACT SUPPORT THE THRUST OF SUCH ADJUSTMENT POLICIES. ANY ADJUSTMENT BURDEN THAT THE TARIFF CUTS WILL ENTAIL WILL LIKELY BE QUITE MANAGEABLE, GIVEN THE ANTICIPATED SIZE OF THE TARIFF REDUCTIONS AND THE FACT THAT THE CUTS WILL BE PHASED-IN OVER AN EXTENDED PERIOD. AND OF COURSE, GOVERNMENTS ARE BECOMING INCREASINGLY AWARE THAT IT IS INCUMBENT ON THEM TO PROVIDE A FRAMEWORK OF ECONOMIC POLICIES WHICH, TOGETHER WITH THE NEW CONDITIONS THAT WILL EMERGE FROM THE MTN AND APPROPRIATE ADJUSTMENT ASSISTANCE, WILL PROMOTE INCREASED COMPETITIVENESS AND A HEALTHY ENVIRONMENT FOR PRODUCTION AND INVESTMENT.

BUT THE RESPONSIBILITY FOR REALIZING THE GAINS OFFERED BY THE RESULTS OF THE MTN WILL, OF NECESSITY, REST MORE WITH INDUSTRY THAN WITH GOVERNMENTS. GOVERNMENTS CAN HELP INDUSTRY ASSESS THE IMPLICATIONS OF THESE RESULTS, AND CAN OFFER PROGRAMS TO FACILITATE ADJUSTMENT TO THE NEW TRADING OPPORTUNITIES ABROAD AND THE INCREASED COMPETITION AT HOME, BUT IT IS INDUSTRY WHICH WILL HAVE TO MAKE THE REAL PLANS, AND THE KEY ECONOMIC DECISIONS. MUCH OF WHAT NEEDS TO BE DONE MIGHT HAVE TO BE DONE IN ANY CASE, AND FOR MANY THE TRADE LIBERALIZATION AND NEW RULES OF THE MTN WILL BE JUST ANOTHER FACET TO AN ALREADY-EXISTING CHALLENGE. CANADA'S NATIONAL INTERESTS LIE IN DEVELOPING PRODUCTION WHICH CAN COPE WITH COMPETITION WHETHER AT HOME OR ABROAD; INDUSTRIES WHICH ARE FOUNDED ON OUR NATURAL AND HUMAN RESOURCES, BUT WHICH ALSO REACH OUT IN NEW DIRECTIONS, OPERATIONS WHICH WILL BE VIABLE OVER THE LONG TERM AND THUS SUSTAIN THE GROWTH OF OUR EMPLOYMENT AND NATIONAL INCOME. THE RESULTS OF THE MTN WILL HELP US ALONG THIS ROAD.

Deputy Prime Minister | Vice-Premier Ministre

President of the Privy Council | Président du Conseil privé

Release | Communiqué

DATE: April 12, 1979 RELEASE: IMMEDIATE

ANNOUNCEMENT BY THE HONOURABLE ALLAN J. MACEACHEN,

DEPUTY PRIME MINISTER, ON THE RESULTS OF THE

MULTILATERAL TRADE NEGOTIATIONS IN GENEVA

Results of the Multilateral Trade Negotiations

The Deputy Prime Minister, the Honourable Allan J. MacEachen, today announced that the "Tokyo Round" of multilateral trade negotiations (MTN) has now been substantially concluded in Geneva.

Ambassador Grey is signing a series of agreements on non-tariff barriers and other matters and has indicated that he will be submitting the texts to the Government of Canada for its consideration. The texts of these agreements are now being made public. In some cases, the agreements are subject to textual amendments arising from last minute changes agreed in Geneva and as a result of subsequent legal review and rectification.

In the case of Canada, the tariff negotiations with our main trading partners, the United States, the European Community and Japan have only just been completed. The tariff schedules are still subject to minor change which may result from legal review and rectification. In addition, changes may also occur as a result of negotiations yet to be completed with certain countries. In the circumstances, the participants have agreed that the detailed results of the tariff negotiations cannot be made public at this time.

Following consideration of the MTN outcome by governments, the participating countries are expected later in the year to signify their formal acceptance of the various MTN results.

These multilateral trade negotiations, which were launched in Tokyo in 1973, involved nearly 100 countries. The objective of the negotiations was to achieve the expansion and greater liberalization of world trade and the improvement of the international trading framework, including better rules and procedures for dealing with unfair trading practices. The negotiations focussed on both tariff and non-tariff barriers to trade, and on agricultural and fisheries as well as industrial products. The negotiations were complex and protracted. Participants were required to take difficult decisions in moving to the agreed conclusions.

The results of these negotiations, from Canada's point of view, represent a significant step forward in dealing with non-tariff as well as tariff barriers. New, expanded and more certain export opportunities are being opened up which will bring benefits to every part of the country and all sectors of the economy. The Canadian tariff will be reduced for most products, but gradually and to an extent which takes into account the competitive strengths and potential of various sectors. These reductions will also lower input costs for Canadian industry as well as lowering the cost of a broad range of consumer goods. The outcome of the MTN will provide the basis for the further development of an efficient and more competitive Canadian economy in the 1980's and 1990's.

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Government policy and direction of the negotiations were co-ordinated through a special Committee of the Cabinet, chaired by the Deputy Prime Minister.

All provincial governments participated in preparations for the negotiations and, through a continuing series of consultations contributed to the development of specific Canadian objectives and negotiating positions. The Canadian Government also held extensive and frequent consultations - on a scale unequalled in any previous round of trade negotiations - with all private sector interests - industry, agriculture, fisheries, as well as business, labour and consumer groups. These consultations were largely carried out through the Canadian Trade and Tariffs Committee, the Office of the Canadian Coordinator for the Multilateral Trade Negotiations and, on occasion, the Canadian delegation in Geneva.

Industrial Products

Very important concessions have been made by our principal trading partners. In the case of industrial products, tariff reductions on Canadian exports to the United States, the European Community and Japan taken together will average close to 40 percent. The average reduction in the Canadian tariff will be comparable.

It is anticipated that as a general rule the agreed reductions in tariffs will take place in 8 annual steps beginning on January 1, 1980. Once these reductions are fully implemented, tariffs on most manufactured goods in the EEC and Japan will be in the order of 5 to 7 percent, while materials will, with some exceptions, enter these markets free of duty or at low rates. For the United States, the average tariffs on manufactured goods will be in the area of 4 percent, although some products such as certain chemicals, textiles and footwear will continue to enter at high rates; for the most part, materials will be free or the tariffs will be at very low levels. Of particular importance for Canada, a substantial number of U.S. tariffs covering an important proportion of Canadian exports will be eliminated. Overall, well over 90 percent of current Canadian exports will enter at tariffs of 5 percent or less and close to 80 percent will be duty free, taking account of trade under the Automotive Agreement.

In the case of Canadian tariffs, the average rate on industrial imports will be reduced to 9 percent with higher rates for a number of products. Most industrial raw materials will continue to be free of duty. Like other participants, Canada has made no reductions - or comparatively small reductions - in the level of the Canadian tariffs on such items as textiles, clothing, footwear and ships.

The United States, Canada, Japan, the EEC and certain other countries have reached a special agreement providing for the removal of tariffs on civil aircraft, engines, component parts, airborne avionics and certain related equipment. These tariffs will be eliminated on January 1, 1980. The agreement also deals with important non-tariff measures which affect aircraft trade and production.

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Agriculture

In the Tokyo Round, a significant result has this time been achieved in the agricultural sector covering both tariff and non-tariff measures. New trading arrangements have been negotiated for dairy products and for beef and veal, and agricultural trade is also expected to benefit from the agreements on some of the more general non-tariff measures.

Most of our dutiable agricultural exports to the United States will benefit from tariff reductions. In return a number of Canadian agricultural tariffs will be reduced. All regions of Canada will stand to benefit from improved export possibilities to the U.S. market. Improved access for a smaller but significant range of agricultural products was also obtained in the EEC and Japanese markets including, in the case of the EEC, a new arrangement for exports of aged cheddar cheese.

Agreement has been reached that further consideration will be given, within the GATT framework, to the establishment of improved consultative measures which would deal with problems in the agricultural trade sector.

Fisheries

Important concessions have also been gained for certain fish products. Both coasts will benefit from the lowering of tariff and non-tariff barriers in foreign markets. This will be true for traditional and new species and products available from our enlarged fishing zones. The most significant gains have been won in negotiations with the United States, but better access has also been achieved to the Japanese and European markets.

Alcoholic Beverages

Concessions have been obtained for Canadian whiskey in the United States, European, and Japanese markets. The United States has agreed to change the Wine Gallon method of assessing duties on imported bottled spirits.

The willingness of the provinces to provide certain assurances with respect to the marketing of foreign alcoholic beverages made an important contribution towards the achievement of Canadian objectives, particularly in this area of the negotiations.

Non-Tariff Agreements

As a result of the negotiations in Geneva, agreement has been reached on the texts of:

1) an agreement on subsidies and countervailing duties;
2) a revised agreement on anti-dumping duties;
3) an agreement on technical barriers to trade;

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4) an agreement on government procurement;
5) an agreement on import licensing procedures;
6) an agreement on customs valuation; and
7) an understanding on ways in which certain of the general obligations of the GATT should in future be applied with a view to improving the international trading framework. Amongst other things this will provide a firmer basis for special and differential treatment for developing countries.

Final agreement on "safeguards", that is to say, emergency actions against injurious imports, has not yet been reached. Negotiations are, however, continuing in order to resolve differences, particularly as regards the application of safeguards against one or more countries rather than against all sources of such imports as is presently the case.

These agreements, when accepted and implemented by our trading partners, will be valuable for Canada insofar as they bring under better control many non-tariff barriers which have faced our exporters. There will be a desirable gain in "transparency" as to the various practices of other governments which may impair access to their markets. Moreover, international surveillance and dispute settlement procedures have been agreed to help ensure that the anticipated benefits will in fact be realized. Acceptance by the U.S. government that injury must be found before countervailing duties can be applied is a particularly notable gain for Canada.

The new agreement on subsidies and countervailing duties, the agreed revisions to the existing anti-dumping code and the prospective new arrangements for "safeguard" action will strengthen Canada's capacity to deal speedily and effectively with unfair trade practices and injurious imports. At the same time, the new rules will limit the capacity of foreign governments to act arbitrarily against Canadian exporters.

The agreement on valuation will establish uniform rules to be applied by all governments in determining the value of imported goods for customs purposes. Canada has indicated that it would be willing to bring its valuation system into conformity with the agreement on the understanding that we would be able to take measures to offset any significant loss of protection that might result and that Canada would have several years to make the change.

In most cases, because legislative changes would be involved for participants, the above non-tariff agreements are not expected to enter into force until after 1980.

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Developing Countries

Developing countries will benefit from concessions exchanged in the MTN by the main participants on an MFN basis as well as from direct negotiations, some of which remain to be completed. A number of developed countries, including Canada, have already implemented concessions on "tropical products" of particular interest to developing countries. In addition to the understandings reached about the application of certain of the provisions of the GATT vis-a-vis developing countries, special and differential treatment has been provided for them, where appropriate, in the non-tariff agreements.

Government of Canada
Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations
Bureau du Coordonnateur Négociations commerciales multilatérales

RESULTS OF THE MULTILATERAL TRADE NEGOTIATIONS

Summaries of Agreements on Non-Tariff Measures and Related Matters

Government of Canada
Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations
Bureau du Coordonnateur Négociations commerciales multilatérales

AGREEMENTS ON SUBSIDIES/COUNTERVAILING MEASURES AND ANTI-DUMPING

1. Summary

The Subsidies/Countervail Agreement is composed of three main parts which relate to: 1) the imposition of countervailing duties against injurious imports; 2) multilateral procedures to deal with foreign subsidies which affect Canadian production and trade and to reinforce the existing prohibition against export subsidies and 3) settlement procedures. Generally the procedures provided for in the Agreement conforms with existing Canadian practice.

The major immediate benefit to Canada will be the U.S. agreement to apply a test of material injury before imposing countervailing duties against dutiable imports. Over time, the surveillance/dispute settlement procedure should result in a body of international jurisprudence concerning acceptable types and levels of subsidization against which governments and business can judge domestic programs and thereby reduce the possibility of other countries taking countermeasures against Canadian programs. Further, the application of uniform procedures by signatories to the Agreement should serve to eliminate an element of uncertainty that exists at present in this area of trade.

During the negotiations the major participants, including Canada, agreed that the establishment of parallel injury criteria and administrative procedures for both anti-dumping and countervailing actions would be highly desirable and accordingly appropriate revisions of the Anti-dumping Code have been negotiated.

2. Major Elements in the Agreements

The main provisions relating to countervailing and anti-dumping actions provide for:

a) intergovernmental consultations prior to the initiation of countervailing duty investigation;

b) the initiation of investigations either on the initiative of the authorities or on receipt of a complaint supported by evidence of either a subsidy practice or dumping, evidence of injury being caused and evidence of a casual link between the subsidized/dumped imports and the injury;

c) scope for the application of provisional measures for a period generally not to exceed four months;

d) the suspension of an investigation if a subsidizing government or an exporter undertakes to revise prices or take other measures to eliminate the subsidy or dumping and the injury resulting therefrom;

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e) more precise criteria to be considered in establishing material injury;

f) improved procedures for the disclosure of the bases for decisions in both anti-dumping and countervailing cases; and

g) multilateral surveillance and dispute settlement procedures to ensure that the above procedures and criteria are followed.

The Subsidies/Countervail Agreement recognizes that subsidies are a legitimate tool for the promotion of national objectives, e.g., regional development, research and development, industrial restructuring, etc. The Agreement introduces better international discipline in the use of subsidies which affect trade or production, including enforcement of the prohibition on the use of export subsidies on industrial products. The prohibition has been extended to cover all mineral products. It also contains provisions under which recourse can be had to the GATT by signatories adversely affected by such subsidies. A Committee of Signatories is required to resolve disagreements within a reasonable period of time. Where the Committee concludes that a subsidy causes such "adverse effects" it shall make recommendations to the parties to resolve the issues and if these recommendations are not followed it may authorize counter-measures. Signatories retain the unilateral right to apply countervailing duties against subsidized imports which cause injury.

In respect of agricultural export subsidies,there are some modest but worthwhile improvements in terms of (a) providing recourse if an exporter loses ground to subsidized competition in an individual market as opposed to the world market and (b) constraining the ability of a subsidized exporter to lead markets down by predatory subsidization.

3. Canadian Interests

In respect of countervail, the major benefit is injury test before imposing countervailing duties on dutiable imports. Had this provision existed in the past the number of cases in which Canadian exports have been subjected to U.S. countervailing duties would have been significantly diminished. There should also be benefit from the greater uniformity likely to flow from precise criteria set out in the Agreements for the establishment of injury.

The new disciplines on subsidies will provide Canada with a better opportunity to protect major export markets. The prohibition on industrial subsidies is now supported by an illustrative list of prohibited practices.

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Many of the changes reflect current Canadian practice. The improved injury criteria reflect in large measure the current practices of the Anti-dumping Tribunal. The Agreement on Subsidies/Countervailing Measures will require more formal consultative procedures but the Agreements ensure that such consultations will not unduly delay domestic action.

Formal acceptance by the Government of Canada of the new Anti-dumping and Subsidies/Countervailing Agreements would require only minor legislative amendments.

AGREEMENT ON TECHNICAL BARRIERS TO TRADE

(Product Standards and Related Test Methods/Certification Systems)

1. Summary

All countries utilize product standards for legitimate purposes such as the protection of consumer interests. Barriers to trade, however, can be created by disparities among countries in product standards and related certification systems. Difficulties may also arise with respect to methods for determining conformity with such standards. With greater public and governmental concern in regard to the environment and consumer protection, governments at all levels have become increasingly involved in regulating the products that may be offered on the market, whether on the store shelf or to industrial and agricultural producers.

The Agreement on Technical Barriers to Trade is intended to facilitate trade by obliging signatories to take account of the restrictive effect which product standards and certification systems may have on international commerce. It will provide guidelines for activities in this area and encourage the development and use of internationally agreed standards wherever possible.

This Agreement contains provisions to cover the standards activities of the Federal Government, provincial and municipal governments as well as of bodies not under the direct control of any government. Following consultations with the provinces the Canadian Government has accepted an obligation under the Agreement to use its "best endeavours" to ensure that local governments and non-governmental bodies comply with the Agreement. Canadian product standards have almost invariably been applied in the same manner to imported products as to domestic products. Most Canadian organizations engaged in standards or standards related activities already act in ways consistent with the provisions of the Agreement.

The Agreement provides opportunities to consult regarding product standards and related means of determining conformity with them as they are being developed in signatory countries.

2. Major Elements in the Agreement

The Agreement calls on all signatories to take account of the restrictive effects that product standards may have on international commerce. It does not prevent signatories from adopting product standards nor does it alter their right to maintain product standards appropriate to their needs, in particular with regard to health, safety, environment and national security.

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The key obligations of the Agreement require signatories to ensure that neither product standards or related certification systems themselves, nor their application, have the effect of creating unnecessary obstacles to international trade. All certification systems, whether national or regional, must treat suppliers of products from other signatories on a non-discriminatory basis. In addition, the Agreement requires signatories:

(a) to accept, wherever possible, test results, certificates or marks of conformity from other signatories or accept products imported from other adherents for testing on a non-discriminatory basis;

(b) to use relevant, wherever possible, international standards as a basis for their product standards;

(c) to participate in the activities of international standardizing bodies with a view to harmonizing their product standards on as wide a basis as possible;

(d) to publish their product standards and the rules of their certification systems; and

(e) to ensure that one or more enquiry points exist which would be able to answer all reasonable enquiries from interested parties in other signatories regarding their product standards and certification systems.

3. Canadian Interests

The diminution of the trade restrictive effects of standards and certification systems will benefit Canadian exporters. The capacity to influence the development of standards of other signatories as well as of international bodies should be helpful. The Agreement will also be useful in dealing with discriminatory regional certification systems which have tended to inhibit the development of some Canadian exports. International commerce should be further facilitated to the extent that the Agreement results in harmonization of product standards among signatories.

The Agreement will require each signatory to notify certain of its standards activities, and, with the exception of urgent situations, to publish a notice of its intent to introduce a particular standard or certification system and allow time for other signatories to make comments. An enquiry point or points is to be established by each signatory to answer enquiries regarding its standards activities. In addition, signatories will be required to "take such reasonable measures as may be available to them to ensure" that local governments and non-governmental bodies within their territories comply with the Agreement.

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The federal, provincial and municipal governments, as well as non-governmental bodies, are active in the field of standardization. Consultations with all these groups have taken place in connection with the evolution of this Agreement and their cooperation in its implementation is anticipated.

AGREEMENT ON GOVERNMENT PROCUREMENT

1. Summary

The Government Procurement Agreement brings a portion of the purchasing of governments into the international trading framework. Most governments discriminate in varying degrees in favour of local suppliers and these practices can be important barriers to trade. The Agreement creates a set of rules designed to ensure that suppliers from each signatory have an opportunity to bid on certain foreign government contracts. Should the Agreement prove successful in its first few years, its coverage might be expanded in further negotiations.

2. Major Elements of the Agreement

The purchasing to be covered is determined primarily by the purchasing entities which each party has identified as being subject to the Agreement. The coverage is limited by various provisions which exclude construction and service contracts, purchases below a "threshold" level of approximately C$220,000 at current exchange rates, and purchasing subject to national security considerations. Signatories are free to exempt purchases for which compatibility with existing equipment is essential, urgent purchases, and the purchase of products of research and development programs, through the prototype and user-acceptance stage. Off-setting economic benefits may be required from foreign suppliers for major purchases. The benefits of this Agreement do not extend to non-signatories. Normal customs duties would be applicable to any purchases from foreign sources.

For the procurement covered by the Agreement signatories undertake:

(a) to apply the same treatment to the suppliers of other signatory countries as to domestic suppliers;

(b) to ensure that technical specifications do not create unnecessary obstacles to international trade;

(c) to follow agreed rules regarding the qualification of suppliers; notices of proposed purchases; tender documentation; submission, receipt and opening of tenders and award of contracts;

(d) to provide prescribed information to suppliers, tenderers, and the governments of signatory countries on all phases of the procurement process, including contract awards;

(e) to maintain procedures for the hearing and review of complaints arising in connection with any stage of the procurement process.

.../2

The operation of the Agreement will be monitored by a Committee of the signatories, and provisions exist for the settlement of any disputes which might arise.

3. Canadian Interests

While the coverage of this initial agreement is not as extensive as had been hoped, important new export opportunities in large procurement markets will be opened for Canadian suppliers over a broad range of products purchased by governments. The fact that it was not possible to obtain agreed coverage for entities which are major purchasers of telecommunications equipment, power generation and transmission equipment and some transportation equipment, diminishes the value of the Agreement for Canada. The markets which will be open under this Agreement to Canadian exporters will be very large in relation to the amount of Canadian Government purchasing which will be opened to foreign suppliers. Moreover, considerable scope will remain to use government procurement in Canada for industrial development and other socio-economic purposes.

AGREEMENT ON IMPORT LICENSING

1. Summary

All countries make some use of licensing requirements whereby a license or permit must be obtained prior to import. Barriers to trade can arise from the administration of these requirements due to lack of publicly available information on the requirements themselves, complicated and expensive procedures to apply for and obtain licenses, and undue delay in the processing of applications and the issuance of licenses.

The Agreement on import licensing elaborates existing GATT provisions by embodying a set of principles and guidelines intended to reduce and eliminate where possible the unnecessary trade restrictive effects which can arise from the administration of import licensing requirements. The Agreement applies to all import licensing requirements except those maintained for reasons of national security. The Agreement deals with the administration of import licensing requirements but does not affect a signatory's rights or obligations with respect to the use of import control measures taken in accordance with existing international agreements.

Canada employs licensing systems for a variety of purposes including the surveillance of potentially injurious imports, the monitoring of imports covered by bilateral export restraint agreements and the control of imports of products subject to import restriction. Canada's administration of import licensing is generally in accordance with the Agreement.

Import licensing administration in a number of developing countries is unnecessarily restrictive and as such may delay and inhibit trade. The Agreement should help to improve Canadian export opportunities, particularly through the publication of more complete information on licensing procedures, and the simplification and expediting of procedures for applying for and obtaining licenses.

2. Major Elements of the Agreement

The Agreement's provisions should result in more certain transparent and fair administration of import licensing. The Agreement covers both automatic import licensing where licenses are required but there are no formal limitations on quantities or values which may be imported, and licensing requirements to administer import restrictions permitted under the GATT.

The principal obligations are:

- that the rules and all information concerning procedures for filing applications be published;

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- that application forms be as simple as possible and that normally applicants need approach only one administrative body;

- that in the case of automatic import licensing, permits be issued within a maximum of 10 working days;

- that when import restrictions are in effect:

  - permitted levels of imports and related details be published;
  - there be a right of a review in the event that an application for an import license is refused;
  - there be reasonable provision for new importers.

The Agreement provides for the establishment of a committee within GATT to afford signatories an opportunity to consult on any matters relating to the application of the Agreement.

3. Canadian Interests

Canadian exporters often encounter serious difficulties because of the import licensing procedures of other countries. The provisions respecting greater transparency of licensing requirements, the obligation that only one authority normally need be dealt with in applying for and obtaining a license and the requirement that generally procedures be simplified and expedited should help overcome such difficulties and reduce costs of exporting.

Canada employs import licensing for a variety of purposes. Canadian licensing administration and procedures are generally in accordance with the provisions of the Agreement. The Agreement can be implemented within the context of present legislation.

AGREEMENT ON CUSTOMS VALUATION

1. Summary

The new international agreement on customs valuation will establish uniform standards to be applied by governments in determining the value of imported goods for purposes of levying ad valorem rates of duty. The agreement requires signatories to use as the value for duty the price at which goods move in international trade (the "transaction price") or its equivalent.

The new agreement will require Canada to make more fundamental changes in its customs valuation legislation and administrative practices than will be the case in other countries which already have valuation systems similar to that provided for in the new agreement. Canada is therefore negotiating understandings with its trading partners concerning the measures which we would have to take to make up for any loss of protection which would result from our implementing the valuation agreement. We are also seeking more time (4 years) to implement the agreement than the other major trading countries, in recognition of the fact that we would be making greater changes and would need time to prepare for the changeover.

2. Major Elements of the Agreement

The agreement sets out the techniques to be used by signatories in determining the value for duty of imported goods. When the importer and exporter are not related, the customs authorities would normally base the value for duty on the price actually paid or payable for the goods when sold for export (the "transaction price"). The price could, however, be adjusted in certain circumstances described in the agreement. The agreement sets out a series of tests to be used in determining whether the transaction value in a sale between related parties can be accepted for valuation purposes.

If the transaction price cannot be used as the value for duty the Customs Authorities will determine the value in accordance with the first of the following methods which can be applied:

1. the transaction price of identical goods sold for export to the same country;

2. the transaction price of similar goods sold for export to the same country;

3. the price at which the imported goods, or identical or similar goods, are resold in the country of importation to unrelated persons, adjusted to take into account costs and usual profits incurred after importation; and

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4. a "computed" valued based on the cost of production plus usual profits and expenses.

At the importer's request, the order of application of the last two methods may be reversed.

If the value for duty cannot be established using the preceding methods it may be determined using "reasonable means" consistent with the provisions of the agreement and of the General Agreement on Tariffs and Trade.

3. Canadian Interests

Adoption of the agreement will require fundamental changes to Canadian valuation legislation and administration practices. Extensive research, probably involving public hearings, will be necessary to determine what adjustments will be needed to ensure that the proposed new system does not give rise to a significant decline in protection.

However, it should be possible to administer the new system more rigorously since Customs enforcement will, for the most part, be based on information obtainable from Canadian sources. The present system, which is based on "fair market value" in the country of origin, often requires that investigations be conducted in foreign countries.

Canadian exporters will benefit from the reduction of the scope for arbitrary action and greater certainty on valuation rulings which will result from the implementation of the agreement by other countries. Under the agreement the United States will be required to eliminate certain valuation practices, notably the "final list" and "American Selling Price" standards, which often result in values for duty higher than the exporter's selling price. Moreover, under the agreement, the U.S. authorities will be required to provide more equitable valuation treatment for "assists", that is to say, goods or services provided free or at a reduced price by the importer to the exporter.

AGREEMENT ON TRADE IN CIVIL AIRCRAFT

1. Summary

The Agreement on Trade in Civil Aircraft provides for the elimination of tariffs and quotas on January 1, 1980, on all civil aircraft, engines, parts, airborne avionics, ground flight simulators, repairs and overhaul. It also sets out obligations respecting a range of non-tariff measures including technical regulations, aircraft purchases and government financial assistance. Canada, the USA, Japan, the European Community, Sweden and Switzerland are expected to participate. The Agreement does not cover military aircraft or equipment.

2. Major Elements of the Agreement

The principal provisions of the Agreement are:

- the elimination as from January 1, 1980 of all customs duties and similar charges on civil aircraft; civil aircraft engines and their parts and components; other parts, components and sub-assemblies of civil aircraft including airborne avionics, ground flight simulators and their parts and components. Such duties and charges will be also eliminated in respect of aircraft repair and overhaul. Duty-free entry will be accorded when an item is used as original or replacement equipment in the manufacture, repair, rebuilding, maintenance, modification or conversion of civil aircraft.

- signatories shall not require airlines, aircraft manufacturers, or other entities engaged in the purchase of products covered by this Agreement, nor exert unreasonable pressure on them, to purchase from any particular source, which would create discrimination against suppliers from any signatory.

- a signatory may require in the case of major civil aircraft procurement from a foreign source that its qualified firms be provided with access to business opportunities on a competitive basis and on terms no less favourable than those available to qualified firms of other signatories (offset arrangements).

- the pricing of civil aircraft should be based on a "reasonable expectation of recoupment of all costs, including the cost of financing, production, research and development - including identifiable and prorated costs of military research and development."

.../2

3. Canadian Interests

Corporate jet aircraft, aerial fire suppression, STOL utility aircraft, gas turbines, flight simulators, inertial navigation, communications and temperature controls, repair and overhaul, are all areas where Canadian industry is competitive internationally. Elimination of tariffs under the Aircraft Agreement, coupled with new disciplines on aircraft purchases and government financial assistance should result in significantly increased export opportunities for Canadian industry.

Canada has not applied its tariffs on most aerospace products for many years and will, as of January 1, 1980,bind at free tariffs on the products covered by the Agreement. The non-tariff provisions of the Agreement allow for the continuation of the government's program to provide appropriate financial assistance for the Canadian industry and to seek reasonable offsets to major civil aircraft purchases.

FRAMEWORK UNDERSTANDING

1. Summary

An Understanding has been reached in the MTN on the ways in which certain of the general obligations of the GATT should in the future be applied with a view to improving the international trading framework. Among other things it provides for special and differential treatment for developing countries (LDCs), as called for in the Tokyo Declaration of 1973.

2. Major Elements of the Understanding

Developing Countries

The Understanding reached will provide a firmer basis for our trading relations with developing countries. In particular, it permits developed countries, under prescribed conditions, to extend special and differential trade treatment to LDCs relative to their stage of development. Under the Understanding, where developed countries have given or in future give special trade treatment to developing countries they would be required to notify and consult with the latter on any modifications to such treatment. In the past, developing countries have not been expected to make significant trade concessions in trade negotiations; in the future, concessions would be made by them for benefits received where such concessions were consistent with their stage of development. As their trade and economies develop developing countries would be expected to assume increased GATT obligations. The Understanding reached concerning the treatment of trade relations with developing countries complements the special and differential measures for LDCs established in a number of particular agreements negotiated in the MTN on non-tariff questions.

Safeguards for Balance of Payments and Development Purposes

The Understanding elaborates GATT rules and procedures governing the imposition of import restrictions for balance of payments purposes. The changes recognize that restrictive import measures are generally not the most appropriate means to maintain or restore balance of payments equilibrium. Accordingly developed countries are expected to avoid introducing trade measures for balance of payments purposes to a maximum extent possible. There will be greater scrutiny brought to bear on measures taken by developed countries for balance of payments purposes and this will contribute to a more secure international trading environment.

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So far as LDC's are concerned their existing rights to take import restrictive measures to facilitate the development of existing industries will be broadened to permit such measures to further their economic development generally.

Notification, Consultation, and Dispute Settlement

The Understanding will strengthen the general dispute settlement procedures of the GATT and will complement the specific procedures contained in the various non-tariff codes. The commitments respecting notification and consultation and the practice of establishing panels of independent experts for the resolution of disputes will be reinforced. The role and procedures of panels in the dispute settlement process are spelled out and time limits introduced which should assist in the earlier resolution of disputes.

3. Canadian Interests

Canada has sought throughout the negotiations to strengthen the dispute settlement procedures of the GATT. As a result of what has been agreed in the MTN in this regard, Canadian trading interests will henceforth be more securely protected and their defence facilitated.

Notice to the recipients of documents on MTN

In his announcement concerning the results of the Multilateral Trade Negotiations, the Deputy Prime Minister indicated that the texts of a series of agreements on non-tariff measures and related matters were being released.

In addition to the attached summaries, the complete texts of these and other agreements can be obtained by filling in the attached order form.

(please detach)

Office of the Coordinator
Multilateral Trade Negotiations
240 Sparks Street
Ottawa, Ontario
K1A OH5

Please send me the following agreements:

PLEASE CIRCLE THE APPROPRIATE NUMBER

1. Agreement on Subsidies/Countervailing Measures.
2. Revised Agreement on Anti-Dumping Duties.
3. Agreement on Technical Barriers to Trade.
4. Agreement on Government Procurement.
5. Agreement on Import Licensing Procedures.
6. Agreement on Customs Valuation
7. Agreement on "Framework" Issues.
8. Agreement on Trade in Civil Aircraft.
9. International Dairy Arrangement.
10. Agreement on Bovine Meat.

PLEASE CHECK: English ☐ French ☐ Both ☐

NAME _____

ADDRESS _____

_____ POSTAL CODE _____

April 12, 1979

MULTILATERAL TRADE NEGOTIATIONS: PROCES-VERBAL

The Chairman (*GATT Director General Olivier Long) has drawn up the following text of a Procès-verbal on the basis of discussions with delegations.

Having participated in the Multilateral Trade Negotiations, the representatives of the governments and the Commission of the European Communities agree that the texts listed below in respect of which they have signed the present Procès-verbal embody the results of their negotiations. They acknowledge that the texts may be subject to rectifications of a purely formal character that do not affect the substance or meaning of the texts in any way except as otherwise indicated in the text on tariff negotiations.

These representatives agree that by signing the present Procès-verbal they indicate their intention to submit the relevant texts or legal instruments to be formulated on the basis of the said texts for the consideration of their respective authorities with a view to seeking approval of, or other decisions on, the relevant texts or instruments in accordance with appropriate procedures in their respective countries. Representatives may indicate that their signature evidences their intention to seek approval or decision.

Representatives may indicate that their signature to the present Procès-verbal relates only to certain of the texts listed below which they will specify.

It is appreciated that some delegations participating in the Multilateral Trade Negotiations may not be in a position to sign the present Procès-verbal immediately in relation to all or certain of the texts listed below. They are invited to do so at their earliest convenience.

It is recognized that representatives of least-developed countries participating in the Multilateral Trade Negotiations may need time to examine the results of the negotiations in the light of paragraph 6 of the Tokyo Declaration before they can sign the Procès-verbal.

The representatives signing the present Procès-verbal agree that the work on safeguards referred to in paragraph 3(D) of the Tokyo Declaration should be continued within the framework and in terms of that Declaration as a matter of urgency, taking into account the work already done, with the objective of reaching agreement before July 15.

Texts (K) and (L) are the result of negotiations only amongst the representatives of certain governments identified in the documents.

The representatives have taken note of the statements made in relation to various texts at the Trade Negotiations Committee meeting of April 11.

*Editor's note

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TEXTS

(A) Agreement on Technical Barriers to Trade

(B) Agreement on Government Procurement

(C) Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade

(D) Arrangement on Bovine Meat

(E) International Dairy Arrangement

(F) Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade

(G) Agreement on Import Licensing Procedures

(H) Multilateral Agricultural Framework

(I) Texts prepared by Group Framework

(J) Tariff Negotiations

(K) Agreement on Trade in Civil Aircraft prepared by a number of delegations

(L) Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade prepared by a number of delegations.

MTN: TARIFF NEGOTIATIONS

(Paper Agreed to in Geneva, April 12, 1979)

The Delegations listed below have drawn up comprehensive records of agricultural and industrial tariff commitments offered in negotiations which have been carried out within the framework of the MTN as of April 12, 1979. Copies of these records have been exchanged for technical verification including, if necessary, correction of inadvertent errors. Copies of these records, together with a list of delegations with whom they have been exchanged, are being deposited with the GATT Secretariat.

These Delegations undertake to use these records to establish Schedules of concessions to be attached to an appropriate Protocol by June 30, 1979. It is understood that such final certified Schedules may be adjusted to incorporate the results which individual Delegations negotiate within that time period. Any adjustments should have no significant impact on the overall and bilateral balances achieved.

Signed by the Delegations of:

Australia	Hungary
Austria	Japan
Bulgaria	New Zealand
Canada	Norway
Czechoslovakia	Sweden
The European Communities	Switzerland
Finland	United States of America

The concessions or relevant contributions of other participants will be incorporated in due course in their respective tariff schedules.

Government of Canada | Gouvernement du Canada

News Release | Communiqué

Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet: Notes for an address by ambassador J.H. Warren to the Conference on Business/Government Relations, University of Toronto

For release/Pour publication
12:30 PM (E.S.T.)
April 19, 1979

Notes for an address by ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, on International Trade and Investment to the Conference on Business/Government Relations, convened by the Faculty of Management Studies of the University of Toronto, April 19, 1979.

TO BE CHECKED AGAINST DELIVERY

Copies disponibles dans la version française
à l'adresse ci-haut mentionnée,
Ottawa, Canada K1A 0H5, tél. (613) 593-7815

Government of Canada / Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

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Ottawa, Canada K1A 0H5, tél. (613) 593-7015

MR. CHAIRMAN:

WHEN JIM FLECK ASKED WHETHER I WOULD BE PREPARED TO TAKE PART IN THIS CONFERENCE MY RESPONSE WAS A READY AFFIRMATIVE. HE HAD NO NEED TO CONVINCE ME THAT THE SUBJECT MATTER WAS RELEVANT AND IMPORTANT - NOR THAT A QUEEN'S MAN NEED NOT FEAR TO SPEAK UNDER THE BANNER OF THE UNIVERSITY OF TORONTO. RATHER WE BOTH THOUGHT THAT MID-APRIL MIGHT BE A GOOD TIME TO LOOK AT THE PROSPECTIVE MTN RESULTS, TO REFLECT ON THE PROCESSES THROUGH WHICH CANADIAN POSITIONS HAD BEEN DEVELOPED, AND PERHAPS TO SPECULATE A BIT ABOUT THE WORLD IN WHICH CANADIAN BUSINESSMEN WOULD BE INVESTING, PRODUCING AND SELLING POST-MTN.

WE COULD NOT KNOW THEN THAT THIS WOULD, IN FACT, BE MY FIRST PUBLIC ADDRESS FOLLOWING THE SUBSTANTIVE CONCLUSION OF THE MULTILATERAL TRADE NEGOTIATIONS IN GENEVA. IN THE CIRCUMSTANCES MY INITIAL INCLINATION WAS TO TAKE YOU TODAY THROUGH THE MAIN RESULTS OF THIS VAST AND COMPLEX NEGOTIATION AND IN TURN TO EXAMINE THE IMPLICATIONS FOR CANADA. BUT EVEN A BARE BONES LISTING OF WHAT HAS BEEN ACCOMPLISHED WOULD OVERFILL MY ALLOTED TIME. THIS BEING SO, AND SO AS TO STAY WITHIN THE THEME OF THIS CONFERENCE, I HAVE TAKEN THE LIBERTY OF PLACING BEFORE EACH OF YOU A COPY OF THE MTN PRESS ANNOUNCEMENT ISSUED LAST WEEK BY THE DEPUTY PRIME MINISTER.

MR. MACEACHEN'S STATEMENT TOGETHER WITH THE ATTACHED SUMMARIES OF THE SEVEN MAJOR NON-TARIFF AGREEMENTS AND UNDERSTANDINGS WHICH HAVE BEEN NEGOTIATED WILL, I BELIEVE, GIVE YOU A GOOD PICTURE OF WHAT HAS BEEN ACCOMPLISHED, AT LEAST INSOFAR

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AS THE DETAILS CAN BE MADE PUBLIC AT THIS TIME. I SHALL BE TOUCHING ON ONLY A FEW OF THE HIGHLIGHTS WHICH ARE OF PARTICULAR INTEREST FROM THE CANADIAN POINT OF VIEW.

BUT BEFORE THAT A WORD ABOUT WHAT YOU WILL NOT FIND IN MR. MACEACHEN'S STATEMENT.

YOU WILL NOT FIND DETAILED INFORMATION AS TO THE LEVELS TO WHICH CANADIAN AND FOREIGN TARIFFS WILL EVENTUALLY BE REDUCED. THIS LINE-BY-LINE TARIFF INFORMATION WILL BE RELEASED LATER. AS MATTERS STAND AT PRESENT IN GENEVA, THESE RESULTS ARE TO BE MADE PUBLIC BY JUNE 30. IN THE MEANTIME THE THOUSANDS OF ITEMS IN THE SCHEDULES OF MANY COUNTRIES ARE BEING DOUBLE CHECKED FOR ACCURACY. THEY WILL ALSO BE ADJUSTED TO TAKE ACCOUNT OF CHANGES WHICH MAY ARISE AS THE RESULT OF THE COMPLETION OF NEGOTIATIONS WITH A NUMBER OF COUNTRIES OTHER THAN THE MAIN PARTICIPANTS, INCLUDING CERTAIN OF THE DEVELOPING COUNTRIES. BUT THESE CHANGES ARE NOT EXPECTED TO HAVE ANY SIGNIFICANT IMPACT ON THE OVERALL AND BILATERAL BALANCES ACHIEVED.

AND YOU WILL NOT FIND AMONGST THE NON-TARIFF AGREEMENTS THE EXPECTED UNDERSTANDING WITH RESPECT TO "SAFEGUARDS" - THAT IS, THE APPLICATION OF IMPORT RESTRICTIONS AGAINST INJURIOUS IMPORTS. AT ISSUE, IN PARTICULAR, IS THE QUESTION OF THE "SELECTIVE" OR DISCRIMINATORY APPLICATION OF SUCH RESTRICTIONS AGAINST PARTICULAR COUNTRIES RATHER THAN AGAINST IMPORTS FROM ALL SOURCES. THE DEVELOPING COUNTRIES BELIEVE THIS "SELECTIVE" PROVISION, WHICH IS BEING SOUGHT PARTICULARLY BY THE EUROPEAN COMMUNITY, IS AIMED AT OR WILL BE CHIEFLY APPLIED AGAINST THEM, AS NEW AND OFTEN LOW COST SUPPLIERS OF SOME MANUFACTURED GOODS. EFFORTS OVER THE

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LAST WEEKS TO FIND A SOLUTION UNDER WHICH THIS EXCEPTION TO THE NORMAL APPLICATION OF THE GATT RULE WOULD BE SUFFICIENTLY CIRCUMSCRIBED AND INTERNATIONALLY CONTROLLED TO MEET THE CONCERNS OF DEVELOPING COUNTRIES WERE NOT SUCCESSFUL. HOWEVER, THE DISCUSSIONS ARE TO CONTINUE WITH THE OBJECTIVE OF SORTING OUT THE REMAINING PROBLEMS BY MID-JULY SO AS TO PERMIT THE INCLUSION OF THIS AGREEMENT IN THE MTN PACKAGE BEING CONSIDERED BY GOVERNMENTS FOR IMPLEMENTATION.

NOW A WORD ABOUT TIMING. LAST WEEK'S SIGNATURE (AND INCIDENTALLY MOST OF THE LDC'S HAVE NOT YET SIGNED) WAS AN AUTHENTICATION, AT THE LEVEL OF HEADS OF DELEGATION, OF THE AGREEMENTS REACHED AND A "CLOSE-OUT" OF THE TARIFF NEGOTIATIONS BETWEEN THE MAIN INDUSTRIALIZED COUNTRIES. AND THE SIGNING SIGNIFIED THAT THE AGREEMENTS ON BOTH TARIFF AND NON-TARIFF MATTERS WERE BEING REFERRED TO GOVERNMENTS FOR CONSIDERATION AND DECISION. SIGNATURE SIGNIFYING FORMAL APPROVAL, AND INTENTION TO IMPLEMENT, IS EXPECTED LATER IN THE YEAR. SUCH FORMAL APPROVAL IS NOT LIKELY TO TAKE PLACE UNTIL THE U.S.A. CONGRESS HAS TAKEN THE NECESSARY LEGISLATIVE ACTION TO PASS THE RESULTS OF THE MTN NON-TARIFF AGREEMENTS INTO U.S. LAW. THIS MAY NOT HAVE BEEN ACCOMPLISHED UNTIL EARLY NEXT FALL.

AS TO TARIFFS, THE INDUSTRIALIZED COUNTRIES, FOLLOWING CONSIDERATION OF THE RESULTS, ARE EXPECTED TO PUT THEMSELVES IN POSITION TO START THE IMPLEMENTATION PROCESS ON JANUARY 1 NEXT. ALTHOUGH ALL THE MODALITIES WITH RESPECT TO PHASING HAVE YET TO BE AGREED, THE GENERAL UNDERSTANDING IS THAT TARIFFS WILL BE REDUCED STEP BY STEP IN EIGHT ANNUAL INCREMENTS. FOR SOME

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PRODUCTS, HOWEVER, THE TIMETABLE OF TARIFF REDUCTION MAY NOT START AT ONCE AND THERE MAY BE OTHER AGREED VARIATIONS. THE EC FOR ITS PART IS STILL SUGGESTING THAT THERE SHOULD BE A PAUSE AFTER FIVE YEARS AND A DECISION TAKEN AS TO WHETHER TO PROCEED WITH THE THREE FINAL ANNUAL CUTS. OTHER COUNTRIES, WHILE NOT RULING OUT A REVIEW OF WHERE MATTERS STAND, AND WHILE NOT EXCLUDING SOME PAUSE, IF THE GENERAL SITUATION WERE SO TO WARRANT, DO NOT CONSIDER THAT THE OUTCOME SHOULD BE PUT IN DOUBT - RATHER THERE SHOULD BE CERTAINTY AS TO THE FINAL LEVEL OF TARIFFS TO PERMIT THE BUSINESS COMMUNITY TO PLAN ACCORDINGLY.

SO MUCH FOR THE FORWARD TIMETABLE AND THE COMPLETION OF THE MTN PROCESS, SO FAR AS TARIFFS ARE CONCERNED. AS YOU WILL SEE THERE WILL, WITH AN EXCEPTION FOR COMMERCIAL AIRCRAFT WHICH I SHALL MENTION LATER, BE NO SUDDEN CHANGE AND OUR PRODUCERS AND INDUSTRIALISTS WILL HAVE PLENTY OF TIME PROGRESSIVELY TO ADAPT TO THE NEW OPPORTUNITIES AND COMPETITIVE PRESSURES.

AS TO THE NON-TARIFF AGREEMENTS, MOST ARE NOT EXPECTED TO ENTER INTO FORCE BEFORE 1981. THIS WILL GIVE TIME, WHERE NECESSARY, FOR THE SIGNATORIES TO AMEND EXISTING LAW TO CONFORM WITH AND TAKE ADVANTAGE OF THE PROVISIONS OF THE NEW AGREEMENTS. FOR CANADA I WOULD ANTICIPATE CHANGES IN LEGISLATION IN RELATION TO COUNTERVAILING DUTIES, ANTI-DUMPING AND VALUATION. FOR THE REST, WHERE OUR EXISTING PRACTICE IS ALREADY IN LINE, OR WHERE ONLY REGULATORY CHANGE MAY BE REQUIRED, I THINK WE SHOULD BE ABLE TO APPLY THE NEW AGREEMENTS, INCLUDING GOVERNMENT PROCUREMENT, JUST AS SOON AS OTHER COUNTRIES ARE PREPARED TO DO SO.

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Now a few highlights of the MTN results so far as Canada is concerned, not necessarily in order of priority, since its a bit early to be sure of a balanced perspective:-

On industrial tariffs, first importance must be given to the 40% average reduction achieved in the United States tariffs on Canadian exports, compared with reductions in the neighbourhood of 30% on exports to that market by Europe and Japan. And looking at where U.S. tariffs have been entirely removed we shall see the extension of U.S. duty-free treatment to cover some 80% of our U.S. exports if trade under the automotive programme is included. Over 90% of our exports would enter the U.S. market at rates of duty of 5% or less. Although some U.S. tariffs will remain relatively high, a real breakthrough is in prospect for Canadian exporters to our neighbour's market. Taking machinery as an example, U.S. tariffs will for the most part be below 4% with many important items duty free. Generally the tariffs of the U.S., Japan and the EC on manufactured goods will be down in the 5% to 7% range - a level of protection which should permit trade in the future not just for many items we now produce but, and this is important, for the range of goods which Canada can hope to produce in the future as technology changes, products evolve and demand patterns alter.

For our part none of this was, of course, for free. But the cost in terms of protection foregone was not nearly as great as had been feared by many. Our tariff, on average, for industrial products will come down by somewhat less than 40%. But this

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AVERAGE INCLUDES A NUMBER OF ITEMS WHERE IT WAS CONSIDERED DESIRABLE TO REMOVE OUR TARIFFS OR MAKE DEEPER CUTS, WHERE THIS APPEARED TO BE IN THE NATIONAL INTEREST, OR WHERE NECESSARY TO OBTAIN PARTICULAR OBJECTIVES IN FOREIGN MARKETS. ON THE OTHER HAND WE WERE ABLE TO EXCLUDE FROM TARIFF CUTTING, OR MAKE ONLY RELATIVELY SMALL CUTS ON SUCH PRODUCTS AS TEXTILES, GARMENTS, FOOTWEAR AND SHIPS. IN THE RESULT, WE SHALL COME OUT WITH A BROAD MIDDLE BAND OF TARIFFS ON MANUFACTURED INDUSTRIAL GOODS, IN THE 9 TO 10% AREA, - WITH HIGHER RATES FOR A NUMBER OF PRODUCTS - COMPARED WITH THE SIGNIFICANTLY LOWER LEVELS I HAVE INDICATED FOR OUR MAIN TRADING PARTNERS.

OF COURSE THERE WILL STILL BE SOME RELATIVELY HIGH TARIFFS PROTECTING FOREIGN MARKETS, BUT THESE WILL BE THE EXCEPTION RATHER THAN THE RULE. IN THE U.S. MARKET THESE HIGHER TARIFFS WILL BE FOUND CHIEFLY IN THE AREAS OF CHEMICALS, INCLUDING PETROCHEMICALS, GARMENTS AND TEXTILES. TEXTILE AND CHEMICAL TARIFFS WILL ALSO REMAIN HIGH IN EUROPE, AS WILL THE COMMUNITY TARIFF ON FOOTWEAR. JAPAN HAS NOT MADE SIGNIFICANT REDUCTIONS IN ITS TARIFFS ON NON-FERROUS METALS AND HAS KEPT RELATIVELY HIGH PROTECTION ALSO FOR ITS TEXTILE INDUSTRY.

BEFORE MOVING ON TO AGRICULTURE AND FISHERIES, I SHOULD MENTION ONE OR TWO AREAS WHERE WE WERE NOT ABLE IN THE INDUSTRIAL NEGOTIATIONS TO GO AS FAR AS WE WOULD HAVE LIKED, AND ONE AREA WHERE THE RESULTS HAVE BEEN PARTICULARLY GRATIFYING FROM THE CANADIAN POINT OF VIEW. FIRST, WE ACHIEVED LESS THAN WE HAD HOPED FOR IN RESPECT OF PETROCHEMICALS OF PRIORITY CURRENT AND POTENTIAL EXPORT INTEREST, NOT LEAST FROM THE POINT OF VIEW OF ALBERTA.

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IN THE PAPER AREA, WHILE VERY IMPORTANT CONCESSIONS WERE OBTAINED FROM THE UNITED STATES, OUR GAINS IN THE JAPANESE AND EUROPEAN MARKETS FELL BELOW INITIAL CANADIAN OBJECTIVES.

SIMILARLY, WHILE IN ALL THREE MARKETS TARIFFS ON SEMI-FABRICATED AND FABRICATED METALS WERE REDUCED, WHICH SHOULD FACILITATE FURTHER PROCESSING IN CANADA, OUR TRADING PARTNERS PROVED UNWILLING SIGNIFICANTLY TO REDUCE THEIR TARIFFS ON UNWROUGHT NON-FERROUS METALS. ALTHOUGH A RANGE OF FACTORS OTHER THAN RELATIVE TARIFF LEVELS, SUCH AS THE COST OF ENERGY AND TRANSPORT, ARE CRITICAL DETERMINANTS IN THE LOCATION OF NEW SMELTING FACILITIES, WE WOULD HAVE WISHED TO ACHIEVE IN THE TOKYO ROUND GREATER REDUCTION THAN PROVED POSSIBLE IN THE FOREIGN TARIFF BIAS WHICH FAVOURS BUYING FROM CANADA IN THE FORM OF CONCENTRATES RATHER THAN REFINED NON-FERROUS METALS.

THE AIRCRAFT AGREEMENT IS A GREAT PLUS. HERE TARIFFS AND QUOTAS WILL BE REMOVED BY THE U.S.A., THE EC, JAPAN AND A NUMBER OF OTHER INDUSTRIAL COUNTRIES ON ALL CIVIL AIRCRAFT, ENGINES, PARTS, AIRBORNE AVIONICS, GROUND FLIGHT SIMULATORS AND ON AIRCRAFT REPAIR AND OVERHAUL. WHEN YOU REMEMBER THAT CORPORATE JET AIRCRAFT, AERIAL FIRE SUPRESSION, STOL UTILITY AIRCRAFT, GAS TURBINES, FLIGHT SIMULATORS, INERTIAL NAVIGATION, AND COMMUNICATIONS AND TEMPERATURE CONTROL ARE ALL HIGH TECHNOLOGY INDUSTRIES WHERE CANADA IS ALREADY INTERNATIONALLY COMPETITIVE, THE BENEFITS OF THIS AGREEMENT WILL BE OBVIOUS. THIS IS THE MORE SO WHEN IT IS APPRECIATED THAT OUR OWN TARIFFS FOR MOST AEROSPACE PRODUCTS HAVE FOR MANY YEARS, AND IN OUR OWN INTEREST, NOT BEEN

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APPLIED. MOREOVER THE NON-TARIFF PROVISION OF THIS AGREEMENT WILL ALLOW US TO CONTINUE APPROPRIATE FINANCIAL SUPPORT FOR THE CANADIAN INDUSTRY AND WILL PERMIT OUR SUPPLIERS TO COMPETE FOR REASONABLE OFFSETS IN THE CASE OF MAJOR CIVIL AIRCRAFT PURCHASES BY CANADA.

IN AGRICULTURE, WE HAVE MADE A BIG DEAL WITH THE UNITED STATES COVERING OVER 80% OF OUR DUTIABLE EXPORTS TO THAT MARKET. WE HAVE REDUCED OUR TARIFFS OVER A MORE LIMITED RANGE OF PRODUCTS AND IN A NUMBER OF IMPORTANT AREAS THE TARIFFS OF THE TWO COUNTRIES WILL NOW BE AT THE SAME LEVEL. THIS WILL REDUCE TARIFF DISPARITIES WHICH HAVE BEEN AN IRRITANT IN THE TRADE, PARTICULARLY FROM THE CANADIAN POINT OF VIEW. IMPORTANT TRADE AREAS WHICH WILL BENEFIT FROM U.S. TRADE CONCESSIONS ARE CATTLE, MEAT, CERTAIN GRAINS AND GRAIN PRODUCTS, OILSEEDS AND VEGETABLE OILS, POTATOES AND HORTICULTURAL AND CERTAIN FOOD PRODUCTS. IN JAPAN, WE WILL BE ABLE TO COMPETE WITHIN A LARGER QUOTA FOR HIGH GRADE BEEF, AND THERE WILL BE VALUABLE TARIFF CONCESSIONS ON TOBACCO, RYE, RAPESEED, MUSTARD SEED AND VEGETABLE OILS. WITH THE EC WE HAVE MADE AN IMPORTANT DEAL ON CHEESE WHICH WILL SIGNIFICANTLY ENLARGE THE LIMITED EXISTING MARKET FOR OUR AGED CHEDDAR AND THERE WILL BE CONCESSIONS ON MEAT OFFALS, WHITE PEA BEANS, BLUEBERRIES, CANNED AND FROZEN CORN AND ON MAPLE PRODUCTS. APART FROM CHEESE, THE MAJOR CONCESSION FROM EUROPE WILL BE IN RESPECT OF TOBACCO.

FOR FISH AND FISH PRODUCTS, NOW OF GREATER EXPORT PRIORITY FOR CANADA BECAUSE OF OUR ENLARGED FISHING ZONES, GOOD

PROGRESS HAS ALSO BEEN MADE. WE WOULD, HOWEVER, HAVE LIKED TO HAVE GONE FURTHER IN REDUCING BARRIERS TO THE U.S. AND JAPANESE MARKET. AND OUR OBJECTIVE IN THE EC MARKET WAS TO NARROW EVEN FURTHER THE MARGIN OF PREFERENCE WHICH FAVOURS MARKETINGS FROM NORWAY AND ICELAND UNDER THE FREE TRADE ARRANGEMENTS THESE COUNTRIES HAVE WITH THE COMMUNITY. IN JAPAN, CONCESSIONS HAVE BEEN OBTAINED FOR COD, HERRING ROE AND SQUID. IN THE EC, THE MORE IMPORTANT CONCESSIONS RELATE TO GROUNDFISH FILLETS, SALMON, LOBSTER AND EELS. IN THE U.S.A., OUR MOST IMPORTANT MARKET, WE WILL HAVE BETTER ACCESS FOR OUR GROUNDFISH FILLETS, THE MOST IMPORTANT ITEM IN THE TRADE, AS WELL AS ON HERRING PRODUCTS, FRESHWATER PERCH AND OTHER ITEMS.

SO FAR AS NON-TARIFF BARRIERS AGREEMENTS ARE CONCERNED, THERE IS THIS MORNING TIME ONLY TO LIST THEM AND MAKE A COUPLE OF COMMENTS. EMERGING FROM THE MTN ARE:-

1) AN AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES
2) A REVISED AGREEMENT ON ANTI-DUMPING DUTIES
3) AN AGREEMENT ON TECHNICAL BARRIERS TO TRADE (STANDARDS AND THE LIKE)
4) AN AGREEMENT ON GOVERNMENT PROCUREMENT
5) AN AGREEMENT ON IMPORT LICENSING PROCEDURES
6) AN AGREEMENT ON CUSTOMS VALUATION; AND
7) AN UNDERSTANDING ON HOW CERTAIN OF THE OBLIGATIONS OF THE GATT WILL IN FUTURE BE APPLIED PARTICULARLY IN TERMS OF "SPECIAL AND DIFFERENTIAL TREATMENT" FOR DEVELOPING COUNTRIES, SAFEGUARDS FOR BALANCE OF PAYMENTS

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AND DEVELOPMENT PURPOSES AND DISPUTE SETTLEMENT PROCEDURES.

8) POSSIBLY A NEW AGREEMENT ON "SAFEGUARDS" AGAINST INJURIOUS IMPORTS.

IN THESE AGREEMENTS KEY POINTS TO BEAR IN MIND ARE:-

1) THAT THE U.S. HAS AGREED TO INTRODUCE AN "INJURY TEST" BEFORE THE APPLICATION OF COUNTERVAILING DUTIES AGAINST EXPORTS WHICH MAY HAVE BENEFITTED FROM GOVERNMENT ASSISTANCE. THIS IS A MAJOR GAIN FOR CANADA SINCE U.S. COUNTERVAILING DUTIES HAVE BOTH BEEN APPLIED AGAINST OUR EXPORTS WITHOUT INJURY TEST AND HAVE, BECAUSE OF THE THREAT OF SUCH DUTIES, INHIBITED EXPORT DEVELOPMENT FROM CANADA.

2) THE PROHIBITION ON DIRECT EXPORT SUBSIDIES FOR INDUSTRIAL GOODS HAS BEEN EXTENDED AND REINFORCED.

3) WHILE THE SUBSIDIZATION OF AGRICULTURAL EXPORTS WILL STILL BE PERMITTED, THERE WILL BE A NEW MEASURE OF DISCIPLINE IN THIS AREA AND THERE WILL BE BETTER RECOURSE UNDER GATT WHEN SUCH EXPORTS HARM CANADIAN EXPORT INTERESTS IN THIRD MARKETS.

4) IN COMBINATION, THE NEW AGREEMENTS ON SUBSIDIES AND COUNTERVAIL AND ANTI-DUMPING DUTIES, TOGETHER WITH THE PROSPECTIVE UNDERSTANDINGS ON ACTION PERMITTED TO DEAL WITH INJURIOUS IMPORTS, SHOULD STRENGTHEN CANADA'S CAPACITY TO DEAL SPEEDILY AND EFFECTIVELY WITH UNFAIR TRADE PRACTICES AND DISRUPTIVE AND INJURIOUS IMPORTS. AT THE SAME TIME THE NEW RULES WILL LIMIT THE CAPACITY OF FOREIGN GOVERNMENTS TO ACT ARBITRARILY AGAINST CANADIAN EXPORTS.

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5) IF OUR MAIN TRADING PARTNERS AGREE TO SEVERAL CONDITIONS WE HAVE SET FORTH, CANADA WILL CONSIDER ADOPTING THE NEW INTERNATIONAL AGREEMENT ON "VALUATION" WHICH WILL ESTABLISH UNIFORM RULES TO BE APPLIED BY GOVERNMENTS IN DETERMINING THE VALUE OF IMPORTED GOODS FOR CUSTOMS PURPOSES. OUR CONDITIONS INCLUDE FREEDOM TO TAKE MEASURES TO OFFSET ANY SIGNIFICANT LOSS OF PROTECTION WHICH MIGHT RESULT FROM OUR MOVING TO A "TRANSACTION PRICE" SYSTEM AND AGREEMENT THAT CANADA WOULD HAVE SEVERAL YEARS (4) TO EFFECT THE TRANSITION.

WHAT DOES THIS ALL ADD UP TO IN TERMS OF THE THEME OF THIS CONFERENCE? A NUMBER OF CONCLUSIONS EMERGE:

1. WE SHALL BE LIVING IN AN INCREASINGLY COMPETITIVE WORLD IN WHICH, FOR MOST PRODUCTS, THE LEVEL OF THE TARIFF WOULD NOT BE THE KEY DETERMINANT IN THE LOCATION OF PRODUCTION AND THE FLOWS OF TRADE. OTHER FACTORS SUCH AS RELATIVE EXCHANGE RATES, CONTROL OF INFLATION, ENERGY AVAILABILITY AND COST AND SECURITY OF SUPPLY OF KEY MATERIALS AND PRODUCTIVITY GENERALLY ARE LIKELY TO BE MUCH MORE IMPORTANT.
2. WITH LOWER TARIFF BARRIERS AND BETTER CONTROL OVER NON-TARIFF BARRIERS, THE PROCESS OF PRODUCT CHANGE, PRODUCT DIFFERENTIATION, TECHNOLOGY TRANSFER AND CHANGING USER AND CONSUMER DEMAND PATTERNS IS LIKELY TO ACCELERATE AND TOUCH MORE AND MORE SECTORS OF PRODUCTION. THIS WILL BE TO THE ADVANTAGE OF THOSE PREPARED TO INOVATE AND ADJUST AND TO THE DETRIMENT OF PRODUCERS AND MANUFACTURERS NOT PREPARED TO MOVE WITH THE TIMES.
3. WHEREAS THE NEGOTIATED EXTENSION OF INTERNATIONAL DISCIPLINE

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WILL LIMIT THE FIELD OF GOVERNMENT INTERFERENCE WITH TRADE, THIS BROADER FRAMEWORK OF INTERGOVERNMENTAL UNDERSTANDING WILL ALSO WIDEN AND DEEPEN THE AREA WHERE BUSINESS CAN APPEAL TO GOVERNMENT BOTH FOR HELP IN DEALING WITH NON-TARIFF BARRIERS IN FOREIGN MARKETS AND IN PROTECTING ITS POSITION IN THE DOMESTIC MARKET AGAINST UNFAIR AND INJURIOUS TRADING PRACTICES. BUSINESS IS THUS LIKELY TO HAVE A BROADENED INTERFACE WITH GOVERNMENT IN TERMS OF THE APPLICATION OF THE RULES OF TRADE. THIS WILL PARTICULARLY BE SO IF GOVERNMENTS TAKE THEIR CASES BEFORE THE GATT AND MAKE FULL USE OF THE INTERNATIONAL SURVEILLANCE AND DISPUTE SETTLEMENT PROCEDURES WHICH ARE BEING SET IN PLACE.

4. ASSUMING THAT THE NEW TARIFF AND NON-TARIFF BARRIER FRAMEWORK NEGOTIATED IN THE MTN IS IMPLEMENTED AND PROVES ADEQUATE TO CONTAIN PROTECTIONIST PRESSURES, THE FOCUS OF COMMERCIAL POLICY DELIBERATION WILL PROBABLY SHIFT TO NEW AREAS OF PROBLEM SOLVING BETWEEN NATIONS AND THEIR RESPECTIVE BUSINESS COMMUNITIES. THUS I THINK WE WILL BE LOOKING MORE CLOSELY AT THE ROLE OF MULTINATIONAL COMPANIES IN WORLD TRADE, WE WILL BE INVOLVED IN THE PROCESS OF INDUSTRIAL ADAPTATION IN ALL COUNTRIES, AS THE RELATIVE ECONOMIES OF PRODUCTION ALTER BETWEEN INDUSTRIALIZED COUNTRIES THEMSELVES AND BETWEEN THEM AND NEW SUPPLIERS IN DEVELOPING COUNTRIES. AND AS POPULATION INCREASES AND THE WORLD'S SUPPLY OF AT LEAST SOME MATERIALS DIMINISHES RELATIVE TO DEMAND, THERE MAY BE GROWING INTEREST IN INTERNATIONAL ARRANGEMENTS RELATED TO SECURITY OF SUPPLY. MOREOVER I THINK

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WE STILL HAVE A CONSIDERABLE DISTANCE TO GO IN WORKING OUT MORE EFFECTIVE TRADING ARRANGEMENTS WITH NON-MARKET ECONOMIES IN EASTERN EUROPE, ASIA AND ELSEWHERE. THE NEED TO BRING DEVELOPING COUNTRIES MORE FULLY WITHIN THE OBLIGATIONS AND RESPONSIBILITIES OF THE WORLD TRADING SYSTEM WILL SURELY GROW AS THESE COUNTRIES DEVELOP BOTH THEIR PRODUCTION AND THEIR MARKETS. AND THEY WILL SURELY CONTINUE TO PRESS FOR A GENERALLY BETTER DEAL IN TRADE AS ELSEWHERE. THESE ARE BUT A FEW OF THE PROBLEMS WITH WHICH TRADING COUNTRIES WILL HAVE TO GRAPPLE IN THE POST-MTN PERIOD. AND THE MECHANISMS OF THE GATT AND THE USE MADE OF IT BY TRADING COUNTRIES WILL, I BELIEVE, GROW RATHER THAN CONTRACT, AS TRADE INTERDEPENDENCY ON THE ONE HAND AND NATIONAL ASPIRATIONS FOR EXPANDED DOMESTIC PRODUCTION ON THE OTHER, SEEK TO FIND APPROPRIATE BALANCE.

IN THIS POSSIBLE FORWARD SCENARIO THE QUESTION OF ONGOING RELATIONS, LIAISON AND CONSULTATION BETWEEN BUSINESS AND GOVERNMENT NATURALLY ARISES. AND HERE THERE ARE IMPORTANT LESSONS TO BE LEARNED FROM OUR EXPERIENCE DURING THE MTN NEGOTIATIONS. I SAY THIS KNOWING THAT IT WILL PROBABLY BE A LONG TIME, IF EVER, BEFORE WE SEE ANOTHER "TOKYO ROUND". HERE I USE THE TERM TOKYO ROUND IN THE SENSE OF AN EFFORT SIMULTANEOUSLY TO SEEK THE LOWERING OF ALL TARIFF AND NON-TARIFF BARRIERS AND TO ADDRESS THE WHOLE RANGE OF OUTSTANDING TRADING FRAMEWORK ISSUES, WHETHER NORTH/SOUTH, EAST/WEST OR BETWEEN INDUSTRIALIZED COUNTRIES. THE MORE LIKELY SCENARIO IS ONE IN WHICH INCREASINGLY TARIFFS ARE FOR THE MOST PART ACCEPTED AT THE LEVELS TO WHICH THEY HAVE BEEN REDUCED AND

.../14

NON-TARIFF AND TRADING RULE QUESTIONS ARE TAKEN UP AND CHANGES MADE AS NEED ARISES ON AN ONGOING BASIS.

BUT WHATEVER THE MORE LIKELY PROBABILITY SO FAR AS TRADE RELATIONS ARE CONCERNED, THE LESSON FROM THE TOKYO ROUND IS CLEAR. TIMELY INPUTS FROM BUSINESSMEN AND ORGANIZATIONS ACTUALLY INVOLVED IN PRODUCTION AND TRADE ARE ESSENTIAL TO THE PROCESS OF SOUND DECISION-MAKING AT GOVERNMENT LEVEL IN THIS AS IN OTHER AREAS. SECONDLY, IN A COUNTRY LIKE CANADA IT IS ALSO OF GREAT VALUE TO HAVE PROVINCIAL PERSPECTIVES BROUGHT TO BEAR, PARTICULARLY IN THE AREAS OF CONCERN TO THEIR ECONOMIC DEVELOPMENT - AND TRADE IS A CASE IN POINT. BUT AT THE SAME TIME IT REMAINS TRUE THAT FINAL DECISIONS INEVITABLY HAVE TO BE TAKEN BY THE NATIONAL GOVERNMENT GIVEN THE MANY CONFLICTING REGIONAL AND SECTORAL INTERESTS WHICH ARE CONSTANTLY AT WORK IN THE CANADIAN ECONOMY.

THIS BEING SAID I BELIEVE THE PROCESS OF INFORMATION GATHERING AND INPUT FROM THE PROVINCES AND FROM BUSINESS AND LABOUR, COUPLED WITH THE ONGOING CONSULTATION WHICH TOOK PLACE WITH THEM, BOTH ON THE RECORD AND IN CONFIDENCE, ALLOWED US DURING THE TOKYO ROUND TO ARRIVE AT POSITIONS WHICH IN MANY AREAS REPRESENTED A CONSENSUS AS TO WHAT HAD TO BE DONE IN THE CIRCUMSTANCES FACING US, OR AT LEAST A RECOGNITION THEREOF. THIS IN ITSELF IS IMPORTANT FOR A COUNTRY LIKE CANADA, WHERE LACK OF EXPOSURE TO ALL THE DIMENSIONS OF A PROBLEM CAN SO EASILY LEAD TO A HEIGHTENING, IF NOT AN EXAGGERATION, OF NARROWER REGIONAL OR SECTORAL CONCERNS AND FEAR THAT BEHIND THE VEIL OF FEDERAL

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SECRECY ONE INTEREST IS BEING SACRIFICED TO ANOTHER. SO THE PROCESS OF WORKING TOGETHER SHOULD NOT BE ALLOWED TO STOP JUST BECAUSE THE MTN IS BASICALLY NOW BEHIND US.

OF COURSE NOT ALL COMMERCIAL POLICY PROBLEMS REQUIRE THE EXTENSIVE SORTS OF CONSULTATION AND COOPERATION WHICH WERE NECESSARY FOR PURPOSES OF THE GENEVA NEGOTIATIONS. WHEN THE DIFFICULTY IS PURELY PRODUCT-RELATED, IT IS THE INPUT FROM A PARTICULAR INDUSTRY OR COMPANY OR GROUP OF PRODUCERS WHICH IS CHIEFLY REQUIRED. AND THE VIEW OF THE PROVINCE OR PROVINCES CONCERNED CAN ALSO BE HELPFUL. THIS IS AND SHOULD CONTINUE TO BE A MATTER OF NORMAL PRACTICE.

ON THE OTHER HAND, WHERE THE PROBLEMS ARE OF A GENERAL NATURE, FOR EXAMPLE THE ROLE OF MULTINATIONAL CORPORATIONS OR REVISED TRADING RELATIONSHIPS, SAY WITH STATE TRADING COUNTRIES, I BELIEVE BUSINESS AND LABOUR ORGANIZATIONS SHOULD ALSO BE INVOLVED IN DEVELOPING CANADIAN POSITIONS, PARTICULARLY THOSE ORGANIZATIONS OR ENTITIES WITH EXPERIENCE IN THE PARTICULAR FIELD UNDER CONSIDERATION OR WHOSE INTERESTS STAND ESPECIALLY TO BE AFFECTED.

MOREOVER IT SEEMS TO ME THAT IN THE FUTURE THE LINE BETWEEN PRODUCING FOR THE DOMESTIC MARKET AND PRODUCING FOR EXPORT IS LIKELY TO BECOME INCREASINGLY BLURRED FOR MORE AND MORE COMPANIES AND PRODUCERS. THIS MEANS THAT OUR INDUSTRIAL STRATEGIES, OUR STRATEGIES FOR AGRICULTURE AND FISHERIES MUST INCREASINGLY COMPRISE BOTH THE DOMESTIC AND FOREIGN ASPECTS. ACCORDINGLY I CONCLUDE THAT THE WELCOME AND INCREASINGLY ACTIVE PROCESS OF CONSULTING WITH THE PROVINCES, WITH INDUSTRY AND WITH LABOUR ABOUT WHERE WE ARE GOING OR SHOULD BE GOING, IN THE VARIOUS

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SECTORS OF OUR ECONOMY, OUGHT ALWAYS TO TAKE ACCOUNT OF THE EXTERNAL ENVIRONMENT - ITS OPPORTUNITIES AND CONSTRAINTS. LIKEWISE TRADE POLICY SHOULD NOT BE FORMULATED IN ISOLATION FROM THE OBJECTIVES BEING SET FOR THE ECONOMY; RECOGNIZING, OF COURSE, THAT IN TRADE POLICY NO ONE COUNTRY CAN CALL THE SHOTS; THAT THERE ARE LIMITS TO WHAT OTHER COUNTRIES CAN BE PERSUADED TO ACCEPT AND APPRECIATING THAT THEIR CAPACITY TO HARM OUR INTERESTS IF YOU HARM THEIRS IS A FEATURE OF THE REAL WORLD IN WHICH WE LIVE.

I WOULD NOT WISH TODAY TO SUGGEST THE ESTABLISHMENT OF RIGID INSTITUTIONALIZED ARRANGEMENTS FOR NECESSARY CONSULTATION BETWEEN THE TWO LEVELS OF GOVERNMENT OR BETWEEN GOVERNMENTS AND THE PRIVATE SECTOR IN THE TRADE AREA. I BELIEVE, HOWEVER, IT WOULD BE TIMELY FOR ALL THE PARTIES TO START THINKING ABOUT HOW IN THE FUTURE THEIR CONTRIBUTIONS COULD BEST BE ORGANIZED SO THAT THEY CAN BE MOBILIZED AS REQUIRED IN THE NATIONAL INTEREST. IT SEEMS TO ME IT SHOULD BE POSSIBLE, EVEN THROUGH CLOUDY CRYSTAL BALLS, TO CATEGORIZE THE SORTS OF PROBLEMS WE ARE LIKELY TO FACE IN THE YEARS AHEAD AND TO DESIGN THE FORMAT FOR NECESSARY CONSULTATION AND DETERMINE WHAT ENTITIES WITHIN CANADA SHOULD BE INVOLVED. THIS COULD THEN BE DISCUSSED TOGETHER AND THE NECESSARY ARRANGEMENTS MADE TO PERMIT THE REQUIRED INPUTS TO BE BROUGHT FORWARD SPEEDILY AND EFFECTIVELY AS NEED MAY ARISE. THE ESSENTIAL, OF COURSE, WOULD BE TO ENSURE THAT THE SYSTEM, WHATEVER FORM IT MIGHT EVENTUALLY TAKE, WOULD, IN CONFIDENCE OR OTHERWISE, BRING TOGETHER THE RIGHT PEOPLE, WITH THE NEEDED KNOWLEDGE AND

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JUDGMENT, AT THE RIGHT TIME TO ENSURE THAT CANADIAN POLICY WAS UP TO DATE AND FINE TUNED TO FORWARD NEEDS. THIS, I BELIEVE, IS THE DIRECTION WE MUST TAKE IF CANADA IS TO HOLD ITS OWN AND MOVE AHEAD IN A WORLD OF TRADING GIANTS WHO, WITHOUT OUR BEST EFFORTS CAN SO EASILY, THROUGH INADVERTENCE OR OTHERWISE, ACT IN WAYS INIMICAL TO THE CANADIAN INTEREST.

Government of Canada / Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

News Release Communiqué

Subject/Sujet Notes for an address by Ambassador J. H. Warren to the Council of Forest Industries, Vancouver.

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Notes for an Address by
Ambassador J. H. Warren
Canadian Coordinator for the Multilateral Trade Negotiations
to
The Council of Forest Industries
Vancouver, B.C.
April 20, 1979

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NOTES FOR AN ADDRESS BY
AMBASSADOR J. H. WARREN
CANADIAN COORDINATOR FOR THE MULTILATERAL TRADE NEGOTIATIONS
TO
THE COUNCIL OF FOREST INDUSTRIES
VANCOUVER, B.C.
APRIL 20, 1979

MR. CHAIRMAN:

MAY I SAY AT THE OUTSET HOW PLEASED I AM AGAIN TO BE ON THE WEST COAST AND TO HAVE THIS CHANCE TO SPEAK TO THE COUNCIL OF FOREST INDUSTRIES AND TO MEET OLD FRIENDS WITH WHOM I HAVE WORKED OVER MANY YEARS IN A VARIETY OF CAPACITIES.

A YEAR AGO IN ADDRESSING THIS GATHERING, THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS DISCUSSED A NUMBER OF IMPORTANT ISSUES AND ASPECTS OF CANADA'S EXTERNAL RELATIONS, INCLUDING THE IMPORTANCE OF INTERNATIONAL TRADE FOR THE CONTINUING HEALTH OF THE CANADIAN ECONOMY AND THE CHALLENGES AND POSSIBILITIES FACING THIS COUNTRY AS A MAJOR TRADING NATION. IT WILL COME AS NO SURPRISE THAT THE FOCUS OF MY REMARKS TODAY WILL BE SOMEWHAT NARROWER AND THAT I SHALL BE TALKING ABOUT THE MULTILATERAL TRADE NEGOTIATIONS AND HOW THE MTN RESULTS CAN HELP CANADIAN INDUSTRY, AGRICULTURE AND FISHERIES TO MEET THE OPPORTUNITIES AND CHALLENGES WHICH LIE AHEAD.

SINCE TAKING ON THE ROLE OF THE CANADIAN COORDINATOR FOR THE MTN SOME 20 MONTHS AGO, I HAVE SPENT A MAJOR PART OF MY TIME WORKING WITH BUSINESS AND OTHER GROUPS HAVING A STAKE IN THE OUTCOME. THESE DISCUSSIONS AND THE MANY REPRESENTATIONS MADE FROM THE PRIVATE SECTOR WERE OF CRITICAL IMPORTANCE IN THE DEVELOPMENT OF GOVERNMENT NEGOTIATING POSITIONS. AT THE SAME TIME, THE PROCESS OF CONSULTATION GAVE THOSE OF US CONCERNED IN OTTAWA THE OPPORTUNITY TO EXPLAIN

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MANY OF THE ISSUES OUR TEAM WAS FACING IN GENEVA AND TO TELL BUSINESS ABOUT ASPECTS OF THE NEGOTIATIONS, SOMETIMES NOT CLOSELY RELATED TO THEIR IMMEDIATE AFFAIRS, BUT WHICH HAD IMPORTANT IMPLICATIONS FOR THE FUTURE FRAMEWORK IN WHICH THEY WOULD BE PRODUCING AND TRADING.

IT GOES WITHOUT SAYING THAT THE SUBMISSIONS AND INPUTS RECEIVED FROM YOUR COUNCIL THROUGHOUT THE NEGOTIATIONS, AND THE NUMEROUS CONTACTS THAT I AND MY COLLEAGUES HAVE HAD WITH COUNCIL REPRESENTATIVES, WERE NOT ONLY VERY HELPFUL BUT HIGHLY SIGNIFICANT IN THE EVOLUTION OF CANADA'S APPROACH TO NEGOTIATIONS IN THE FOREST PRODUCTS SECTOR.

THE GENEVA NEGOTIATIONS WERE CONCLUDED AS TO THEIR SUBSTANCE ONLY A WEEK AGO, ALMOST SIX YEARS SINCE THEIR FORMAL LAUNCHING IN TOKYO IN 1973. THAT'S QUITE A PERIOD TO SUSTAIN A NEGOTIATION, BUT PERHAPS NOT SO LONG WHEN YOU CONSIDER THE COMPLEXITY OF WHAT WAS BEING ATTEMPTED AND THE GREAT RANGE OF INTERESTS AND OBJECTIVES COMPRISED IN AN ENDEAVOUR INVOLVING NEARLY A HUNDRED COUNTRIES. THE TOKYO ROUND OF TRADE NEGOTIATIONS WAS INDEED THE MOST COMPREHENSIVE AND AMBITIOUS UNDERTAKEN SINCE THE INCEPTION OF THE GENERAL AGREEMENT. IT WAS CONCERNED NOT ONLY WITH A FURTHER REDUCTION OF TARIFFS ON A RECIPROCAL AND MUTUALLY ADVANTAGEOUS BASIS, AS IN EARLIER ROUNDS, IT INVOLVED ALSO A CONCERTED EFFORT TO COPE, THROUGH INTERNATIONAL AGREEMENT, WITH A NUMBER OF MAJOR NON-TARIFF BARRIERS OF GENERAL CONCERN; IT SOUGHT THE CLARIFICATION, STRENGTHENING OR MODIFICATION OF A NUMBER OF THE BASIC RULES OF THE GATT, AND IT ADDRESSED THE REDUCTION OR ELIMINATION OF

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PARTICULAR PRODUCT RELATED NON-TARIFF BARRIERS MAINTAINED BY THE VARIOUS COUNTRIES.

AND THE NEGOTIATIONS TOOK PLACE AGAINST A DIFFICULT ECONOMIC BACKGROUND AS EARLIER YEARS OF GROWTH AND RISING EXPECTATIONS GAVE WAY TO THE HESITATION, SLOWING DOWN AND CONCERNS OF THE MID-SEVENTIES WITH WHICH WE ARE ALL FAMILIAR. HIGHER ENERGY COSTS, UNEMPLOYMENT, INFLATION, CHANGING EXCHANGE RATES, BUSINESS UNCERTAINTY, LOW INVESTMENT, THE IMPACT OF NEW AND COMPETITIVE SUPPLIES FROM THE DEVELOPING WORLD - ALL OF THESE FACTORS HAD AN IMPACT ON THE PERSPECTIVES OF THE COUNTRIES TAKING PART AND, UNDERSTANDABLY, INFLUENCED THE CONTENT AND PACE OF THE NEGOTIATIONS.

IT IS NOT MY INTENTION, HOWEVER, TO DWELL ON THE BACKGROUND OF THE MTN, OR THE COMPLEX OF INTERESTS AND ISSUES INVOLVED. SUFFICE TO SAY THAT, DESPITE THE DIFFICULTIES, THE IMPORTANCE OF AVOIDING A SURRENDER TO PROTECTIONISM AND OF ACHIEVING A BROAD AND SUBSTANTIVE RESULT INCREASED IN PRIORITY OVER THE FINAL YEARS OF THE NEGOTIATION AND WAS REFLECTED IN THE RESOLVE EXPRESSED BY THE LEADERS OF THE MAJOR INDUSTRIAL NATIONS AT SUCCESSIVE SUMMIT MEETINGS. INSTEAD OF LOOKING BACK, I WISH TODAY, WITHIN THE LIMITS OF WHAT CAN NOW BE MADE PUBLIC, TO TALK ABOUT WHAT HAS BEEN ACHIEVED FOR CANADA AND FOR THE FOREST PRODUCTS AND CERTAIN OTHER B.C. INDUSTRIES IN PARTICULAR.

LAST WEEK, THE HEAD OF CANADA'S NEGOTIATING TEAM, AMBASSADOR GREY, SIGNED IN GENEVA A PROCES VERBAL COVERING A SERIES OF AGREEMENTS RELATING TO NON-TARIFF BARRIERS AND CERTAIN OTHER MATTERS; A NOTE ON TARIFFS, AND A SPECIAL AGREEMENT WITH RESPECT TO

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TRADE IN CIVIL AIRCRAFT AND WHAT GOES INTO THEM. THE TEXTS OF THE VARIOUS AGREEMENTS, WHICH ARE NOW ON PUBLIC RECORD, HAVE THUS BEEN AUTHENTICATED FOR SUBMISSION TO GOVERNMENTS FOR THEIR CONSIDERATION AND DECISION. THE EXPECTATION IS THAT LATER IN THE YEAR, PROBABLY AFTER THE U.S. CONGRESS HAS LEGISLATED TO BRING U.S. LAW INTO LINE WITH THE AGREEMENTS REACHED, THE NECESSARY STEPS WILL BE TAKEN BY GOVERNMENTS FORMALLY TO SIGNIFY THEIR ACCEPTANCE AND INTENTION TO IMPLEMENT WHAT HAS BEEN AGREED.

I WOULD LIKE NOW TO PROVIDE A BRIEF OVERVIEW OF THE RESULTS OF THE NEGOTIATIONS.

THE AGREEMENTS ON TARIFF REDUCTIONS, OF COURSE, FORM A MAJOR, AND FOR SOME, THE MOST IMPORTANT ELEMENT OF THE MTN PACKAGE. CANADA'S TARIFF NEGOTIATIONS WITH OUR PRINCIPAL TRADING PARTNERS, THE U.S.A., THE EUROPEAN COMMUNITY AND JAPAN, WERE CONCLUDED WITH CONSIDERABLE EFFORT ONLY JUST PRIOR TO LAST WEEK'S ANNOUNCEMENT BY THE DEPUTY PRIME MINISTER. THE TARIFF SCHEDULES EMANATING FROM THIS ASPECT OF THE NEGOTIATIONS, HOWEVER, HAVE NOT AS YET BEEN FINALIZED. INDEED, A NUMBER OF MINOR CHANGES ARE LIKELY TO BE MADE DURING THE DOUBLE CHECKING AND RECTIFICATION PROCESS WHICH WILL TAKE PLACE OVER THE NEXT FEW WEEKS, AS THE SCHEDULES ARE REVIEWED ON A LINE-BY-LINE BASIS. OTHER MODIFICATIONS MAY ALSO BE MADE AS THE NEGOTIATIONS WITH CERTAIN OTHER COUNTRIES WIND TO A CLOSE. UNDER THE CIRCUMSTANCES, THE PARTICIPANTS HAVE AGREED FOR THE TIME BEING NOT TO MAKE PUBLIC THE RESULTS OF THE DETAILED TARIFF NEGOTIATIONS. IT IS EXPECTED THAT THESE DETAILED

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RESULTS WILL BE AVAILABLE NOT LATER THAN JUNE 30. CERTAIN COMMENTS CAN BE MADE, NEVERTHELESS, WHICH PROVIDE A BROAD INDICATION OF WHAT HAS BEEN ACHIEVED.

OUR PRINCIPAL TRADING PARTNERS HAVE MADE WHAT WE CONSIDER TO BE VERY IMPORTANT CONCESSIONS ON INDUSTRIAL TARIFFS FROM THE CANADIAN POINT OF VIEW. THE REDUCTIONS IN TARIFFS FACING CANADA'S INDUSTRIAL EXPORTS TO THE U.S.A., THE EUROPEAN COMMUNITY AND JAPAN WILL, TAKEN TOGETHER, AVERAGE CLOSE TO 40%. THE AVERAGE REDUCTION IN CANADA'S INDUSTRIAL TARIFFS WILL BE COMPARABLE.

THE AVERAGE TARIFF RATE ON DUTIABLE INDUSTRIAL IMPORTS INTO CANADA WILL BE REDUCED TO APPROXIMATELY 9% ALTHOUGH HIGHER RATES WILL CONTINUE TO APPLY FOR A NUMBER OF PRODUCTS. AND LIKE MOST OTHER MAJOR PARTICIPANTS, CANADA HAS MADE NO REDUCTIONS - OR COMPARATIVELY SMALL ONES - IN THE TARIFFS ON SUCH ITEMS AS TEXTILES, CLOTHING, FOOTWEAR AND SHIPS.

THE REDUCTIONS IN TARIFFS WILL BE IMPLEMENTED GRADUALLY OVER AN EXTENDED PERIOD. WHILE THE PRECISE DETAILS OF THIS HAVE YET TO BE COMPLETELY WORKED OUT, IT APPEARS FAIRLY CERTAIN THAT THEY WILL GENERALLY BE PHASED IN BY EIGHT ANNUAL STEPS BEGINNING ON JANUARY 1, 1980, AND THAT SPECIAL PHASING ARRANGEMENTS WILL BE MADE FOR SOME PRODUCTS.

ONCE THESE REDUCTIONS HAVE BEEN FULLY IMPLEMENTED, THE TARIFFS IN BOTH JAPAN AND THE EEC ON MANUFACTURED GOODS WILL AVERAGE ABOUT 5 TO 7%, WHILE MATERIALS, WITH SOME EXCEPTIONS, WILL ENTER THESE MARKETS EITHER FREE OF DUTY OR AT VERY LOW RATES. THE

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AVERAGE RATE OF DUTY ON MANUFACTURED GOODS ENTERING THE U.S.A. AT THE END OF THIS PERIOD WILL BE SOMEWHAT LOWER, IN THE ORDER OF 4 TO 5%, ALTHOUGH EXPORTS OF CERTAIN PRODUCTS TO THAT MARKET IN THE CHEMICALS, TEXTILES AND FOOTWEAR SECTORS WILL CONTINUE TO FACE FAIRLY HIGH TARIFFS. FURTHER, AND OF PARTICULAR SIGNIFICANCE FOR CANADA, A WIDE RANGE OF U.S. TARIFFS ON OUR EXPORTS TO THAT MARKET WILL BE REMOVED ENTIRELY. IN OVERALL TERMS, OVER 90% OF CANADA'S CURRENT EXPORTS TO THE U.S.A. WILL, AFTER THE MTN IS IMPLEMENTED, ENCOUNTER TARIFFS OF 5% OR LESS AND APPROXIMATELY 80% WILL BE DUTY FREE, TAKING INTO ACCOUNT TRADE UNDER THE AUTOMOTIVE AGREEMENT.

AS MANY OF YOU KNOW, ONE OF CANADA'S MAIN OBJECTIVES IN THE NEGOTIATIONS WAS TO OBTAIN THE MAXIMUM REDUCTION IN, OR ELIMINATION OF, TARIFFS AND NON-TARIFF MEASURES MAINTAINED BY OTHER COUNTRIES WHICH HAVE BEEN INHIBITING EXPORT POTENTIAL IN CERTAIN KEY RESOURCE SECTORS, INCLUDING FOREST PRODUCTS AND PAPER. IN THIS CONTEXT, CANADA PROPOSED THAT A "SECTOR APPROACH" BE ADOPTED AS A COMPLEMENTARY NEGOTIATING TECHNIQUE WHEREBY A CONCERTED EFFORT WOULD BE MADE TO LIBERALIZE TRADE TO THE MAXIMUM EXTENT POSSIBLE FOR THE OUTPUT OF THESE SECTORS, INCLUDING 'UPGRADED' OR FURTHER PROCESSED PRODUCTS. ALTHOUGH THIS APPROACH WAS NOT ACCEPTED BY THE OTHER MAJOR PARTICIPANTS, IT DID SERVE TO FOCUS GREATER ATTENTION ON CANADA'S INTERESTS. AND IT HELPED US AS WE PURSUED OUR OBJECTIVES FOR SUCH SECTORS IN THE NEGOTIATIONS AS A WHOLE, BOTH AS REGARDS TARIFF AND NON-TARIFF BARRIERS.

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A NUMBER OF IMPORTANT CONCESSIONS HAVE BEEN OBTAINED IN THE FOREST PRODUCTS SECTOR WHICH, I TRUST, WILL SUBSTANTIALLY BENEFIT CANADIAN PRODUCERS. THESE CONCESSIONS SHOULD ENHANCE ABILITY TO INCREASE EXPORTS OF BOTH TRADITIONAL AND NEWER PRODUCTS TO MAJOR FOREIGN MARKETS AND GENERALLY INCREASE THE PROFITABILITY OF EXPORTS. IN JAPAN, THE TARIFFS ON ROUGH LUMBER, THE SO-CALLED "WHITE WOODS", WILL BE LOWERED AS WILL THE DUTIES ON A NUMBER OF LUMBER PRODUCTS INCLUDING DOORS AND SASHES AS WELL AS PRE-FABRICATED AND SECTIONAL HOUSING. JAPAN'S TARIFFS WILL ALSO BE REDUCED ON CERTAIN SOFTWOOD PLYWOOD, WAFERBOARD AND PARTICLEBOARD. CONCESSIONS HAVE ALSO BEEN OBTAINED ON KRAFT PAPERS. IN THE EEC, THERE WILL BE A REDUCTION IN THE TARIFF ON SOFTWOOD PLYWOOD AND THERE WILL BE IMPROVEMENTS IN THE TERMS OF ACCESS FOR DRESSED LUMBER, PRE-FABRICATED HOUSING AND COMPONENTS, WAFERBOARD AND SHINGLES. THERE WILL ALSO BE A SIGNIFICANT INCREASE IN THE SIZE OF THE GATT-BOUND DUTY-FREE QUOTA FOR SOFTWOOD PLYWOOD. AND SOME INTERESTING CONCESSIONS HAVE BEEN OBTAINED FOR CERTAIN PAPERS.

IN THE U.S.A., ALL BUT A FEW PRODUCTS OF INTEREST TO CANADA IN THIS SECTOR WILL BENEFIT FROM MAJOR TARIFF REDUCTIONS. THIS INCLUDES STAINED AND PRE-FINISHED LUMBER, FURNITURE PARTS AND MOULDINGS AND PRE-CUT HOUSING COMPONENTS. AN AGREEMENT HAS ALSO BEEN REACHED WITH THE U.S.A. TO MOVE TOWARDS TARIFF PARITY ON SOFTWOOD PLYWOOD. THE AGREEMENT IS PART OF AN UNDERSTANDING WHICH LOOKS TOWARDS THE DEVELOPMENT OF COMMON NORTH AMERICAN STANDARDS FOR THIS PRODUCT. NOTHING WHICH HAS BEEN AGREED PREJUDGES ANY

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OF THE DECISIONS WHICH MAY BE TAKEN IN MOVING TOWARDS SUCH COMMON STANDARDS. MOVEMENT IN THIS DIRECTION WILL, OF COURSE, REQUIRE A MAJOR EFFORT BY THE INDUSTRIES AND STANDARDS BODIES IN BOTH COUNTRIES. BUT WHAT YOU HAVE BEEN ABLE TO ACCOMPLISH IN THE STANDARDS AREA FOR OTHER FOREST PRODUCTS, NOTABLY LUMBER, INSPIRES CONFIDENCE THAT A MUTUALLY ADVANTAGEOUS RESULT CAN BE ACHIEVED.

OVERALL, THE LEVEL OF TARIFFS ON FOREST PRODUCTS WILL BE LOWERED, ON AVERAGE, FROM SLIGHTLY MORE THAN 5%, TO UNDER 4% IN JAPAN' FROM ABOUT 11% TO 7.7% IN THE EEC; AND, FROM ABOUT 5% TO LESS THAN 1% IN THE U.S.A. (AND THE AREA OF FREE ENTRY WILL BE EXTENDED). CANADA'S TARIFFS WILL, OF COURSE, ALSO BE REDUCED IN THIS SECTOR.

CONCESSIONS HAVE ALSO BEEN OBTAINED IN THE NON-FERROUS METALS SECTOR. OF PARTICULAR INTEREST TO B.C. WILL BE THE U.S. CONCESSIONS ON ALUMINUM AND, MORE GENERALLY, IN THE TARIFFS, IMPORTANT FOR THE FUTURE, ON A RANGE OF NON-FERROUS METAL SEMI-MANUFACTURED PRODUCTS INCLUDING, IN PARTICULAR, PIPE, TUBE, SHEET AND WIRE. INSOFAR AS JAPAN AND THE EEC ARE CONCERNED, THE MAIN CONCESSIONS OF INTEREST ARE IN THE AREA OF SEMI-MANUFACTURED PRODUCTS RATHER THAN PRIMARY METALS. CONCESSIONS ON COPPER AND LEAD AND ZINC IN ALL THREE MARKETS ARE LESS THAN WE WOULD HAVE WISHED, BUT REPRESENT THE MAXIMUM ATTAINABLE.

FOR FISH AND FISH PRODUCTS, ALSO AN AREA OF MAJOR PRIORITY FOR CANADA IN VIEW OF THE ENLARGED FISHING ZONES ON BOTH COASTS, IMPORTANT GAINS HAVE BEEN MADE. HOWEVER, HAD IT BEEN POSSIBLE

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WE WOULD HAVE LIKED TO HAVE GONE EVEN FURTHER IN LOWERING BARRIERS TO THE U.S. AND JAPANESE MARKETS AND REDUCING, IN THE EUROPEAN COMMUNITY, THE MARGINS OF PREFERENCE WHICH FAVOUR NORWAY AND ICELAND UNDER FREE TRADE ARRANGEMENTS WITH THE EC. IN JAPAN, CONCESSIONS HAVE BEEN OBTAINED FOR COD, HERRING ROE AND SQUID. IN THE EC, THE MORE IMPORTANT CONCESSIONS RELATE TO GROUNDFISH FILLETS, SALMON, LOBSTER AND EELS. IN THE U.S.A., OUR MOST IMPORTANT MARKET, WE WILL HAVE BETTER ACCESS FOR GROUNDFISH FILLETS, THE MOST IMPORTANT ITEM IN THE TRADE, AS WELL AS FOR HERRING PRODUCTS, FRESHWATER PERCH AND A VARIETY OF OTHER SPECIES.

TURNING TO OTHER ASPECTS OF THE NEGOTIATIONS, THE CURRENT ROUND HAS, AS I NOTED EARLIER, BEEN UNIQUE IN THE PROMINENCE ACCORDED TO NON-TARIFF BARRIERS. THIS EMPHASIS HAS REFLECTED THE AWARENESS OF ALL PARTICIPANTS THAT IN MANY CASES SUCH BARRIERS HAVE ASSUMED AN IMPORTANCE AS GREAT, IF NOT GREATER, THAN TARIFFS IN HINDERING INTERNATIONAL TRADE. GIVEN THEIR NATURE AND DIVERSITY, HOWEVER, NON-TARIFF BARRIERS ARE NOT EASY TO DEAL WITH.

LAST WEEK'S ANNOUNCEMENT INDICATED THAT AGREEMENT HAD BEEN REACHED ON TEXTS OF AGREEMENTS OR CODES OF CONDUCT PERTAINING TO A NUMBER OF IMPORTANT NON-TARIFF BARRIERS - THE PREVALENCE OF WHICH HAD CREATED PROBLEMS FOR ALL COUNTRIES. THESE ARE: AN AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES; A REVISED AGREEMENT ON ANTI-DUMPING DUTIES; AGREEMENTS RESPECTIVELY ON TECHNICAL BARRIERS TO TRADE, GOVERNMENT PROCUREMENT AND CUSTOMS VALUATION; AND AN AGREEMENT ON IMPORT LICENSING

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PROCEDURES. IN ADDITION, AN UNDERSTANDING HAS BEEN ARRIVED AT ON THE APPLICATION OF CERTAIN OF THE GENERAL OBLIGATIONS OF THE GATT, IN PARTICULAR REGARDING THE RIGHTS AND OBLIGATIONS OF DEVELOPING COUNTRIES, WHICH WILL IMPROVE THE INTERNATIONAL TRADING FRAMEWORK.

CONSIDERABLE WORK HAS ALSO BEEN DONE IN DEVELOPING AN AGREEMENT WHICH WOULD DEAL WITH SAFEGUARD MEASURES, THAT IS: EMERGENCY ACTION AGAINST INJURIOUS IMPORTS. THIS AGREEMENT WOULD ELABORATE AND MAKE MORE PRECISE THE APPLICATION OF THE EXISTING PROVISIONS OF THE GATT IN THIS AREA. WHILE IT HAS NOT BEEN POSSIBLE, AS YET, TO CONCLUDE THIS AGREEMENT, PARTICULARLY BECAUSE OF DIFFICULTIES BETWEEN THE COMMUNITY AND DEVELOPING COUNTRIES, IT IS EXPECTED THAT THE OUTSTANDING QUESTIONS WILL BE RESOLVED BY JULY AND THE AGREEMENT INCORPORATED IN THE MTN PACKAGE WHICH GOVERNMENTS ARE EXPECTED LATER TO IMPLEMENT.

THE RELATIVE USEFULNESS AND SIGNIFICANCE OF THE RULES CONTAINED IN THESE VARIOUS AGREEMENTS WILL OF COURSE VARY FROM ONE INDUSTRY TO ANOTHER. FROM THE POINT OF VIEW OF THE FOREST PRODUCTS SECTOR, SOME COMMENTS ON THE AGREEMENTS ON SUBSIDIES/ COUNTERVAILING DUTIES, TECHNICAL BARRIERS TO TRADE AND IMPORT LICENSING WOULD, I BELIEVE, BE OF INTEREST.

THE SUCCESSFUL EFFORTS MADE TO REACH AN AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES REFLECTED A BROAD CONSENSUS ON THE NEED TO DEVELOP BETTER INTERNATIONAL RULES ON SUBSIDY PRACTICES AND MORE PRECISE RULES AND PROCEDURES TO GOVERN THE USE OF COUNTER-VAILING DUTIES. SUCH DUTIES PERMIT A GOVERNMENT TO NULLIFY IN THE CASE OF IMPORTS THE EFFECT OF A SUBSIDY GRANTED BY ANOTHER GOVERNMENT. ALTHOUGH SUBSIDY PRACTICES AND COUNTERVAILING DUTIES ARE CURRENTLY DEALT WITH IN THE GATT IN GENERAL TERMS, THE NEW AGREEMENT WILL

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MAKE POSSIBLE GREATER CERTAINTY AND UNIFORMITY IN THIS AREA. ALL SIGNATORIES, FOR EXAMPLE, WILL BE EXPECTED TO ABIDE BY THE PROCEDURES SET OUT IN THE AGREEMENT IN CONDUCTING INVESTIGATIONS BEFORE IMPOSING SUCH DUTIES. ALSO, THE ADOPTION OF COMMON PROCEDURES, COMMON CRITERIA FOR DETERMINING INJURY, AND COMMON PROVISIONS REGARDING PUBLIC DISCLOSURE OF ALL DECISIONS, SHOULD PROVIDE GOVERNMENTS AND THE BUSINESS COMMUNITY WITH USEFUL GUIDANCE AS TO THE TYPES OF SUBSIDY MEASURES WHICH MIGHT RUN THE RISK OF COUNTERVAILING ACTIONS BY COUNTRIES IMPORTING PRODUCTS WHICH HAD BENEFITTED FROM GOVERNMENT ASSISTANCE.

THE MAJOR GAIN FOR CANADA WILL ARISE WHEN U.S. LAW HAS BEEN AMENDED TO REQUIRE A TEST OF MATERIAL INJURY BEFORE THE IMPOSITION OF COUNTERVAILING DUTIES. THIS WAS A KEY CANADIAN OBJECTIVE IN THE NEGOTIATIONS. HAD U.S.A. LAW INCORPORATED SUCH A PROVISION IN THE PAST, THERE WOULD HAVE BEEN FAR FEWER INSTANCES IN WHICH CANADIAN EXPORTS WOULD HAVE BEEN SUBJECTED TO COUNTER-VAILING DUTIES - IF INDEED MATERIAL INJURY COULD HAVE BEEN DEMONSTRATED IN ANY SUCH CASES. THE UNCERTAINTY CREATED BY CURRENT U.S. LAW AND PRACTICE, IN ITSELF, HAS BEEN, FROM THE CANADIAN POINT OF VIEW, A NON-TARIFF BARRIER MITIGATING AGAINST THE DEVELOPMENT OF EXPORTS AND POTENTIAL EXPORTS TO THE U.S. MARKET.

THE NEW DISCIPLINES ON SUBSIDIES WILL PROVIDE CANADA WITH A BETTER OPPORTUNITY TO PROTECT OUR EXPORT MARKETS. AT THE SAME TIME THE AGREEMENT RECOGNIZES THAT SUBSIDIES ARE LEGITIMATE TOOLS TO FURTHER THE ATTAINMENT OF NATIONAL ECONOMIC GOALS INCLUDING,

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FOR EXAMPLE, REGIONAL DEVELOPMENT AND INCREASED R AND D. FINALLY, THE AGREEMENT CONTAINS, AMONGST OTHER THINGS, PROVISIONS WHEREBY COUNTRIES WHICH CONSIDER THAT THEY ARE BEING ADVERSELY AFFECTED BY THE SUBSIDY PRACTICES OF ANOTHER, FOR EXAMPLE IN THIRD MARKETS, CAN SEEK REDRESS THROUGH THE GATT UNDER IMPROVED AND ACCELERATED PROCEDURES.

WITH REGARD TO TECHNICAL BARRIERS TO TRADE, AN AREA TO WHICH COFI HAS ATTACHED IMPORTANCE, THE AGREEMENT SHOULD FACILITATE EXPANDED TRADE BY REQUIRING SIGNATORIES TO ENSURE THAT NEITHER PRODUCT STANDARDS NOR RELATED CERTIFICATION SYSTEMS HAVE THE EFFECT OF CREATING UNNECESSARY OBSTACLES TO INTERNATIONAL TRADE. WHILE THE AGREEMENT DOES NOT AFFECT THE RIGHTS OF COUNTRIES TO ADOPT OR MAINTAIN STANDARDS APPROPRIATE TO THEIR NEEDS, FOR EXAMPLE FOR HEALTH, SAFETY OR ENVIRONMENTAL PURPOSES, IT SETS OUT CERTAIN GUIDELINES FOR ACTIVITIES IN THESE AREAS. THUS, THE AGREEMENT CALLS FOR THE PUBLISHING OF STANDARDS, PROVIDES OPPORTUNITIES TO CONSULT ON THE DEVELOPMENT OF FOREIGN PRODUCT STANDARDS AND RELATED MEANS OF DETERMINING CONFORMITY WITH THEM AND ENCOURAGES THE DEVELOPMENT AND USE OF INTERNATIONALLY-AGREED STANDARDS WHEREVER THIS IS POSSIBLE.

THE IMPORTANCE OF THIS AGREEMENT WILL BE PARTICULARLY EVIDENT TO BRITISH COLUMBIA FOREST PRODUCT PRODUCERS. INDEED YOU HAVE ALREADY PIONEERED IN THIS FIELD IN OVERCOMING TECHNICAL BARRIERS TO CANADIAN SALES OF LUMBER IN MANY FOREIGN MARKETS. NOW EVEN MORE THAN IN THE PAST, AND AS A RESULT OF THIS AGREEMENT, THE GOVERNMENT OF CANADA WILL BE ABLE TO ASSIST YOU IN OVERCOMING UNNECESSARY TRADE OBSTACLES ARISING FROM PRODUCT STANDARDS.

.../13

THE AGREEMENT ON IMPORT LICENSING, TO THE EXTENT THAT IT SIMPLIFIES AND SHORTENS THE PROCEDURES FOR OBTAINING IMPORT LICENSES IN A NUMBER OF IMPORTANT MARKETS (PARTICULARLY IN DEVELOPING COUNTRIES AND IN JAPAN) SHOULD ALSO BE OF ASSISTANCE TO B.C. FOREST PRODUCT PRODUCERS.

WHEN BROUGHT INTO EFFECT BY OUR TRADING PARTNERS, THESE AGREEMENTS AND OTHERS I MENTIONED EARLIER SHOULD PROVIDE A FIRMER BASIS FOR COPING WITH MANY OF THE NON-TARIFF BARRIERS ENCOUNTERED IN FOREIGN MARKETS. AND WE WILL BENEFIT FROM IMPROVED "TRANSPARENCY" SO FAR AS THESE BARRIERS ARE CONCERNED. MOREOVER THE INTERNATIONAL SURVEILLANCE AND DISPUTE SETTLEMENT PROCEDURES WHICH ARE CONTAINED IN BOTH THE CODES AND THE GATT WILL HELP TO ENSURE THAT THE COMMITMENTS BEING UNDERTAKEN WILL NOT ONLY BE PUT INTO PRACTICE, BUT WILL BE OBSERVED.

FINALLY, THE HIGH PROFILE WHICH HAS BEEN GIVEN TO NON-TARIFF MATTERS IN THE MTN WILL, I BELIEVE, MAKE IT EASIER IN THE FUTURE TO DEAL WITH PARTICULAR NON-TARIFF PROBLEMS ENCOUNTERED IN FOREIGN MARKETS WHETHER OR NOT COVERED BY THE NEW AGREEMENTS. WHILE, OF COURSE, THE NEGOTIATIONS COULD NOT DEAL WITH EVERY NON-TARIFF BARRIER NOW IN PLACE OR WHICH COULD BE INVENTED, A GOOD START HAS BEEN MADE AND A SOUND FOUNDATION LAID FOR DEALING WITH THESE BARRIERS IN THE FUTURE.

GENERALLY, AND RECOGNIZING THAT WE LIKE ALL OTHER COUNTRIES COULD NOT GET EVERYTHING WE WANTED, I BELIEVE THAT A GOOD AND BALANCED RESULT HAS BEEN OBTAINED FOR CANADA. OUR EXPORT SALES WILL BECOME MORE PROFITABLE AND MAJOR NEW EXPORT OPPORTUNITIES WILL BE

.../14

OPENED UP. ACCESS TO FOREIGN MARKETS WILL BECOME MORE CERTAIN. ALL SECTORS OF THE ECONOMY AND ALL REGIONS OF THE COUNTRY WILL BENEFIT, NOT LEAST BRITISH COLUMBIA AND THE FOREST PRODUCTS SECTOR. CANADA'S TARIFFS WILL BE REDUCED FOR MOST PRODUCTS WHICH, IN TURN, WILL INFLUENCE CONSUMER PRICES AND REDUCE INPUT COSTS, E.G. COMPONENTS AND MACHINERY, FOR A BROAD SPECTRUM OF CANADIAN INDUSTRY. THESE REDUCTIONS WILL TAKE PLACE GRADUALLY, HOWEVER, AND WILL BE OF A MAGNITUDE WHICH TOOK INTO ACCOUNT THE VARYING COMPETITIVE STRENGTHS AND LONGER TERM POTENTIAL OF OUR INDUSTRIES.

WHILE THERE IS NO DOUBT THAT THE RESULTS OF THE NEGOTIATIONS WILL HAVE A SIGNIFICANT INFLUENCE OVER THE YEARS TO COME ON THE FRAMEWORK FOR PRODUCING AND MANUFACTURING IN CANADA AND FOR MARKETING HERE AND IN FOREIGN COUNTRIES, THE MTN SHOULD NOT BE THOUGHT OF AS AN END IN ITSELF. THE RESULTS SHOULD, HOWEVER, IN ADDITION TO PROVIDING ENHANCED AND MORE PROFITABLE OUTLETS FOR OUR AGRICULTURE, FISHERIES AND INDUSTRIAL AND MANUFACTURED PRODUCTS, CONTRIBUTE TO THE DEVELOPMENT OF A MORE EFFICIENT, SPECIALIZED INDUSTRIAL STRUCTURE WITH LARGER-SCALE PRODUCTION. THIS, IN TURN, SHOULD IMPROVE THE PERFORMANCE OF MANY OF CANADA'S INDUSTRIES, NOT ONLY IN EXPORT MARKETS, BUT ALSO IN MEETING FOREIGN COMPETITION HERE AT HOME. CLEARLY, ADAPTATION AND ADJUSTMENT TO THE CHANGED CIRCUMSTANCES WILL BE NECESSARY. HOWEVER, CHANGE AND THE NEED TO COPE WITH CHANGE, ARE EVER-PRESENT FACTS OF LIFE IN A DYNAMIC ECONOMY SUCH AS OURS. AND THE NEED TO MODERNIZE AND KEEP UP WITH THE COMPETITION, TO TAKE ADVANTAGE OF NEW OPPORTUNITIES AND MOVE AWAY FROM OUTDATED AND

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RELATIVELY INEFFICIENT PRODUCTION WILL, I BELIEVE, BE AN EVEN MORE DEMANDING IMPERATIVE IN THE FUTURE THAN IN THE PAST. THE PHASED ADJUSTMENTS CALLED FOR AS A RESULT OF THE MTN WILL, I CONSIDER, FALL WELL WITHIN THE CAPACITY OF OUR ECONOMY TO ADAPT AND MOVE FORWARD.

THAT THE GOVERNMENT CARRIES A RESPONSIBILITY TO HAVE IN PLACE APPROPRIATE MEASURES TO ASSIST, WHERE NECESSARY CANADIAN INDUSTRY IN ADAPTING TO THE MTN RESULTS, AND, IN PARTICULAR, IN MOVING QUICKLY TO TAKE ADVANTAGE OF THE EXPORT OPPORTUNITIES WHICH WILL EMERGE, HAS BEEN RECOGNIZED. THE PACKAGE OF ADJUSTMENT ASSISTANCE MEASURES ANNOUNCED LAST FALL BY THE MINSTER OF INDUSTRY, TRADE AND COMMERCE, TOGETHER WITH THE OTHER MEASURES AND ASSISTANCE PROGRAMMES ALREADY IN PLACE OR UNDER CONSIDERATION, BEAR WITNESS TO THIS. AND, OF COURSE, THE NEED TO ENSURE THAT OUR EXPORT MARKET DEVELOPMENT PROGRAMMES ARE ADEQUATE IS AN ESTABLISHED PRIORITY.

BUT, IN THE FINAL ANALYSIS, THE RESPONSIBILITY FOR TAKING ADVANTAGE OF THE GAINS AVAILABLE AS A RESULT OF THE MTN WILL LIE WITH OUR PRODUCERS AND OUR INDUSTRIALISTS AND OUR WORK FORCE, NOT WITH GOVERNMENT. IT IS THE PRIVATE SECTOR WHICH WILL HAVE TO TAKE THE INITIATIVE, DO THE PLANNING, COMMIT THE RESOURCES, PRODUCE AND SELL. I HAVE EVERY CONFIDENCE THAT THE MEMBERS MAKING UP THE COUNCIL OF FOREST INDUSTRIES IN B.C. WILL BE AMONG THE LEADERS IN TAKING FULL ADVANTAGE OF THE POST-MTN TRADING ENVIRONMENT. I LOOK TO YOU TO WRING FROM THE OPPORTUNITIES EVERY POSSIBLE ADVANTAGE FOR YOUR COMPANIES, YOUR WORKERS, YOUR SUPPLIERS, YOUR PROVINCE AND YOUR COUNTRY - CANADA.

---30---

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News Release | Communiqué

Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet: Notes for an address by Ambassador J. H. Warren to the Annual Meeting of the Automotive Parts Manufacturers Association, Toronto

For release/Pour publication: 1:00 PM (E.S.T.) April 26, 1979

Notes for an address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, to the Annual Meeting of the Automotive Parts Manufacturers Association, Toronto, Ontario, April 26, 1979.

TO BE CHECKED AGAINST DELIVERY

Copies disponibles dans la version française
à l'adresse ci-haut mentionnée,
Ottawa, Canada K1A 0H5, tél. (613) 593-7815

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NOTES FOR AN ADDRESS
BY
AMBASSADOR J. H. WARREN, CANADIAN COORDINATOR FOR THE
MULTILATERAL TRADE NEGOTIATIONS
TO
THE AUTOMOTIVE PARTS MANUFACTURERS ASSOCIATION

TWO WEEKS AGO, THE "TOKYO ROUND" OF MULTILATERAL TRADE NEGOTIATIONS WAS SUBSTANTIALLY CONCLUDED IN GENEVA. THESE MULTILATERAL TRADE NEGOTIATIONS WERE THE MOST AMBITIOUS ATTEMPTED SINCE THE GATT ITSELF CAME INTO EXISTENCE, SOME 30 YEARS AGO.

I AM PARTICULARLY PLEASED TO HAVE THIS OPPORTUNITY TO SPEAK TO YOU ABOUT THE RESULTS OF THESE NEGOTIATIONS AS I AM WELL AWARE OF THE GREAT INTEREST THAT YOUR ASSOCIATION HAS TAKEN IN THEM. AND I APPRECIATE THE EFFORTS YOU HAVE MADE OVER THE PAST FEW YEARS TO MAKE SURE YOUR INTERESTS AND CONCERNS WERE WELL UNDERSTOOD IN OTTAWA. THIS PROCESS OF CONSULTATION WITH YOUR ASSOCIATION AND WITH OTHER INTERESTS, INCLUDING LABOUR, HAS BEEN AN IMPORTANT ELEMENT IN THE DEVELOPMENT OF SPECIFIC CANADIAN OBJECTIVES AND NEGOTIATING POSITIONS. IT HAS ALSO GIVEN THOSE OF US CONCERNED IN OTTAWA THE OPPORTUNITY TO EXPLAIN PROBLEMS WE WERE FACING AS A MAJOR PARTICIPANT IN THE GENEVA NEGOTIATIONS, INCLUDING ISSUES OF LONGER RATHER THAN SHORTER TERM RELEVANCE TO CANADIAN BUSINESS. THE EXTENT AND FREQUENCY OF THESE CONSULTATIONS WITH THE PROVINCES AND WITH THE PRIVATE SECTOR HAS BEEN ON A SCALE UNEQUALLED IN ANY PREVIOUS ROUND OF TRADE NEGOTIATIONS. IT WILL BE INTERESTING TO CONSIDER FOR THE FUTURE WHAT LESSONS CANADA CAN LEARN FROM THIS MORE INTIMATE AND CLOSE COOPERATION BETWEEN THE PUBLIC AND PRIVATE SECTOR IN DEVELOPING APPROPRIATE THRUSTS AND RESPONSES

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TO COMMERCIAL POLICY DEVELOPMENTS. AND I WOULD NOT EXCLUDE ANALYSIS AND COMPARISON OF WHAT WE EVOLVED WITH THE MORE FORMAL AND STRUCTURED CONSULTATIVE MACHINERY SET UP IN THE UNITED STATES UNDER THEIR TRADE ACT FOR PURPOSES OF THE GENEVA NEGOTIATIONS. WHETHER WITHIN THE FRAMEWORK OF THE AUTOMOTIVE AGREEMENT OR IN TERMS OF COMPETITION FOR DOMESTIC AND FOREIGN "AFTER MARKET" DEMAND, IMPORT AND EXPORT TRADE ARE OF CRITICAL IMPORTANCE TO YOUR INDUSTRY, NOW AND FOR THE YEARS AHEAD. DIRECTLY OR INDIRECTLY TRADE IS CENTRAL TO THE PROSPERITY OF EVERY SECTOR OF OUR ECONOMY. WE EXPORT OVER HALF OF OUR ANNUAL OUTPUT OF MATERIALS, PRODUCTS AND PROCESSED AND MANUFACTURED GOODS. ON THE IMPORT SIDE, TRADE PROVIDES US WITH MANY PRODUCTION INPUTS, WITH A BROAD RANGE OF CONSUMER GOODS, AND WITH MUCH OF THE COMPETITIVE CHALLENGE WHICH, LIKE IT OR NOT, HELPS US TO KEEP UP WITH THE PACE AND MAINTAIN AND DEVELOP EFFICIENT AND COMPETITIVE PRODUCTION.

FROM CANADA'S POINT OF VIEW, THE RESULTS OF THESE NEGOTIATIONS ARE A SIGNIFICANT STEP FORWARD IN DEALING WITH TARIFF AND NON-TARIFF BARRIERS. NEW, EXPANDED AND MORE CERTAIN EXPORT OPPORTUNITIES ARE BEING OPENED UP AND WILL BENEFIT ALL PARTS OF THE COUNTRY AND ALL SECTORS OF THE ECONOMY. THE CANADIAN TARIFF WILL BE REDUCED FOR MOST PRODUCTS, BUT THIS WILL BE DONE GRADUALLY. THE ADJUSTMENTS INVOLVED SHOULD PROVE WELL WITHIN THE CAPACITY OF OUR INDUSTRIES TO ADAPT TO CHANGE, BOTH IN TERMS

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OF NEW OPPORTUNITIES AND NEW CHALLENGES. THIS SHOULD CERTAINLY BE THE CASE IN YOUR INDUSTRY WHICH HAS SO MUCH AT STAKE IN STAYING ON THE CUTTING EDGE OF INNOVATION AND WHERE MANY COMPANIES ALREADY HAVE A PROVEN RECORD IN THIS REGARD.

AS YOU KNOW, THE TRADE NEGOTIATIONS WERE LAUNCHED IN TOKYO IN 1973. NEARLY A HUNDRED COUNTRIES WERE INVOLVED. ADDRESSING BOTH TARIFF AND NON-TARIFF BARRIERS, AND BREAKING NEW GROUND IN THE LATTER AREA, THE TOKYO ROUND HAS BEEN BOTH PROTRACTED AND COMPLEX. MOREOVER THE NEGOTIATIONS WERE CONDUCTED AGAINST THE BACKGROUND OF INCREASINGLY DIFFICULT ECONOMIC CONDITIONS. HIGH ENERGY COSTS, UNEMPLOYMENT, INFLATION, CHANGING EXCHANGE RATES AND OTHER FACTORS ALL AFFECTED COUNTRY APPROACHES IN GENERAL AND SPECIFIC NEGOTIATING POSITIONS, IN PARTICULAR. THE PARTICIPANTS BARGAINED HARD AND ALL HAD TO MAKE COMPROMISES. GIVEN THE ECONOMIC CIRCUMSTANCES, THESE COMPROMISES WERE OFTEN VERY DIFFICULT TO ACHIEVE BUT AT THE END OF THE DAY THEY WERE REACHED.

THE RESULTS OF THE MTN ARE SUBSTANTIAL BOTH AS REGARDS TARIFFS AND NON-TARIFF BARRIERS. THEY REPRESENT THE MAXIMUM THE TRAFFIC WOULD BEAR AND THIS WAS THOROUGHLY TESTED BY ALL THE MAIN PARTICIPANTS. ALTHOUGH ON THE TARIFF SIDE THE ORDER OF TRADE LIBERALIZATION WAS ON AVERAGE LESS THAN WOULD HAVE BEEN PERMITTED UNDER THE U.S. TRADE ACT AUTHORITY, A RESULT HAS BEEN ACHIEVED WHICH WILL SEE WORLD TARIFFS REDUCED OVERALL BY A THIRD - AN OUTCOME SIMILAR TO THAT ACHIEVED IN THE KENNEDY ROUND, BUT FOR

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A LARGER NUMBER OF COUNTRIES AND, OF COURSE, FROM A LOWER LEVEL OF STARTING TARIFFS.

LET ME THEN TALK FIRST ABOUT THE TARIFF SIDE OF THE NEGOTIATIONS WHICH FORM A MAJOR ELEMENT OF THE MTN PACKAGE. VERY IMPORTANT CONCESSIONS HAVE BEEN MADE BY OUR TRADING PARTNERS. IN THE CASE OF INDUSTRIAL PRODUCTS, TARIFF REDUCTIONS ON CANADIAN EXPORTS TO THE UNITED STATES, THE EUROPEAN COMMUNITY AND JAPAN TAKEN TOGETHER WILL AVERAGE CLOSE TO 40%. THE AVERAGE REDUCTION IN THE CANADIAN TARIFF WILL BE OF THE SAME ORDER. CANADA'S NEGOTIATIONS WITH OUR THREE MAIN TRADING PARTNERS WERE COMPLETED ONLY JUST BEFORE THE APRIL 12 CLOSING DATE.

THE NEGOTIATED TARIFF SCHEDULES ARE STILL SUBJECT TO MINOR CHANGE WHICH MAY RESULT FROM THE LEGAL REVIEW AND RECTIFICATION WHICH WILL TAKE PLACE OVER THE NEXT FEW WEEKS. AND CHANGES WILL ALSO OCCUR AS A RESULT OF NEGOTIATIONS THAT HAVE YET TO BE COMPLETED WITH A NUMBER OF OTHER COUNTRIES, INCLUDING DEVELOPING COUNTRIES. BUT ANY SUCH CHANGES ARE NOT EXPECTED TO ALTER IN ANY SIGNIFICANT WAY THE BALANCES ALREADY STRUCK OVERALL AND BETWEEN THE CHIEF NEGOTIATING PARTNERS. IN THESE CIRCUMSTANCES, THE PARTICIPATING COUNTRIES HAVE AGREED THAT THE DETAILED RESULTS OF THE TARIFF NEGOTIATIONS CANNOT BE MADE PUBLIC AT THIS TIME. THE AGREED ARRANGEMENTS CALL, HOWEVER, FOR THESE RESULTS TO BE MADE AVAILABLE BY JUNE 30. I AM SURE WE ALL LOOK FORWARD, EVEN IF FROM SOMEWHAT DIFFERENT POINTS OF VIEW, TO THE TIME WHEN WE CAN EVALUATE THE RESULTS IN DETAIL AND AS A WHOLE, RATHER THAN ON THE BASIS OF BITS AND PIECES OF INFORMATION, SOME ACCURATE,

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AND SOME LESS SO, WHICH OUR MEDIA REPRESENTATIVES ARE ABLE TO DIG OUT IN FOREIGN CAPITALS.

AS YOU KNOW WE ARE ANTICIPATING THAT AS A GENERAL RULE THE AGREED REDUCTIONS IN TARIFFS WILL TAKE PLACE IN 8 ANNUAL STEPS. THIS PROCESS IS SCHEDULED TO BEGIN ON JANUARY 1, 1980. HOWEVER, SPECIAL PHASING ARRANGEMENTS WILL LIKELY BE MADE IN CERTAIN PRODUCT AREAS. DETAILS IN THIS REGARD ARE TO BE WORKED OUT IN THE PERIOD IMMEDIATELY AHEAD, BEFORE THE TARIFF SCHEDULES ARE MADE PUBLIC.

ONCE THE MTN TARIFF REDUCTIONS ARE FULLY IMPLEMENTED, AVERAGE TARIFFS ON MANUFACTURED GOODS ENTERING THE UNITED STATES WILL BE IN THE AREA OF 4%, ALTHOUGH SOME PRODUCTS SUCH AS CHEMICALS, TEXTILES AND FOOTWEAR WILL CONTINUE TO ENTER AT HIGHER RATES. BUT FOR THE MOST PART, MATERIALS WILL BE FREE OR THE TARIFFS WILL BE AT VERY LOW LEVELS. AND AS INDICATED IN THE APRIL 12 ANNOUNCEMENT BY THE DEPUTY PRIME MINISTER, THE HONOURABLE ALLAN MACEACHEN, MORE THAN 90% OF CURRENT CANADIAN EXPORTS WILL ENTER THE UNITED STATES AT TARIFFS OF 5% OR LESS, AND CLOSE TO 80% WILL BE DUTY FREE, TAKING ACCOUNT OF TRADE UNDER THE AUTOMOTIVE AGREEMENT.

FULL IMPLEMENTATION OF THE TARIFF REDUCTIONS IN THE EUROPEAN COMMUNITY AND JAPAN WILL MEAN THAT THEIR TARIFFS ON MOST MANUFACTURED GOODS WILL BE IN THE ORDER OF 5 TO 7%. MATERIALS WILL, WITH SOME EXCEPTIONS, ENTER THESE MARKETS FREE OF DUTY OR AT LOW RATES.

IN THE CASE OF CANADIAN TARIFFS, FROM A CURRENT AVERAGE

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OF AROUND 15%, THE AVERAGE RATE FOR MANUFACTURED INDUSTRIAL PRODUCTS WILL BE REDUCED TO AROUND 9%, WITH HIGHER RATES FOR A NUMBER OF PRODUCTS.

UNTIL THE SCHEDULES OF TARIFF CONCESSIONS ARE MADE PUBLIC, I CANNOT PROVIDE YOU WITH LINE-BY-LINE INFORMATION ABOUT THE AGREED REDUCTIONS IN FOREIGN AND CANADIAN TARIFFS ON AUTOMOTIVE PARTS. YOU MAY, HOWEVER, ANTICIPATE SIGNIFICANT REDUCTION IN COMMUNITY AND JAPANESE TARIFFS FOR THESE ITEMS. I KNOW THAT MEMBERS OF THIS ASSOCIATION AND IN PARTICULAR YOUR PRESIDENT, MR. LAVELLE, HAVE BEEN PARTICULARLY ACTIVE IN SEEKING TO DEVELOP THESE IMPORTANT AND GROWING MARKETS.

SO FAR AS THE UNITED STATES IS CONCERNED, THEIR ALREADY LOW MFN TARIFFS ON VEHICLES AND PARTS WILL BE FURTHER REDUCED. SOME PROTECTION WILL, HOWEVER, REMAIN. WHILE THIS MEANS THAT ACCESS TO THE U.S. AFTER MARKET WILL NOT BE DUTY FREE, IT ALSO MEANS THAT A MEASURE OF PROTECTION FROM OFF-SHORE SUPPLIERS WILL STILL BE AVAILABLE FOR SALES OF ORIGINAL EQUIPMENT PARTS TO THAT MARKET UNDER THE AUTOMOTIVE PACT.

CANADIAN TARIFFS ON PARTS WILL BE REDUCED, BUT TO LEVELS WHICH WILL GIVE MORE PROTECTION TO YOUR INDUSTRY THAN WILL BE THE CASE FOR THE INDUSTRY IN THE UNITED STATES, JAPAN AND THE COMMUNITY. THERE WILL ALSO BE PHASED REDUCTIONS IN THE 15% RATE OF DUTY APPLIED TO MOTOR VEHICLES IMPORTED INTO CANADA. THE MEASURE OF TARIFF REDUCTION TO WHICH WE HAVE AGREED TOOK ACCOUNT, ON THE ONE HAND, OF THE FACT THAT THE AUTOMOTIVE SECTOR, WHERE WE ARE RELATIVELY EFFICIENT, COULD NOT BE EXCLUDED FROM THE NEGOTIATIONS.

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On the other hand, we also had in mind the evident point, made, for example, in the Reisman Report, that a significant tariff incentive should be maintained for motor vehicle manufacturers to continue to operate under the terms of the Auto Pact rather than to incur liability for duty. Similarly, the MTN tariff will continue to allow for a meaningful incentive under the Automobile Components Remission Order for foreign manufacturers to source automotive parts and components in Canada.

There are a number of understandings reached among Canada and certain other countries with respect to tariffs and non-tariff measures affecting civil aircraft, engines, component parts, airborne avionics and certain related equipment. The agreement in this area calls for the complete removal of tariffs between participating industrial countries as of January 1 next. When you consider the numerous elements of aircraft production where high technology Canadian industries are already internationally competitive, the considerable potential benefits of this agreement for Canadian manufacturers will be self evident. And little or no cost will be involved since for most products in this sector Canadian tariffs have been suspended for many years. It occurs to me that a number of you who now produce only for the vehicle market may wish to take a close look at the variety of production and export opportunities which will shortly be opening up in the aircraft and aircraft parts and components sector.

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NOW, LET'S HAVE A LOOK AT NON-TARIFF BARRIERS. GENERALLY, AND RESULTING FROM THE MTN, IMPROVED TRADE RULES AND BETTER INTERNATIONAL CONTROL OF A NUMBER OF NON-TARIFF BARRIERS SHOULD PROVE HELPFUL IN SHAPING A MORE REWARDING AND SECURE TRADING ENVIRONMENT. THE RULE OF LAW IN INTERNATIONAL TRADE WILL IN FUTURE APPLY OVER A LARGER AREA OF COMMERCE BECAUSE OF THE NUMBER AND SCOPE OF NEW CODES AND RULES. ITS APPLICATION SHOULD BE MORE MEANINGFUL BECAUSE OF BETTER INTERNATIONAL SURVEILLANCE AND MORE PRECISE DISPUTE SETTLEMENT PROCEDURES. WHILE THE PROOF OF THE PUDDING WILL BE IN THE EATING, WHAT HAS BEEN NEGOTIATED SHOULD LIMIT THE AREAS FOR POSSIBLE HARASSMENT IN INTERNATIONAL TRADE AND AS SUCH COULD BE PARTICULARLY IMPORTANT FOR A TRADING NATION SUCH AS CANADA IN DEALING WITH OUR LARGER TRADING PARTNERS.

GENERALLY, THERE SHOULD BE MUCH GREATER ASSURANCE AND CERTAINTY OF ACCESS TO FOREIGN MARKETS AS A RESULT OF THE APPLICATION OF THE NEW AGREEMENTS. THIS IS BY NO MEANS TO SAY THAT THE PROBLEM OF NON-TARIFF BARRIERS WILL DISAPPEAR. BUT A GOOD START HAS BEEN MADE, INTERNATIONAL FOCUS HAS BEEN PROVIDED AND I EXPECT THAT HENCEFORTH COUNTRIES WILL BE MUCH MORE CAUTIOUS IN TRYING TO FRUSTRATE LEGITIMATE EXPORT PENETRATION BY OLD AND NEW NON-TARIFF TEHCNIQUES. IF THEY ATTEMPT TO DO SO THE RISK OF BEING TAKEN BEFORE THE GATT AND THE POSSIBILITY OF RESULTING RETALIATORY MEASURES WILL, I BELIEVE, BECOME A MUCH MORE ACTIVE AND PERSUASIVE CONSIDERATION THAN IN THE PAST. AND CERTAINLY THE WORLD SEARCHLIGHT WILL BE ON COUNTRIES, FOR EXAMPLE JAPAN, THAT HAVE TRADITIONALLY HAD EXTENSIVE RESORT TO NON-TARIFF PROTECTIVE MEASURES.

.../9

FROM THE IMPORT POINT OF VIEW, THE RANGE OF DEFENSIVE MEASURES THAT WE SHALL BE ABLE TO TAKE AGAINST UNFAIR COMPETITION WILL BE MORE CLEARLY DEFINED. AND THE APPLICATION OF SUCH MEASURES WILL BE MORE UNIFORM AS BETWEEN TRADING COUNTRIES. WHILE THE JURY IN GENEVA IS STILL OUT ON "SAFEGUARDS" MEASURES AGAINST DISRUPTIVE AND INJURIOUS IMPORTS, THE REMAINING ISSUES, PARTICULARLY THE QUESTION OF SELECTIVE OR DISCRIMINATORY USE OF SUCH IMPORT RESTRICTIONS IS SCHEDULED TO BE SORTED OUT BY MID-JULY. AND IF THE COMMUNITY AND THE DEVELOPING COUNTRIES CANNOT SORT OUT THEIR DIFFERENCES THE PROVISIONS OF ARTICLE XIX WILL, OF COURSE, CONTINUE TO APPLY.

AGREEMENT HAS BEEN REACHED IN GENEVA ON TEXTS COVERING SUBSIDIES AND COUNTERVAILING DUTIES; ANTI-DUMPING DUTIES; TECHNICAL BARRIERS TO TRADE; GOVERNMENT PROCUREMENT; CUSTOMS VALUATION AND IMPORT LICENSING. AS WELL, AN UNDERSTANDING HAS BEEN REACHED ON WAYS TO IMPROVE THE APPLICATION OF CERTAIN GATT PROVISIONS, PARTICULARLY WITH RESPECT TO THE INTERESTS OF DEVELOPING COUNTRIES.

ONE OF THE MOST SENSITIVE AND DIFFICULT CODES TACKLED IN THESE NEGOTIATIONS WAS THAT ON SUSBIDIES AND COUNTERVAILING DUTIES. THE PURPOSE WAS TO TRY TO REACH A WORKABLE UNDERSTANDING ON THE SUBSIDY PRACTICES OF GOVERNMENTS, INSOFAR AS THESE PRACTICES HAVE AN IMPACT ON INTERNATIONAL TRADE, AS WELL AS ON THE RULES AND PROCEDURES GOVERNING THE APPLICATION OF COUNTERVAILING DUTIES. AS YOU KNOW, THESE ARE DUTIES APPLIED BY A GOVERNMENT TO OFFSET THE INJURIOUS EFFECTS OF A SUBSIDY GRANTED BY ANOTHER GOVERNMENT.

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THE NEW AGREEMENT WILL PROVIDE GREATER UNIFORMITY AS TO THE PROCEDURES, AN INJURY TEST AND PUBLIC DISCLOSURE OF DECISIONS, IN THE APPLICATION OF COUNTERVAILING DUTIES. THE PROCEDURES ENVISAGED BY THE NEW AGREEMENT ARE GENERALLY IN ACCORDANCE WITH THOSE NOW FOLLOWED UNDER CANADIAN LAW. WE SHALL BE ABLE TO DEAL SPEEDILY AND EFFECTIVELY WITH INJURIOUS SUBSIDIZED IMPORTS INTO THE CANADIAN MARKET. ON THE OTHER HAND THERE WILL BE ASSURANCE THAT OTHER COUNTRIES WILL NOT TAKE ARBITRARY ACTION AGAINST CANADIAN EXPORTS WHICH MAY HAVE BENEFITTED FROM A CANADIAN GOVERNMENT ASSISTANCE PROGRAMME.

CURRENT U.S. COUNTERVAIL LAW (BECAUSE OF GRANDFATHER RIGHTS) DOES NOT CONFORM TO THE PROVISIONS OF THE GATT. ACCORDINGLY ONE OF CANADA'S MOST IMPORTANT OBJECTIVES IN THESE NEGOTIATIONS - AND ONE STRONGLY SHARED BY THE EC AND JAPAN - WAS TO ENSURE THAT U.S. LAW WOULD BE BROUGHT INTO LINE BY REQUIRING AN INJURY DETERMINATION BEFORE COUNTERVAILING DUTIES COULD BE APPLIED ON DUTIABLE GOODS. THIS HAS BEEN ACCOMPLISHED IN THE NEGOTIATIONS AND REPRESENTS A MAJOR GAIN FOR CANADA. THE U.S. CONGRESS IS NOW CONSIDERING THE NECESSARY CHANGES TO U.S. LAW AS PART OF THE PROCESS OF SECURING APPROVAL FOR THE MTN PACKAGE. WHEN U.S. LAW HAS BEEN BROUGHT INTO CONFORMITY WITH THE AGREEMENT, A MAJOR UNCERTAINTY WILL HAVE BEEN REMOVED SO FAR AS THE DEVELOPMENT OF OUR EXPORTS TO THE UNITED STATES IS CONCERNED. IN MY OPINION IF U.S. LAW HAD PREVIOUSLY REQUIRED AN INJURY TEST, FEW IF ANY OF OUR DUTIABLE EXPORTS TO THE U.S. WOULD HAVE BEEN HIT BY COUNTERVAILING DUTIES.

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THE AGREEMENT RECOGNIZES THAT SUBSIDIES ARE LEGITIMATE TOOLS TO BE USED BY GOVERNMENTS TO PROMOTE IMPORTANT DOMESTIC OBJECTIVES SUCH AS REGIONAL INDUSTRIALIZATION, THE ENCOURAGEMENT OF R&D, AND OTHER ASPECTS OF INDUSTRIAL DEVELOPMENT. BUT IT IS ALSO RECOGNIZED THAT IN CERTAIN CIRCUMSTANCES SUCH SUBSIDIES CAN HAVE ADVERSE EFFECTS ON THE TRADE OR PRODUCTION INTERESTS OF OTHER COUNTRIES (OTHERWISE THAN IN THE SORTS OF SITUATIONS WHERE THE APPLICATION OF COUNTERVAILING DUTIES WOULD BE THE APPROPRIATE REMEDY). HERE THE AGREEMENT PROVIDES FOR A RIGHT TO BILATERAL CONSULTATIONS; AND IF THESE FAIL TO REACH A MUTUALLY ACCEPTABLE SOLUTION, THE AFFECTED SIGNATORY MAY TAKE THE CASE TO THE GATT AND SEEK THE RIGHT TO APPLY RETALIATORY MEASURES AGAINST THE SUBSIDIZING COUNTRY.

THIS PART OF THE AGREEMENT IN EFFECT BREAKS NEW GROUND IN INTERNATIONAL TRADE RULES. WE EXPECT THAT ITS PROVISIONS WILL INTRODUCE NEW AND IMPORTANT INTERNATIONAL DISCIPLINES IN THIS AREA. FOR EXAMPLE, WE SHOULD BE ABLE TO DEAL MORE EFFECTIVELY WITH ADVERSE EFFECTS ON CANADIAN EXPORTS IN A PARTICULAR MARKET AS A RESULT OF SUBSIDIZED IMPORTS FROM A THIRD COUNTRY. AS WELL, WE WILL BE PROVIDED WITH MEANS OF RESPONDING TO A SITUATION WHERE AN IMPORTING COUNTRY HAS USED DOMESTIC SUBSIDIES IN SUCH A WAY AS TO PRECLUDE CANADIAN PRODUCERS FROM SELLING INTO THAT MARKET.

THE AGREEMENT REINFORCES AND EXTENDS THE PROHIBITION ON THE USE OF EXPORT SUBSIDIES FOR INDUSTRIAL PRODUCTS. SCHEMES SUCH AS THE DISC WOULD IN FACT BE RULED OUT UNDER THE AGREED

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PROHIBITED LISTS OF SUCH SUBSIDIES AND NO SUCH SCHEMES SHOULD BE INTRODUCED IN THE FUTURE. HOWEVER, BECAUSE THE U.S. SCHEME HAS BEEN IN EXISTENCE FOR A NUMBER OF YEARS AND IN THE LIGHT OF THE KNOWN ATTITUDE OF CONGRESS, IT WAS NOT POSSIBLE THROUGH THE MTN TO SECURE THE IMMEDIATE ELIMINATION OF THIS PROGRAMME. THE U.S. HAS, HOWEVER, UNDERTAKEN, AND I QUOTE TO "EXAMINE METHODS OF BRINGING THESE MEASURES INTO CONFORMITY WITHIN A REASONABLE PERIOD OF TIME." IN THE CIRCUMSTANCES CANADA HAS RESERVED ALL ITS RIGHTS UNDER THE GATT IN RESPECT OF THIS U.S. SUBSIDY PROGRAMME.

I HAVE DWELT AT SOME LENGTH ON THE SUBSIDIES AND COUNTERVAILING DUTIES AGREEMENT, BECAUSE IT IS AN IMPORTANT ACHIEVEMENT OF THESE TRADE NEGOTIATIONS. AND YOU WILL BE AWARE THAT APART FROM WHAT HAS BEEN AGREED INTERNATIONALLY ACTIVE DISCUSSIONS ARE PLANNED BETWEEN CANADA AND THE UNITED STATES ON THE PARTICULAR PROBLEM OF SUBSIDIES BEING USED BY DIFFERENT LEVELS OF GOVERNMENT TO ATTRACT AUTOMOTIVE PRODUCTION TO PARTICULAR LOCATIONS. I AM SURE THAT IN THESE DISCUSSIONS THE RELEVANCE OF THE PROVISIONS OF THE NEW MTN AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES, AS WELL AS OF OTHER INTERNATIONAL UNDERSTANDING IN THIS AREA, FOR EXAMPLE THE OECD DECLARATION ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES, WILL BE BROUGHT TO BEAR ON THE SOLUTION OF THIS CRITICAL BILATERAL PROBLEM.

THERE IS MUCH WHICH COULD BE SAID ABOUT THE OTHER NON-TARIFF AGREEMENTS BUT I WILL MENTION ONLY THE CODE ON VALUATION. THIS AGREEMENT WILL ESTABLISH UNIFORM RULES TO BE APPLIED BY

.../13

GOVERNMENTS IN DETERMINING THE VALUE OF IMPORTED GOODS FOR CUSTOMS PURPOSES. CANADA, IN SIGNING THIS CODE, HAS INDICATED THAT OUR WILLINGNESS TO BRING THE PRESENT CANADIAN VALUATION SYSTEM INTO CONFORMITY WITH IT IS CONDITIONAL ON IT BEING UNDERSTOOD BY OUR MAIN TRADING PARTNERS THAT WE WOULD BE ABLE TO TAKE MEASURES TO OFFSET ANY SIGNIFICANT LOSS OF PROTECTION THAT MIGHT RESULT AND THAT WE WOULD HAVE SEVERAL YEARS (4) TO MAKE THE CHANGE TO THE NEW SYSTEM.

WELL, WHERE DO MATTERS GO FROM HERE? THE TARIFF AND NON-TARIFF AGREEMENTS REACHED IN GENEVA HAVE BEEN REFERRED TO GOVERNMENTS FOR CONSIDERATION AND DECISION. IN THIS REGARD, WE AND OTHER COUNTRIES WILL BE KEEPING A VERY CLOSE EYE ON WHAT HAPPENS IN THE UNITED STATES. UNDER U.S. LAW, THE ADMINISTRATION MUST SUBMIT THE NON-TARIFF AGREEMENTS TO CONGRESS FOR APPROVAL OR OTHERWISE WITHIN 90 WORKING DAYS. SUCH APPROVAL WOULD INVOLVE THE NECESSARY AMENDMENT OF RELEVANT U.S. LAWS. THE EXPECTATION IS THAT THE MTN PACKAGE WILL BE SUBMITTED TO CONGRESS IN THE FIRST HALF OF MAY AND THAT ACTION THEREON WOULD BE TAKEN BY EARLY FALL. THEREAFTER GOVERNMENTS ARE EXPECTED TO SIGNAL THEIR FORMAL ACCEPTANCE OF THESE RESULTS OF THE MTN AND THEIR WILLINGNESS TO IMPLEMENT THE VARIOUS AGREEMENTS.

THE IMPLEMENTATION STAGE WILL, OF COURSE, BE CENTRAL. IT IS THE MEANS BY WHICH THE RESULTS OF THE NEGOTIATIONS WILL BE GIVEN SUBSTANCE AND PUT TO THE TEST. AS I HAVE ALREADY MENTIONED, IT IS PROPOSED THAT GENERALLY THE TARIFF REDUCTIONS BE PHASED IN 8 ANNUAL STEPS BEGINNING ON JANUARY 1, 1980.

.../14

WITH RESPECT TO THE NON-TARIFF AGREEMENTS, CANADA, LIKE THE UNITED STATES AND OTHER COUNTRIES,WOULD BE EXPECTED TO INTRODUCE NEW OR REVISED LEGISLATION IN ORDER TO REFLECT THE RIGHTS AND OBLIGATIONS THAT HAVE BEEN NEGOTIATED.

THE RESULTS OF THE MTN, WHEN IMPLEMENTED, WILL PROVIDE NEW AND MORE PROFITABLE EXPORT OPPORTUNITIES AND A BETTER WORLD ENVIRONMENT FOR THE BUSINESS OF TRADE. THEY WILL INVOLVE SOME REDUCTION IN EXISTING CANADIAN TARIFF PROTECTION, WITH, HOWEVER, RELATED BENEFITS TO USERS AND CONSUMERS OF IMPORTED GOODS. BUT, I BELIEVE, MANY OTHER FACTORS IN THE ECONOMIC EQUATION WILL PROVE MORE RELEVANT TO THE FUTURE GROWTH AND PROSPERITY OF THE AUTOMOTIVE PARTS INDUSTRY. MUCH OF YOUR PRODUCTION AND TRADE TAKES PLACE WITHIN THE SPECIAL FRAMEWORK OF THE AUTOMOTIVE AGREEMENT AND THIS WILL CONTINUE TO BE THE CASE IN THE FUTURE. YOUR PROGRAMME FOR THIS ANNUAL MEETING "FUTURE SHOCK" - THE AUTOMOTIVE INDUSTRY REVOLUTION, SPEAKS FOR ITSELF IN TERMS OF TECHNOLOGICAL CHANGE - THE VEHICLE OF THE FUTURE AND THE CHANGING DEMAND FOR COMPONENTS, SYSTEMS AND MATERIALS, THE IMPLICATIONS FOR THOSE WHO MAKE THEM AND, OF COURSE, THE SAFETY AND REGULATORY FRAMEWORK. THESE ARE THE MORE DEMANDING CHALLENGES. AND WE ARE ALL ACUTELY AWARE OF THE CRITICAL IMPORTANCE OF THE GENERAL ENVIRONMENT FOR INVESTING, PRODUCING AND DOING BUSINESS IN CANADA.

IN MARCH, THE MINISTER OF INDUSTRY, TRADE AND COMMERCE ANNOUNCED A SERIES OF MEASURES TO ENHANCE PRODUCTION, EMPLOYMENT AND INVESTMENT IN THE AUTOMOTIVE INDUSTRY, AND TO HELP ENSURE

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THE INDUSTRY'S VIABILITY THROUGH A PERIOD OF RAPID TECHNOLOGICAL CHANGE. THESE MEASURES WERE DESIGNED TO DEAL WITH A PROCESS OF ADJUSTMENT THAT WAS GOING TO TAKE PLACE REGARDLESS OF WHAT HAPPENED IN THE MTN. BUT THE RESULTS OF THE NEGOTIATIONS SUPPORT THE THRUST OF THESE POLICIES AND IN ADDITION THE GOVERNMENT HAS, AS YOU KNOW, ANNOUNCED NEW PROGRAMMES FOR ADJUSTMENT ASSISTANCE TO HELP CANADIAN BUSINESS TAKE ADVANTAGE OF NEW OPPORTUNITIES AND ADAPT TO THE MORE COMPETITIVE POST-MTN ENVIRONMENT.

AT THE END OF THE DAY, HOWEVER, THE ULTIMATE RESPONSIBILITY FOR REALIZING THE GAINS OFFERED BY THE RESULTS OF THE MTN RESTS WITH INDUSTRY. GOVERNMENT CAN HELP INDUSTRY TO ASSESS THE IMPLICATIONS OF THESE RESULTS, AND OFFER PROGRAMMES TO FACILITATE ADJUSTMENT TO NEW TRADING OPPORTUNITIES ABROAD AND INCREASED COMPETITION AT HOME. BUT IT IS INDUSTRY THAT MUST MAKE THE REAL PLANS AND KEY ECONOMIC DECISIONS.

THE CONTINUED HEALTH OF THE AUTOMOTIVE INDUSTRY, INCLUDING THE PARTS PRODUCING SECTOR, IS A MAJOR ELEMENT IN OUR FUTURE ECONOMIC WELL-BEING. THIS WELL-BEING, I BELIEVE, LIES IN DEVELOPING PRODUCTION WHICH CAN COPE WITH COMPETITION WHETHER AT HOME OR ABROAD, AND WHICH WILL BE VIABLE OVER THE LONG TERM IN TERMS OF BOTH PRODUCTION AND EMPLOYMENT. THE TRADE LIBERALIZATION AND NEW RULES RESULTING FROM THE MTN ARE BUT ONE FACET OF THE FUTURE ENVIRONMENT FOR PRODUCTION, INVESTMENT AND THE USE OF OUR MANPOWER. I TRUST, HOWEVER, THAT THE RESULTS OF THIS LONG INTERNATIONAL NEGOTIATION WILL HELP YOUR INDUSTRY,AND OTHERS LIKE YOURS,TO EXPAND AND PROSPER FROM A CANADIAN BASE, TO BECOME MORE INNOVATIVE AND FORWARD

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LOOKING AND TO MAKE AN EVER-GROWING CONTRIBUTION TO THE HEALTH OF INDUSTRY, THE EXPANSION OF MARKETS AND THE PROSPERITY AND STRENGTH OF THE NATION.

---30---

Government of Canada
Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations
Bureau du Coordonnateur Négociations commerciales multilatérales

BACKGROUND INFORMATION

April 30, 1979

On April 12, 1979, an announcement was made by the Honourable Allan J. MacEachen, Deputy Prime Minister, on the results of the multilateral trade negotiations in Geneva. Reference was made in this announcement to the procedures used with respect both to the tariff negotiations and to the various agreements on non-tariff measures.

The two attached papers, which have now been released by the GATT Secretariat in Geneva, provide more detail on these procedures.

LOOKING AND TO MAKE AN EVER-GROWING CONTRIBUTION TO THE WELFARE OF INDUSTRY, THE EXPANSION OF MARKETS AND THE PROSPERITY AND STRENGTH OF THE NATION.

MTN: TARIFF NEGOTIATIONS

(Paper Agreed to in Geneva, April 12, 1979)

The Delegations listed below have drawn up comprehensive records of agricultural and industrial tariff commitments offered in negotiations which have been carried out within the framework of the MTN as of April 12, 1979. Copies of these records have been exchanged for technical verification including, if necessary, correction of inadvertent errors. Copies of these records, together with a list of delegations with whom they have been exchanged, are being deposited with the GATT Secretariat.

These Delegations undertake to use these records to establish Schedules of concessions to be attached to an appropriate Protocol by June 30, 1979. It is understood that such final certified Schedules may be adjusted to incorporate the results which individual Delegations negotiate within that time period. Any adjustments should have no significant impact on the overall and bilateral balances achieved.

Signed by the Delegations of:

Australia

Austria

Bulgaria

Canada

Czechoslovakia

The European Communities

Finland

Hungary

Japan

New Zealand

Norway

Sweden

Switzerland

United States of America

The concessions or relevant contributions of other participants will be incorporated in due course in their respective tariff schedules.

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April 12, 1979

MULTILATERAL TRADE NEGOTIATIONS: PROCES-VERBAL

The Chairman (*GATT Director General Olivier Long) has drawn up the following text of a Procès-verbal on the basis of discussions with delegations.

Having participated in the Multilateral Trade Negotiations, the representatives of the governments and the Commission of the European Communities agree that the texts listed below in respect of which they have signed the present Procès-verbal embody the results of their negotiations. They acknowledge that the texts may be subject to rectifications of a purely formal character that do not affect the substance or meaning of the texts in any way except as otherwise indicated in the text on tariff negotiations.

These representatives agree that by signing the present Procès-verbal they indicate their intention to submit the relevant texts or legal instruments to be formulated on the basis of the said texts for the consideration of their respective authorities with a view to seeking approval of, or other decisions on, the relevant texts or instruments in accordance with appropriate procedures in their respective countries. Representatives may indicate that their signature evidences their intention to seek approval or decision.

Representatives may indicate that their signature to the present Procès-verbal relates only to certain of the texts listed below which they will specify.

It is appreciated that some delegations participating in the Multilateral Trade Negotiations may not be in a position to sign the present Procès-verbal immediately in relation to all or certain of the texts listed below. They are invited to do so at their earliest convenience.

It is recognized that representatives of least-developed countries participating in the Multilateral Trade Negotiations may need time to examine the results of the negotiations in the light of paragraph 6 of the Tokyo Declaration before they can sign the Procès-verbal.

The representatives signing the present Procès-verbal agree that the work on safeguards referred to in paragraph 3(D) of the Tokyo Declaration should be continued within the framework and in terms of that Declaration as a matter of urgency, taking into account the work already done, with the objective of reaching agreement before July 15.

Texts (K) and (L) are the result of negotiations only amongst the representatives of certain governments identified in the documents.

The representatives have taken note of the statements made in relation to various texts at the Trade Negotiations Committee meeting of April 11.

*Editor's note

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Having participated in the Multilateral Trade Negotiations, the representatives of the governments and the Commission of the European Communities agree that the texts listed below in respect of which they have signed the present Procès-verbal embody the results of their negotiations. They acknowledge that the texts may be subject to rectifications of a purely formal character that do not affect the substance or meaning of the texts in any way except as otherwise indicated in the text on tariff negotiations.

These representatives agree that by signing the present Procès-verbal they indicate their intention to submit the relevant texts or legal instruments to be formulated on the basis of the said texts for the consideration of their respective authorities with a view to seeking approval of, or other decisions on, the relevant texts or instruments in accordance with appropriate procedures in their respective countries. Representatives may indicate that their signature evidences their intention to seek approval or decision.

Representatives may indicate that their signature to the present Procès-verbal relates only to certain of the texts listed below which they will specify.

It is appreciated that some delegations participating in the Multilateral Trade Negotiations may not be in a position to sign the present Procès-verbal immediately in relation to all or certain of the texts listed below. They are invited to do so at their earliest convenience.

It is recognized that representatives of least-developed countries participating in the Multilateral Trade Negotiations may need time to examine the results of the negotiations in the light of paragraph 6 of the Tokyo Declaration before they can sign the Procès-verbal.

The representatives signing the present Procès-verbal agree that the work on safeguards referred to in paragraph 3(b) of the Tokyo Declaration should be continued within the framework and in terms of that Declaration as a matter of urgency, taking into account the work already done, with the objective of reaching agreement before July 15.

Texts (K) and (L) are the result of negotiations only amongst the representatives of certain governments identified in the documents.

The representatives have taken note of the statements made in relation to various texts at the Trade Negotiations Committee meeting of April 11.

*Editor's note

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TEXTS

(A) Agreement on Technical Barriers to Trade

(B) Agreement on Government Procurement

(C) Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade

(D) Arrangement on Bovine Meat

(E) International Dairy Arrangement

(F) Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade

(G) Agreement on Import Licensing Procedures

(H) Multilateral Agricultural Framework

(I) Texts prepared by Group Framework

(J) Tariff Negotiations

(K) Agreement on Trade in Civil Aircraft prepared by a number of delegations

(L) Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade prepared by a number of delegations.

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News Release | Communiqué

Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet: Notes for an address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Foundry Association, Toronto

For release/Pour publication: 1000 hrs. (EDT) May 8, 1979

Attached are the notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations at the Annual Meeting of the Canadian Foundry Association, Toronto, May 8, 1979.

TO BE CHECKED AGAINST DELIVERY

Copies disponibles dans la version française
à l'adresse ci-haut mentionnée,
Ottawa, Canada K1A 0H5, tél. (613) 593-7815

Government of Canada
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Office of the Coordinator Multilateral Trade Negotiations
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NOTES FOR AN ADDRESS BY
AMBASSADOR J. H. WARREN,
CANADIAN COORDINATOR FOR THE MTN
TO
THE CANADIAN FOUNDRY ASSOCIATION
MAY 8, 1979

WHEN YOUR EXECUTIVE INVITED ME EARLIER THIS YEAR TO ADDRESS YOUR MAY ANNUAL MEETING IT WAS FAR FROM CLEAR WHAT THE STATE OF PLAY IN THE GENEVA TRADE NEGOTIATIONS WOULD BE BY THIS TIME. AS IT TURNS OUT, WHILE THERE IS WORK WHICH REMAINS TO BE COMPLETED SO FAR AS DETAIL IS CONCERNED, THE ESSENTIALS HAVE BEEN SETTLED AND SUBSTANTIVE BARGAINING WAS BROUGHT TO A CLOSE JUST OVER THREE WEEKS AGO.

ALTHOUGH TARIFF-LINE BY TARIFF-LINE INFORMATION IS NOT YET PUBLIC, I AM ABLE TO REVIEW WITH YOU TODAY SOME OF THE MTN ISSUES WHICH YOUR ASSOCIATION HAS INDICATED TO BE OF PARTICULAR INTEREST. THESE WERE IDENTIFIED BOTH IN YOUR FORMAL SUBMISSIONS TO THE TRADE AND TARIFFS COMMITTEE AND IN THE FOLLOW-UP MEETING WITH CTTC CHAIRMAN LOUIS COUILLARD.

THE OPPORTUNITY FOR A FRANK EXCHANGE OF INFORMATION AND VIEWS WHICH WAS PROVIDED THROUGH SUCH MEETINGS WITH PRIVATE SECTOR INTERESTS PROVED HIGHLY VALUABLE TO THE GOVERNMENT IN DEVELOPING SPECIFIC CANADIAN OBJECTIVES AND POSITIONS FOR THESE NEGOTIATIONS. IN THE CASE OF YOUR OWN ORGANIZATION, WE IN GOVERNMENT BENEFITTED THROUGH GAINING A BETTER APPRECIATION OF AN INDUSTRY WITH A WIDE RANGE OF PRODUCTION, A VARIETY OF CONCERNS AND A MARKET EXTENDING FROM PUBLIC WORKS PROJECTS THROUGH TO MEETING THE NEEDS OF SOPHISTICATED MOTOR VEHICLE

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MANUFACTURERS AND OF MACHINERY AND EQUIPMENT PRODUCERS GENERALLY.

THE PROCES-VERBAL SIGNED ON APRIL 12 BY THE HEADS OF NEGOTIATING DELEGATIONS, INCLUDING CANADA'S AMBASSADOR RODNEY GREY, CONSTITUTED AN AUTHENTICATION OF THE AGREEMENTS REACHED AND AN UNDERTAKING BY EACH DELEGATION TO REFER THE RESULTS TO THEIR GOVERNMENTS FOR CONSIDERATION AND DECISION. THE PACKAGE CONSISTS OF A SERIES OF AGREEMENTS RELATED TO NON-TARIFF MEASURES, CHANGES IN CERTAIN GATT RULES AND PROCEDURES, AS WELL AS A SPECIAL NOTE ON TARIFFS. THIS NOTE FORESEES THE ELABORATION OF A FORMAL TARIFF PROTOCOL BY NOT LATER THAN JUNE 30 BASED ON THE AGREEMENTS REACHED BETWEEN MAIN PARTICIPANTS BY APRIL 12. IN THE MEANTIME NEGOTIATIONS REMAIN TO BE CONCLUDED WITH CERTAIN COUNTRIES, PARTICULARLY THOSE OF THE DEVELOPING WORLD. AND THE TIME-CONSUMING PROCESS OF VERIFICATION, DOUBLE-CHECKING AND RECTIFICATION OF THE INDIVIDUAL TARIFF SCHEDULES OF THE NEGOTIATING COUNTRIES MUST ALSO BE COMPLETED. THE FORMAL TARIFF PROTOCOL TO BE AGREED BY THE END OF JUNE WILL ALSO CONTAIN DETAILS OF THE PHASING ARRANGEMENTS FOR THE IMPLEMENTATION PERIOD. THIS, WITH SOME EXCEPTIONS, WILL SEE TARIFFS REDUCED IN EIGHT ANNUAL STEPS COMMENCING JANUARY 1 NEXT.

THE APRIL 12 PROCES-VERBAL ALSO COVERED A SPECIAL AGREEMENT WITH RESPECT TO INTERNATIONAL TRADE IN CIVIL AIRCRAFT. THIS ACCORD AMONG THE MAIN INDUSTRIALIZED COUNTRIES CALLS FOR THE ELIMINATION OF TARIFFS ON CIVIL AIRCRAFT, PARTS AND COMPONENTS,

...3

AND REPAIRS AND OVERHAULS. IT ALSO INCORPORATES IMPROVED DISCIPLINES ON NON-TARIFF MEASURES. IT IS SCHEDULED TO BE FULLY IMPLEMENTED AT THE BEGINNING OF NEXT YEAR AND SHOULD YIELD IMPORTANT BENEFITS FOR CANADIAN PRODUCERS. I RECOGNIZE THAT THERE ARE NOT TOO MANY OUTLETS FOR CAST IRON OR STEEL GOODS IN AIRCRAFT MANUFACTURE PER SE, BUT I UNDERSTAND THAT SOME OF YOUR MEMBERS ALSO PRODUCE LIGHT-WEIGHT CASTINGS (E.G. OF ALUMINUM OR MAGNESIUM) IN RESPECT OF WHICH DIRECT BENEFITS CAN BE EXPECTED.

THE TEXTS OF THE VARIOUS NON-TARIFF AGREEMENTS ARE NOW A MATTER OF PUBLIC RECORD. IT IS ANTICIPATED THAT LATER THIS YEAR - PERHAPS IN THE EARLY AUTUMN - THE NECESSARY STEPS WILL BE TAKEN BY GOVERNMENTS TO SIGNIFY THEIR FORMAL ACCEPTANCE AND INTENTION TO IMPLEMENT WHAT HAS BEEN AGREED ON TARIFFS AND NON-TARIFF MEASURES. BY THAT TIME, THE U.S.A. CONGRESSIONAL ACTION TO APPROVE THE RESULTS OF THE NEGOTIATIONS AND ENACT THE AMENDMENTS WHICH WOULD BE CALLED FOR IN U.S.A. LAW SHOULD BE COMPLETED. IN CANADA, ALSO, CONSIDERATION WILL HAVE TO BE GIVEN TO WHATEVER CHANGES MAY BE REQUIRED IN CANADIAN DOMESTIC LEGISLATION TO IMPLEMENT THE NON-TARIFF AGREEMENTS REACHED IN GENEVA.

THE AGREEMENTS ON TARIFFS FORM, NATURALLY, A MAJOR AND, FOR SOME, THE MOST IMPORTANT ELEMENT OF THE MTN PACKAGE. LET'S TAKE A LOOK AT WHERE WE ARE IN TERMS OF THE GENERALITY OF THE TARIFF OUTCOME, PARTICULARLY WITH RESPECT TO THE U.S.A. MARKET.

IN OVERALL TERMS, THE U.S.A. OFFER ON INDUSTRIAL PRODUCTS WILL INVOLVE A WEIGHTED AVERAGE TARIFF CUT ON CANADIAN

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EXPORTS OF SOMETHING MORE THAN 40 PER CENT. THE REDUCTIONS ARE WIDELY SPREAD OVER THE RANGE OF OUR EXPORT INTERESTS. FOR FOUNDRY GOODS, BECAUSE OF THE DIVERSITY OF PRODUCTS INVOLVED, IT IS IMPOSSIBLE TO ESTIMATE A MEANINGFUL AVERAGE U.S.A. TARIFF REDUCTION, BUT INCLUDED ARE SIGNIFICANT CUTS ON A NUMBER OF PRODUCTS OF DIRECT INTEREST TO CANADIAN FOUNDRIES....PRODUCTS SUCH AS INGOT MOULDS, HOUSEHOLD SANITARY WARE AND CERTAIN MACHINE PARTS AND VALVES, AS WELL AS CAST IRON PIPE AND FINISHED PIPE FITTINGS. FOR SOME PRODUCTS, THESE REDUCTIONS ARE THE MAXIMUM ALLOWABLE UNDER THE U.S.A. TRADE ACT OF 1974. SOMEWHAT SMALLER BUT NONETHELESS IMPORTANT CUTS ARE ALSO IN PROSPECT FOR ENGINE AND VEHICLE PARTS, MALLEABLE AND DUCTILE CAST IRON PRODUCTS, CERTAIN MINING MACHINE AND MACHINE TOOL PARTS AND BASIC CAST IRON PIPE FITTINGS. AND AN IMPORTANT U.S.A. CONCESSION ON MACHINERY, EQUIPMENT AND PARTS FOR ACTUAL USE IN AGRICULTURAL AND HORTICULTURAL PURSUITS SHOULD PROVIDE EXPANDED U.S.A. MARKET ACCESS BENEFITTING BOTH MANUFACTURERS OF THESE PRODUCTS AND THEIR SUPPLIERS - MANY OF WHOM ARE TO BE FOUND IN THIS ROOM TODAY.

INDEED, FEW IF ANY DUTIABLE FOUNDRY GOODS IN THE U.S.A. TARIFF SCHEDULE HAVE BEEN EXCLUDED FROM TARIFF REDUCTIONS. IT SEEMS TO ME THAT, GIVEN THEIR PROXIMITY TO THE U.S.A. MARKET, CANADIAN FOUNDRIES SHOULD BE PARTICULARLY WELL SITUATED TO TAKE ADVANTAGE OF THE IMPROVED EXPORT OPPORTUNITIES WHICH WILL PROGRESSIVELY OPEN SOUTH OF THE BORDER.

SOME BENEFITS MAY ALSO ACCRUE FROM REDUCTIONS IN EC,

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JAPANESE AND OTHER FOREIGN TARIFFS ON FOUNDRY AND CAST STEEL GOODS. BUT I APPRECIATE, OF COURSE, THAT TRANSPORT COSTS ARE LIKELY TO INHIBIT SALES OF MANY FOUNDRY PRODUCTS TO SOME OF THE MORE DISTANT MARKETS.

LET ME SET THE ABOVE RESULTS FOR FOUNDRY PRODUCTS AGAINST THE OVERALL MTN TARIFF RESULT OBTAINED IN NEGOTIATIONS WITH OUR PRINCIPAL TRADING PARTNERS. TAKEN TOGETHER, THE REDUCTIONS IN TARIFFS FACING CANADA'S INDUSTRIAL EXPORTS TO THE U.S.A., THE EUROPEAN COMMUNITY AND JAPAN WILL AVERAGE JUST UNDER 40 PER CENT. THE WEIGHTED AVERAGE REDUCTION IN CANADA'S OWN TARIFFS ON INDUSTRIAL PRODUCTS WILL BE COMPARABLE, WITH THE AVERAGE RATE ON DUTIABLE INDUSTRIAL IMPORTS BEING PROGRESSIVELY REDUCED TO APPROXIMATELY 9 PER CENT FROM ABOUT 15 PER CENT CURRENTLY. HIGHER RATES WILL, HOWEVER, CONTINUE TO APPLY FOR A NUMBER OF PRODUCTS AND, LIKE MOST OTHER MAJOR PARTICIPANTS, CANADA HAS MADE NO REDUCTIONS - OR COMPARATIVELY SMALL ONES - IN THE TARIFFS ON SUCH ITEMS AS TEXTILES, CLOTHING, FOOTWEAR AND SHIPS. ON THE OTHER HAND, DEEPER THAN AVERAGE CUTS HAVE BEEN MADE ON SOME PRODUCTS WHERE THIS WAS CONSISTENT WITH CANADIAN INTEREST.

AFTER THE MTN REDUCTIONS HAVE BEEN FULLY IMPLEMENTED, TARIFFS IN BOTH JAPAN AND THE EC ON MANUFACTURED GOODS WILL AVERAGE BETWEEN 5 AND 7 PER CENT. THE AVERAGE RATE OF DUTY ON MANUFACTURED GOODS ENTERING THE U.S.A. AT THE END OF THIS PERIOD WILL BE SOMEWHAT LOWER - IN THE AREA OF 4 TO 5 PER CENT - ALTHOUGH CANADIAN EXPORTS OF CERTAIN PRODUCTS IN THE CHEMICALS

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AND TEXTILES SECTORS WILL REMAIN SUBJECT TO FAIRLY HIGH LEVELS OF PROTECTION. IN ADDITION, HOWEVER, AND OF PARTICULAR SIGNIFICANCE FOR CANADA, A WIDE RANGE OF U.S.A. TARIFFS WILL BE REMOVED ENTIRELY. OVER 90 PER CENT OF CANADA'S CURRENT EXPORTS TO THE U.S.A. WILL, AFTER THE MTN IS IMPLEMENTED, ENCOUNTER TARIFFS ON 5 PER CENT OR LESS AND APPROXIMATELY 80 PER CENT WILL BE DUTY FREE, TAKING INTO ACCOUNT TRADE UNDER THE AUTOMOTIVE AGREEMENT. THIS LEVEL OF DUTY-FREE ENTRY IS UP FROM ABOUT 70 PER CENT CURRENTLY.

BUT TARIFFS ARE BUT ONE ELEMENT OF THIS COMPLEX AND COMPREHENSIVE NEGOTIATION. INDEED, WHAT HAS BEEN ACCOMPLISHED ON THE NON-TARIFF SIDE MAY TURN OUT TO BE EVEN MORE IMPORTANT THAN THE AGREEMENT TO REDUCE TARIFFS. THE FOUNDRY ASSOCIATION - LIKE MANY OTHERS - SINGLED OUT IN ITS SUBMISSIONS PARTICULAR NON-TARIFF MEASURES, AS WELL AS A NUMBER OF REGULATORY OR ADMINISTRATIVE IMPEDIMENTS, WHICH INHIBITED YOUR TRADE POSSIBILITIES. THUS YOUR ASSOCIATION FLAGGED DIFFICULTIES WITH FOREIGN CUSTOMS CLEARANCE PROCEDURES, CERTAIN VALUATION PRACTICES AND TARIFF CLASSIFICATIONS, AS CAUSES FOR CONCERN. TO THE EXTENT THAT SIGNIFICANT TARIFF REDUCTIONS AND, IN SOME CASES, TARIFF ELIMINATION HAVE BEEN ACHIEVED, MANY OF THESE DIFFICULTIES WILL BE ELIMINATED OR REDUCED. AND NEW GENERAL RULES ON NON-TARIFF MEASURES, ALONG WITH IMPROVED PROCEDURES FOR INTERNATIONAL SURVEILLANCE AND DISPUTE SETTLEMENT, CAN BE EXPECTED TO BE OF ADDITIONAL BENEFIT IN PROVIDING A MORE CERTAIN

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AND TEXTILES SECTORS WILL REMAIN SUBJECT TO FAIRLY HIGH LEVELS OF PROTECTION. In addition, however, and of particular significance for Canada, a wide range of U.S.A. tariffs will be removed entirely. Over 90 per cent of Canada's current exports to the U.S.A. will, after the MTN is implemented, encounter tariffs on 5 per cent or less and approximately 80 per cent will be duty free, taking into account trade under the Automotive Agreement. This level of duty-free entry is up from about 70 per cent currently.

But tariffs are but one element of this complex and comprehensive negotiation. Indeed, what has been accomplished on the non-tariff side may turn out to be even more important than the agreement to reduce tariffs. The Foundry Association - like many others - singled out in its submissions particular non-tariff measures, as well as a number of regulatory or administrative impediments, which inhibited your trade possibilities. Thus your Association flagged difficulties with foreign customs clearance procedures, certain valuation practices and tariff classifications, as causes for concern. To the extent that significant tariff reductions and, in some cases, tariff elimination have been achieved, many of these difficulties will be eliminated or reduced. And new general rules on non-tariff measures, along with improved procedures for international surveillance and dispute settlement, can be expected to be of additional benefit in providing a more certain

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ENVIRONMENT FOR OUR EXPORTS. THE NEW REGIMES WILL NOT, HOWEVER, RESOLVE ALL NON-TARIFF PROBLEMS AND WILL, IN ANY EVENT, ONLY BE AS EFFECTIVE AND SUCCESSFUL AS PRACTICE MAKES THEM. IN THIS CONTEXT, WE WILL BE LOOKING FOR ASSISTANCE FROM ASSOCIATIONS LIKE YOUR OWN IN KEEPING GOVERNMENT APPRISED OF PARTICULAR SITUATIONS AFFECTING YOUR SALES WHICH MAY MERIT PURSUIT UNDER THE IMPROVED INTERNATIONAL RULES.

ONE AREA OF CONCERN TO WHICH YOU DREW OUR ATTENTION CONCERNED CERTAIN GOVERNMENT PROCUREMENT PRACTICES AND POLICIES IN THE U.S.A. PARTICULAR REFERENCE WAS MADE, AS I RECALL, TO PURCHASING FOR BOTH LARGE AND SMALL PUBLIC WORKS PROJECTS. AS IT TURNED OUT THESE PROJECTS AS SUCH WILL NOT BE COVERED BY THE NEW PROCUREMENT CODE, WHICH WILL BE LIMITED, APART FROM RELATED SERVICES, TO THE PURCHASING OF GOODS BY THE GOVERNMENT ENTITIES TO BE BOUND BY THE AGREEMENT'S PROVISIONS. NONETHELESS, A VERY LARGE MARKET FOR U.S.A. GOVERNMENT PURCHASE OF NON-MILITARY GOODS IS TO BECOME ACCESSIBLE TO US. TOTAL ACTUAL COVERAGE WILL BE DETERMINED BY HOW MANY PARTICIPANTS AGREE TO SIGN AND IMPLEMENT THE AGREEMENT AND FOR HOW MUCH OF THEIR PURCHASING. BUT THIS NEW AREA OF INTERNATIONAL COMMERCIAL COOPERATION WHICH HAS BEEN AGREED MAY TURN OUT TO BE ONLY A BEGINNING. THUS, THE AGREEMENT CALLS FOR A GENERAL REVIEW AFTER THE FIRST THREE YEARS OF OPERATION AND - DEPENDING ON ACTUAL EXPERIENCE UP TO THAT TIME - THIS MAY LEAD TO NEGOTIATION OF EXPANDED COVERAGE.

PERHAPS YOUR ASSOCIATION'S MOST PRESSING NON-TARIFF

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CONCERNS RELATED, HOWEVER, TO UNFAIR TRADE PRACTICES. HERE THE MTN ADDRESSED SUBSIDIES AND COUNTERVAILING DUTIES, REVISION OF THE ANTI-DUMPING CODE AND THE WHOLE QUESTION OF "SAFEGUARDS" - THAT IS THE IMPOSITION OF IMPORT RESTRICTIONS TO DEAL WITH IMPORTS CAUSING OR THREATENING SERIOUS INJURY TO DOMESTIC PRODUCERS IN THE NORMAL COURSE OF TRADE. THE GENEVA JURY IS STILL OUT ON A POSSIBLE NEW AGREEMENT COVERING "SAFEGUARDS" MEASURES, AS AN EXTENSION AND INTERPRETATION OF THE EXISTING GATT PROVISIONS. NEGOTIATIONS WILL BE CONTINUING INTO THE SUMMER IN AN ATTEMPT TO SORT OUT THE REMAINING OUTSTANDING ISSUES - PARTICULARLY THE QUESTION OF SELECTIVE OR DISCRIMINATORY USE OF SUCH IMPORT RESTRICTIONS. THE CAPACITY TO APPLY SAFEGUARDS IN THIS PARTICULAR WAY IS SOUGHT BY THE EUROPEAN COMMUNITY, BUT IS BEING RESISTED STRONGLY BY THE DEVELOPING COUNTRIES. IT IS ANTICIPATED THAT IN THE FINAL ANALYSIS THIS ISSUE WILL ALSO BE RESOLVED. BUT IN ANY EVENT COUNTRIES WILL, OF COURSE, CONTINUE TO HAVE THE CAPACITY TO TAKE SAFEGUARD ACTION, AS NOW PROVIDED FOR IN THE GATT.

THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES WAS ONE OF THE MOST SENSITIVE AND DIFFICULT CODES WORKED OUT IN THESE NEGOTIATIONS. THE PURPOSE WAS TO TRY TO REACH AN INTERNATIONAL UNDERSTANDING ON THE SUBSIDY PRACTICES OF GOVERNMENTS INSOFAR AS THESE MAY HAVE IMPACT ON INTERNATIONAL TRADE. AN EQUALLY IMPORTANT OBJECTIVE WAS TO REACH AGREEMENT ON THE RULES AND PROCEDURES TO GOVERN THE APPLICATION OF COUNTERVAILING DUTIES.

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AS YOU KNOW, THESE ARE DUTIES WHICH A GOVERNMENT CAN APPLY TO OFFSET THE INJURIOUS EFFECTS OF SUBSIDIES GRANTED BY ANOTHER GOVERNMENT.

THE NEW AGREEMENT PROVIDES FOR GREATER UNIFORMITY IN THE PROCEDURES TO BE FOLLOWED IN COUNTERVAILING DUTY INVESTIGATIONS, AS WELL AS AN INJURY TEST AND PUBLIC DISCLOSURE OF DECISIONS RESPECTING THE APPLICATION OF COUNTERVAILING DUTIES. THE PROCEDURES ENVISAGED BY THE NEW AGREEMENT ARE GENERALLY IN ACCORDANCE WITH THOSE NOW FOLLOWED UNDER CANADIAN LAW. BUT CANADA WILL IN THE FUTURE BE ABLE TO DEAL MORE SPEEDILY AND EFFECTIVELY WITH INJURIOUS SUBSIDIZED IMPORTS, WHILE BEING ASSURED THAT OTHER COUNTRIES WILL NOT BE IN A POSITION TO TAKE ARBITRARY ACTION AGAINST CANADIAN EXPORTS WHICH MAY HAVE BENEFITTED FROM GOVERNMENT ASSISTANCE PROGRAMMES.

AS MANY OF YOU KNOW, CURRENT U.S.A. COUNTERVAIL LAW (BECAUSE OF GRANDFATHER RIGHTS) DOES NOT FULLY CONFORM WITH THE PROVISIONS OF THE GATT. THUS ONE OF CANADA'S MOST IMPORTANT OBJECTIVES IN THESE NEGOTIATIONS WAS TO ENSURE THAT U.S.A. LAW WOULD BE BROUGHT INTO LINE BY REQUIRING AN INJURY DETERMINATION TO BE MADE IN ALL CASES BEFORE COUNTERVAILING DUTIES COULD BE APPLIED. THIS HAS BEEN ACCOMPLISHED IN THE NEGOTIATIONS AND REPRESENTS A MAJOR GAIN FOR CANADA.

THE SUBSIDIES/COUNTERVAIL AGREEMENT ALSO REINFORCES AND EXTENDS THE PROHIBITION ON THE USE OF EXPORT SUBSIDIES FOR INDUSTRIAL PRODUCTS. SCHEMES SUCH AS THE DISC (WHICH YOUR

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ASSOCIATION HAS CITED IN VARIOUS REPRESENTATIONS) WOULD BE RULED OUT UNDER THE AGREED PROHIBITED LIST OF SUCH SUBSIDIES, AND NO SUCH SCHEMES COULD BE INTRODUCED IN THE FUTURE. BUT IN LIGHT OF THE KNOWN ATTITUDES OF CONGRESS, IT DID NOT PROVE POSSIBLE THROUGH THE MTN TO SECURE AN IMMEDIATE PHASE-OUT OF THE DISC. THE U.S.A. HAS, HOWEVER, UNDERTAKEN TO LOOK AT WAYS OF BRINGING THEIR PRACTICE INTO CONFORMITY WITHIN A REASONABLE PERIOD OF TIME. IN THE CIRCUMSTANCES, CANADA HAS RESERVED ALL ITS RIGHTS UNDER THE GATT WITH RESPECT TO THIS U.S. SUBSIDY PROGRAMME.

THE PROCEDURAL CHANGES EMBODIED IN THIS AGREEMENT, AND IN THE PARALLEL DOCUMENT ON ANTI-DUMPING, WILL NOT OBLIGE CANADA TO MAKE EXTENSIVE AMENDMENTS TO EXISTING LEGISLATION BUT WILL LEAVE SCOPE, IN PRACTICE, FOR A SYSTEM WHICH CAN DEAL EXPEDITIOUSLY WITH INJURIOUS IMPORTS SHIPPED EITHER AT DUMPED PRICES OR WITH THE BENEFIT OF GOVERNMENT SUBSIDIZATION.

IN COUNTERVAILING DUTY CASES, TIME-LIMITED CONSULTATIONS WITH SUBSIDIZING GOVERNMENTS WOULD TAKE PLACE WITH A VIEW TO LIMITING OR ELIMINATING THE SUBSIDY INVOLVED AS SPEEDILY AS POSSIBLE. IN ANTI-DUMPING CASES, AND IN COUNTERVAIL CASES WHERE GOVERNMENT-TO-GOVERNMENT CONSULTATIONS DID NOT LEAD TO A PROMPT RESOLUTION, INVESTIGATIONS COULD BE INITIATED WHERE THERE WAS EVIDENCE OF INJURY AND OF EITHER A SUBSIDY PRACTICE OR DUMPING. SUCH INVESTIGATIONS COULD BE TRIGGERED EITHER ON THE INITIATIVE OF THE AUTHORITIES OR ON RECEIPT OF A DOCUMENTED COMPLAINT FROM THE PRIVATE SECTOR. IF THE INITIAL INVESTIGATIONS CONFIRM THAT

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A CASE SHOULD BE PURSUED, PROVISIONAL DUTIES COULD BE IMPOSED FOR A PERIOD OF UP TO FOUR MONTHS DURING WHICH A FORMAL INJURY DETERMINATION WOULD BE MADE, MAKING USE OF A MORE PRECISE SET OF INJURY CRITERIA THAN IS CURRENTLY AVAILABLE. ANY INVESTIGATION COULD BE SUSPENDED WITHOUT PROCEEDING THROUGH FULL TERM IF AN EXPORTER WERE TO UNDERTAKE TO REVISE HIS PRICES OR OTHERWISE DEAL WITH THE SUBSIDIZATION OR DUMPING SO AS TO ELIMINATE ANY INJURIOUS EFFECTS.

A RELATED PROCEDURAL IMPROVEMENT WOULD ENSURE THE DISCLOSURE OF THE REASONS FOR DECISION IN BOTH ANTI-DUMPING AND COUNTERVAILING CASES. IN ADDITION TO PROVIDING FOR A MORE TRANSPARENT SYSTEM IN ALL PARTICIPATING COUNTRIES, THIS INFORMATION WILL BE IMPORTANT TO THE EFFECTIVE OPERATION OF THE MULTILATERAL SURVEILLANCE AND DISPUTE SETTLEMENT PROCEDURES WHICH HAVE BEEN AGREED. AND SUCH SURVEILLANCE AND DISPUTE SETTLEMENT WOULD BE SUBJECT TO SPECIFIED TIME-LIMITS AND DESIGNED TO ENSURE THAT THE OBLIGATIONS WITH RESPECT TO SUBSIDY PROGRAMMES AND COUNTERVAILING DUTIES ARE PROPERLY OBSERVED BY THE SIGNATORIES.

YOU MUST, OF COURSE, COME TO YOUR OWN CONCLUSIONS AND MAKE YOUR OWN ASSESSMENTS ABOUT THESE AGREEMENTS AND ABOUT THE RESULTS OF THE NEGOTIATIONS AS A WHOLE. AND TIME WILL BE REQUIRED TO TEST OUT IN PRACTICE THE SOUNDNESS OF THE NEW CODES AND HOW WELL THEY WILL, IN FACT, BE IMPLEMENTED AND USED BY GOVERNMENTS. I EXPECT, HOWEVER, THAT YOU WILL FIND GROUNDS TO CONCLUDE THAT THE MTN OUTCOME PROMISES TO BE BENEFICIAL, NOT

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A CASE SHOULD BE PURSUED, PROVISIONAL DUTIES COULD BE IMPOSED FOR A PERIOD OF UP TO FOUR MONTHS DURING WHICH A FORMAL INJURY DETERMINATION WOULD BE MADE, MAKING USE OF A MORE PRECISE SET OF INJURY CRITERIA THAN IS CURRENTLY AVAILABLE. ANY INVESTIGATION COULD BE SUSPENDED WITHOUT PROCEEDING THROUGH FULL TERM IF AN EXPORTER WERE TO UNDERTAKE TO REVISE HIS PRICES OR OTHERWISE DEAL WITH THE SUBSIDIZATION OR DUMPING SO AS TO ELIMINATE ANY INJURIOUS EFFECTS.

A RELATED PROCEDURAL IMPROVEMENT WOULD ENSURE THE DISCLOSURE OF THE REASONS FOR DECISION IN BOTH ANTI-DUMPING AND COUNTERVAILING CASES. IN ADDITION TO PROVIDING FOR A MORE TRANSPARENT SYSTEM IN ALL PARTICIPATING COUNTRIES, THIS INFORMATION WILL BE IMPORTANT TO THE EFFECTIVE OPERATION OF THE MULTILATERAL SURVEILLANCE AND DISPUTE SETTLEMENT PROCEDURES WHICH HAVE BEEN AGREED. AND SUCH SURVEILLANCE AND DISPUTE SETTLEMENT WOULD BE SUBJECT TO SPECIFIED TIME-LIMITS AND DESIGNED TO ENSURE THAT THE OBLIGATIONS WITH RESPECT TO SUBSIDY PROGRAMMES AND COUNTERVAILING DUTIES ARE PROPERLY OBSERVED BY THE SIGNATORIES.

YOU MUST, OF COURSE, COME TO YOUR OWN CONCLUSIONS AND MAKE YOUR OWN ASSESSMENTS ABOUT THESE AGREEMENTS AND ABOUT THE RESULTS OF THE NEGOTIATIONS AS A WHOLE. AND TIME WILL BE REQUIRED TO TEST OUT IN PRACTICE THE SOUNDNESS OF THE NEW CODES AND HOW WELL THEY WILL, IN FACT, BE IMPLEMENTED AND USED BY GOVERNMENTS. I EXPECT, HOWEVER, THAT YOU WILL FIND GROUNDS TO CONCLUDE THAT THE MTN OUTCOME PROMISES TO BE BENEFICIAL, NOT

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ONLY FOR YOUR OWN BUSINESSES, BUT FOR THAT OF OTHERS IN THE IRON AND STEEL SECTOR AND FOR MANY OF YOUR MAIN CANADIAN CUSTOMERS. I THINK, FOR EXAMPLE, OF THOSE WHO PRODUCE AND SERVICE MINING, AGRICULTURAL AND OTHER MACHINERY, TRANSPORT EQUIPMENT AND OTHER CAPITAL GOODS SOLD IN BOTH THE CANADIAN AND FOREIGN MARKETS.

I HOPE THAT, WITH THE TARIFF REDUCTIONS IN PROSPECT COUPLED WITH IMPROVED INTERNATIONAL DISCIPLINES ON OTHER TRADE BARRIERS, MORE OF YOU WILL FIND INTERESTING AND PROFITABLE POSSIBILITIES IN THE U.S.A. MARKET. BUT, NATURALLY, TO IMPROVE YOUR POSITION VIS-A-VIS IMPORTS AND TO TAKE GREATER ADVANTAGE OF EXPORT OPPORTUNITY MEANS THAT CANADIAN PRODUCERS REMAIN OR BECOME FULLY COMPETITIVE IN A LESS PROTECTED WORLD. SO WE WILL HAVE TO KEEP UP OUR EFFORTS TO IMPROVE PRODUCTIVITY, TO MANAGE OUR AFFAIRS EFFECTIVELY AND TO ENCOURAGE INNOVATION AND TECHNOLOGICAL ADVANCE. SOME OF THESE ESSENTIAL INGREDIENTS TO A PROFITABLE FUTURE CAN BE FOSTERED OR ENCOURAGED BY GOVERNMENTS AT ALL LEVELS, BUT THE REAL KEY TO SUCCESS WILL CONTINUE TO LIE IN ENTREPRENEURIAL EFFORT AND SKILL.

SO FAR AS THE MTN RESULTS THEMSELVES ARE CONCERNED ADJUSTMENT ASSISTANCE WILL BE AVAILABLE, PARTICULARLY FOR THOSE COMPANIES PREPARED TO MAKE THE EFFORT THROUGH TECHNOLOGICAL ADVANCE, EXPORT MARKET DEVELOPMENT OR OTHERWISE TO TAKE ADVANTAGE OF THE OPPORTUNITIES. MR. HORNER'S OCTOBER 1978 ANNOUNCEMENT OF THE COMPREHENSIVE ASSISTANCE AVAILABLE UNDER THE ENTERPRISE

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DEVELOPMENT PROGRAM (OR EDP) IS PARTICULARLY RELEVANT IN THIS REGARD. BUT HELP WILL, OF COURSE, ALSO BE AVAILABLE FOR BOTH COMPANIES AND WORKERS, TO DEAL WITH SPECIFIC SITUATIONS WHERE ADAPTATION TO THE MORE COMPETITIVE BUSINESS ENVIRONMENT MAY CREATE SPECIAL PROBLEMS.

I THINK WE ARE NOW REASONABLY POSITIONED IN CANADA FURTHER TO IMPROVE OUR ECONOMIC TRACK RECORD AND TO MAKE A BETTER COMPETITIVE SHOWING BOTH IN DOMESTIC AND FOREIGN MARKETS. I TRUST THAT THIS POSITIVE APPROACH AND CONFIDENCE WILL BE WIDELY SHARED BY MEMBERS OF THE CANADIAN FOUNDRY ASSOCIATION AND PROVEN OUT IN PROFITABLE PERFORMANCE AND NEW FORWARD LOOKING INVESTMENT.

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Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

News Release Communiqué

Subject/Sujet Notes for an address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Fisheries Council of Canada, Calgary

For release/Pour publication
1300 hrs. (M.D.T.)
May 9, 1979

Attached are the notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations at the Annual Meeting of the Fisheries Council of Canada, Calgary, May 9, 1979.

"Fisheries in the Tokyo Round - GATT Negotiations"

TO BE CHECKED AGAINST DELIVERY

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NOTES FOR AN ADDRESS BY
AMBASSADOR J. H. WARREN,
CANADIAN COORDINATOR FOR THE MTN
TO
THE FISHERIES COUNCIL OF CANADA
CALGARY - MAY 9, 1979

FISHERIES IN THE TOKYO ROUND, GATT NEGOTIATIONS

IT IS A PLEASURE TO MEET WITH YOU HERE IN CALGARY AND TO BE ABLE, AT LONG LAST, TO DISCUSS THE OUTCOME OF THE GENEVA MULTILATERAL TRADE NEGOTIATIONS.

I MUST BEGIN BY THANKING THE FISHERIES COUNCIL FOR THE ADVICE AND ASSISTANCE SO READILY AND HELPFULLY OFFERED OVER THE SIX YEARS OF THESE NEGOTIATIONS. IN SHAPING THE CANADIAN POSITION WE HAD THE BENEFIT OF DETAILED BRIEFS FROM SOME OF YOUR MEMBERS, A NUMBER OF MEETINGS WITH YOUR EXECUTIVE, AND ON-GOING CONTACT WITH YOUR ABLE MANAGER, KEN CAMPBELL. THERE IS NO QUESTION THAT THIS ROUND OF NEGOTIATIONS HAS BEEN MARKED BY MORE EXTENSIVE CONSULTATIONS WITH THE PRIVATE SECTOR IN CANADA THAN HAS OCCURRED IN ANY PREVIOUS TRADE NEGOTIATIONS. IN ADDITION, OF COURSE, THE GOVERNMENTS OF CERTAIN OF THE PROVINCES HAVE A GREAT DEAL OF EXPERTISE IN THE FISHERIES, AND CAREFULLY-DEVELOPED VIEWS ON THE FUTURE DEVELOPMENT OF THE INDUSTRY. THESE INSIGHTS HAVE ALSO BEEN SHARED WITH US.

CANADIAN ACCESS OBJECTIVES FOR FISH AND FISH PRODUCTS WERE GIVEN HIGH PRIORITY AND WERE STRONGLY-PRESSED IN THE NEGOTIATIONS. AS ONE MIGHT EXPECT, WE DID NOT GET EVERYTHING

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WE WANTED, BUT THAT IS A GENERAL LAW OF NEGOTIATIONS AND OF LIFE. I TRUST, HOWEVER, YOU WILL BE SATISFIED THAT WE HAVE MADE GOOD PROGRESS. I AM SATISFIED THAT WE SQUEEZED OUT EVERYTHING THAT WAS NEGOTIABLE FOR THIS SECTOR.

THE SUBSTANTIAL NEGOTIATIONS ENDED ON APRIL 12, WHEN THE HEADS OF THE MAIN DELEGATIONS, INCLUDING AMBASSADOR GREY FOR CANADA, SIGNED A PROCES-VERBAL COVERING THE NETWORK OF AGREEMENTS WHICH HAD BEEN REACHED ON VARIOUS NON-TARIFF BARRIERS, AND ON IMPROVEMENTS TO SOME OF THE TRADING RULES EMBODIED IN THE GENERAL AGREEMENT. ON TARIFFS, THE MAJOR PARTICIPANTS INDICATED THAT THEIR NEGOTIATIONS AMONG ONE ANOTHER HAD BEEN COMPLETED, SUBJECT ONLY TO THE PREPARATION, CORRECTION AND DOUBLE CHECKING OF THE DETAILED SCHEDULES OF EACH COUNTRY. THE SIGNATURE OF THE PROCES-VERBAL WITH RESPECT TO TARIFFS REPRESENTED AN AUTHENTICATION BY THE NEGOTIATORS OF THE RESULTS ACHIEVED, AND AN INDICATION OF THEIR WILLINGNESS TO RECOMMEND TO THEIR GOVERNMENTS THE ACCEPTANCE OF THESE RESULTS. THE NEXT STEP IN THE PROCESS IS THE CONSIDERATION OF THE PACKAGE BY GOVERNMENTS. THIS, IN TURN, SHOULD BE COMPLETED BY THE FALL, AND ONE MIGHT EXPECT THE FINAL TARIFF DOCUMENTS TO BE SIGNED FORMALLY ON BEHALF OF GOVERNMENTS WELL BEFORE YEAR-END.

THE TOKYO DECLARATION, WHICH LAUNCHED THE NEGOTIATIONS, WAS APPROVED BY GOVERNMENTS IN 1973. THAT WAS NEARLY SIX YEARS AGO. SO NO ONE CAN ACCUSE THE NEGOTIATORS OF UNDUE HASTE. IN

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FACT, THIS ROUND WAS THE LONGEST LASTING OF ANY OF THE MAJOR GATT NEGOTIATIONS FOR THE FURTHER LIBERALIZATION OF TRADE. IN LARGE PART THIS WAS BECAUSE THEY WERE THE MOST EXTENSIVE AND COMPLEX SET OF NEGOTIATIONS EVER ATTEMPTED SINCE THE POST-WORLD WAR II INCEPTION OF THE GENERAL AGREEMENT ITSELF.

THE TOKYO ROUND WENT BEYOND TARIFFS, TO ADDRESS IN A COMPREHENSIVE FASHION A WHOLE RANGE OF NON-TARIFF ISSUES WHOSE IMPORTANCE HAD INCREASED AS SUCCESSIVE GATT ROUNDS HAD REDUCED THE LEVEL OF PROTECTION AVAILABLE FROM TARIFFS ALONE. ANOTHER REASON FOR THE SLOW PACE WAS THE FACT THAT THE NEGOTIATIONS DEVELOPED IN A DIFFICULT ECONOMIC CONTEXT, MARKED BY INCREASING CONCERN OVER RISING ENERGY COSTS, DIFFICULT PROBLEMS OF UNEMPLOYMENT, HIGH RATES OF INFLATION, AND A GENERAL ECONOMIC UNCERTAINTY WHICH LED IN TURN TO LOWER INVESTMENT AND A DEFENSIVE AND INWARD LOOKING TENDENCY IN MOST INDUSTRIALIZED COUNTRIES. PROTECTIONIST PRESSURES GAINED NEW STRENGTH, AND THE SUCCESSFUL CONCLUSION OF THESE NEGOTIATIONS THEREFORE REQUIRED A DELIBERATE ACT OF WILL BY THE POLITICAL LEADERS OF THE INDUSTRIALIZED WORLD. THIS WILL, DESPITE THE DIFFICULTIES, WAS INDEED FORTHCOMING. PRIME MINISTERS AND HEADS OF STATE, AT SUCCESSIVE SUMMITS, EXPRESSED CLEAR DETERMINATION TO SOLVE THEIR COMMERCIAL POLICY PROBLEMS IN WAYS WHICH WOULD LEAD TO GREATER INTERNATIONAL COOPERATION, AND WHICH WOULD AVOID THE PITFALLS OF MUTUALLY-DESTRUCTIVE TRADE RESTRICTIVE ACTIONS. WITHOUT SUCH DETERMINATION THESE NEGOTIATIONS MIGHT HAVE FAILED. AND I DON'T NEED TO TELL YOU WHAT HAPPENS WHEN

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SHIPS LOSE WAY AND THE WINDS ARE FORCE 8.

IN THE EVENT, THE NEGOTIATIONS HAVE PRODUCED SIGNIFICANT REDUCTIONS IN TARIFFS, THE REMOVAL OF MANY PARTICULAR NON-TARIFF BARRIERS, AND A SET OF NON-TARIFF CODES AND AGREEMENTS WHICH SET THE STAGE AND WILL ESTABLISH THE RULES FOR INTERNATIONAL TRADE THROUGH THE 1980'S AND INDEED INTO THE '90'S. IN INDUSTRIAL PRODUCTS, TARIFF REDUCTIONS WILL BE COMPARABLE TO THOSE ACHIEVED IN THE PREVIOUS KENNEDY ROUND, ALTHOUGH STARTING FROM A LOWER BASE. IN AGRICULTURAL AND FISH PRODUCTS CONSIDERABLE PROGRESS HAS ALSO BEEN MADE IN LOWERING TARIFFS AND OTHER BARRIERS TO TRADE, ALTHOUGH IN THESE AREAS THE TRADITIONAL SENSITIVITIES LIMITED THE RESULT WHICH COULD BE OBTAINED, AND MADE THE NEGOTIATIONS PARTICULARLY DIFFICULT.

THE DISTINCTION BETWEEN INDUSTRIAL PRODUCTS ON THE ONE HAND, AND AGRICULTURAL AND FISHERY PRODUCTS ON THE OTHER WAS PRESENT FROM THE BEGINNING AND INDEED WAS REINFORCED BY THE PROCESSES ADOPTED FOR THE NEGOTIATIONS. INDUSTRIAL PRODUCTS WERE DEALT WITH BY THE FORMULA METHOD, UNDER WHICH PARTICIPANTS WERE EXPECTED TO BEGIN BY OFFERING A WEIGHTED AVERAGE CUT OVER THE WHOLE RANGE OF THEIR INDUSTRIAL TARIFF ITEMS. IF PARTICIPANTS WISHED TO HOLD BACK ON SOME SENSITIVE ITEMS, AS MOST DID ON CLOTHING AND FOOTWEAR, FOR EXAMPLE, THEY THEN HAD TO GO DEEPER ON OTHER ITEMS IN ORDER TO BE ABLE TO OFFER AN ACCEPTABLE AVERAGE REDUCTION. BUT THE GENERAL RULE FOR INDUSTRIAL PRODUCTS WAS THAT YOU HAD TO CONTEMPLATE A TARIFF CUT IN EACH ITEM, AND THE

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RESULT WAS THAT MOST TARIFFS ON INDUSTRIAL PRODUCTS ARE IN FACT TO BE REDUCED.

THIS GENERALIZED PROCESS OF FORMULA REDUCTIONS WAS NOT PRESENT IN THE NEGOTIATIONS ON AGRICULTURAL AND FISHERY PRODUCTS. FOR THESE, PARTICIPANTS WOULD ONLY AGREE TO NEGOTIATE BY THE PROCESS OF EXCHANGING REQUESTS AND OFFERS, ON SPECIFIC PRODUCTS. THIS MEANT THAT THE WILLINGNESS OF PARTICIPANTS TO OFFER CONCESSIONS WAS CLOSELY RELATED TO THE ANTICIPATED BENEFITS THEY SOUGHT IN THE SAME PRODUCT AREA.

FOR FISH AND FISH PRODUCTS, THE RECENT EXTENSION OF FISHERY MANAGEMENT ZONES TO 200 MILES PROFOUNDLY INFLUENCED THE NEGOTIATIONS. FOR CANADA IT WAS A FURTHER SPUR TO SEEK WHATEVER PROMISE OF GREATER MARKET ACCESS COULD POSSIBLY BE EXTRACTED FROM OUR TRADING PARTNERS. FOR OTHERS, HOWEVER, THE 200 MILE LIMIT WAS SEEN NOT AS A BOON BUT A THREAT, AND FOR SOME PARTICIPANTS IT TENDED TO CLOUD THE MAIN ISSUES UNDER NEGOTIATION. THE U.S.A. HOPES TO BE MORE SELF-SUFFICIENT IN FISH; JAPAN FEELS RESTRICTED, AND SEEKS TO PROTECT ITS FISHING INDUSTRY THROUGH A PERIOD OF ADAPTATION. THE EUROPEAN COMMUNITY SPENT MOST OF THE PERIOD OF SERIOUS NEGOTIATIONS TRYING TO SORT OUT ITS OWN INTERNAL FISHING ARRANGEMENTS, AND IT WAS LATE IN THE DAY BEFORE THEY WERE READY TO NEGOTIATE WITH OTHERS ON ACCESS INTO THE COMMUNITY MARKET. AND WHILE OUR BILATERAL FISHERIES NEGOTIATIONS WITH THE COMMUNITY WERE BEING HANDLED

OUTSIDE THE CONTEXT OF THE MTN, THE QUESTION OF ACCESS OF EUROPEAN VESSELS TO OUR FISHING WATERS WAS NOT ABSENT FROM THE MINDS OF THOSE DEALING IN GENEVA OR BRUSSELS WITH THE MORE LIMITED QUESTION OF TARIFF LEVELS. THE WHOLE SET OF POLITICAL, ECONOMIC AND SOCIAL CONSIDERATIONS ARISING FROM THE NEW FISHING ZONE ARRANGEMENTS HAS YET TO BE RESOLVED, AND THESE UNCERTAINTIES DID NOT MAKE IT EASIER TO GET ITEM BY ITEM TARIFF CONCESSIONS FOR OUR FISH AND FISH PRODUCTS. NOR WAS IT EVIDENT THAT OUR TRADING PARTNERS SHARED THE CANADIAN VIEW THAT ON THE SUPPLY SIDE THERE WOULD BE EVER INCREASING DEPENDENCE ON CANADIAN PRODUCT AS THE YEARS GO BY AND THAT IN LOGIC THEY SHOULD, IN THEIR INTEREST, WISH SUBSTANTIALLY TO LOWER THEIR BARRIERS TO FOREIGN IMPORTS.

BY NOW I MAY HAVE CONVINCED YOU THAT WE FISHED ALL NIGHT AND HAULED IN EMPTY NETS. BUT THIS WAS NOT THE CASE. WHILE IT WASN'T EASY, WE DID GET CONCESSIONS WHICH WILL BE OF REAL VALUE TO THE INDUSTRY, BOTH IN TERMS OF EXPANDING AND MORE DIVERSIFIED SALES, AS WELL AS MORE PROFITABLE RETURNS.

THE CONCESSIONS OBTAINED WILL BE OF INTEREST TO THE FISHING AND PROCESSING INDUSTRY ON BOTH COASTS, AND THERE IS ALSO SOMETHING FOR THE INLAND FISHERY. BECAUSE WE HAVE AGREED WITH THE OTHER PARTICIPANTS NOT TO RELEASE THE DETAILS OF THE TARIFF RESULTS UNTIL THEY ARE VERIFIED BY ALL PARTICIPANTS, I CANNOT GIVE YOU THE DETAILED RATES, BY TARIFF ITEM. BUT I WOULD LIKE TO GO AS FAR AS I CAN IN OUTLINING THE NATURE OF

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THE RESULTS FOR PARTICULAR PRODUCTS IN THE MAIN COUNTRIES WHERE WE HOPE TO SELL.

AMONG OUR MAIN EXISTING MARKETS, THE CONCESSIONS OBTAINED FROM THE U.S.A. WILL BE OF MOST INTEREST. THE MOST IMPORTANT AMONG THESE IS, I BELIEVE, THE IMPROVEMENT IN ACCESS FOR ONE OF OUR MAIN EXPORTS - FROZEN GROUNDFISH FILLETS. HERE WE SHALL SEE A MORE EQUAL OPPORTUNITY TO DEVELOP THE MARKET, RELATIVE TO OTHER FOREIGN SUPPLIERS, AS WELL AS A DIMINUTION OF U.S. PROTECTION, WHICH SHOULD PROVIDE HIGHER RETURNS TO CANADIAN EXPORTERS. CONCESSIONS WERE ALSO OBTAINED ON CANNED SALMON, ON HERRING SMOKED AND KIPPERED, BUT NOT IN SMALL CANS, ON SARDINES NOT IN OIL, ON CANNED HERRING IN LARGE CONTAINERS, ON FROZEN ROUND OR DRESSED MACKEREL, AND ON PROCESSED - BUT NOT FROZEN OR CANNED - CRABMEAT. FOR THE FRESHWATER PRODUCTS, THE U.S.A. TARIFF WILL BE REDUCED ON YELLOW PERCH.

FROM THE EUROPEAN COMMUNITY WE OBTAINED A CONCESSION ON FROZEN COD FILLETS WHICH WILL REDUCE THE IMPACT OF PREFERENCES GRANTED BY THE EC TO NORWAY AND ICELAND. BUT THESE EUROPEAN COUNTRIES WILL STILL BE IN A PREFERRED POSITION. THERE ARE ALSO CONCESSIONS ON FRESH, CHILLED OR FROZEN SALMON AND EELS, AND ON SILVER HAKE. TARIFF CUTS ON LOBSTER - LIVE, FRESH COOKED, AND FROZEN WHOLE - SHOULD GIVE HIGHER RETURNS FOR THESE PRODUCTS AND, LIKEWISE, THERE IS AN INTERESTING CONCESSION ON FRESH OR FROZEN QUEEN OR SNOW CRABS.

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JAPAN HAS MADE CONCESSIONS ON WHOLE, FROZEN COD AND HERRING AND ON A NUMBER OF ITEMS COVERING THE ROES OF THESE FISH. RATES ON SEVERAL OTHER FISH ROES, INCLUDING THOSE OF SALMON, WILL ALSO BE REDUCED. CONCESSIONS HAVE ALSO BEEN MADE ON LOBSTERS, SHRIMPS, PRAWNS AND CRABS WHETHER FRESH, CHILLED OR FROZEN, PREPARED OR PRESERVED; AND ON FRESH, CHILLED OR FROZEN SQUID. AMONG THESE, THOSE ON LOBSTER AND SQUID MAY BE OF MOST INTEREST TO THE INDUSTRY.

APART FROM THESE CONCESSIONS FROM THE BIG THREE, THERE ARE SOME INTERESTING GAINS IN OTHER MARKETS WHICH SHOULD PROVE TO BE OF VALUE. THERE IS SOMETHING FROM NEW ZEALAND ON CANNED SARDINES AND CANNED LOBSTER AND CRAB. AUSTRALIA WILL BE MAKING SIGNIFICANT REDUCTIONS ON A RANGE OF FISH PRODUCTS, INCLUDING FRESH, CHILLED AND FROZEN SALMON, LOBSTER AND OTHER CRUSTACEANS AND CERTAIN PROCESSED SHELLFISH. THERE ARE ALSO CONCESSIONS FROM A NUMBER OF OTHER COUNTRIES WHICH MAY OPEN UP ACCESS TO NEW MARKETS IN THE FUTURE AS THE CANADIAN FISHERY DEVELOPS AND EXPANDS.

ON THE CANADIAN SIDE, IT WAS OF COURSE NECESSARY TO MAKE CONCESSIONS IN RETURN, BUT THE BILL WAS NOT HIGH. IN THE FIRST PLACE OUR TARIFF ON MANY FISH ITEMS IS ALREADY LOW. SECONDLY, THE CONCESSIONS WE WERE ABLE TO SECURE WERE NOT SO GREAT AS TO PUT CRITICAL PRESSURE ON OUR PROTECTIVE TARIFF AND, THIRDLY, WE ARE NOT A MAJOR IMPORT MARKET FOR MOST FISH

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AND FISH PRODUCTS. IN THE CIRCUMSTANCES THE NEGOTIATIONS WERE PRETTY WELL CONTAINED WITHIN THE FISHERIES SECTOR. HOWEVER, I BELIEVE THAT IN TERMS OF THE NEGOTIATIONS WITH CANADA, TAKEN AS A WHOLE, OUR TRADING PARTNERS DID IN THE END REALIZE THAT A SATISFACTORY OVERALL DEAL WITH US REQUIRED A MEANINGFUL RESPONSE IN TERMS OF OUR PRESENT EXPORT INTERESTS, INCLUDING THE MARKETING OF FISH AND FISH PRODUCTS FROM BOTH COASTS. IN THIS GENERAL CONTEXT I THINK WE WERE ABLE TO OBTAIN SOME CONCESSIONS WHICH MIGHT NOT OTHERWISE HAVE BEEN AVAILABLE, WHILE AT THE SAME TIME PRESERVING AN APPROPRIATE LEVEL OF PROTECTION FOR THE CANADIAN FISHERIES, WHERE THIS IS NECESSARY.

GOING INTO THE NEGOTIATIONS, WE WERE RATHER OF TWO MINDS ABOUT FISHSTICKS. WE WERE, OF COURSE, LOOKING FOR GREATER OPPORTUNITIES FOR FURTHER PROCESSING OF PRODUCT IN CANADA. BUT THERE WERE SOME SENSITIVITIES ON THE DOMESTIC SIDE. WE THEREFORE PROCEEDED WITH DELIBERATE CAUTION. HOWEVER, WE MIGHT HAVE SPARED OURSELVES THE WORRY. IN THE END WE FOUND THAT FISHSTICKS WERE SIMPLY NON-NEGOTIABLE AS FAR AS THE EC AND THE U.S.A. WERE CONCERNED. HERE, AS IN SOME OTHER AREAS, THE INTERNATIONAL FRAMEWORK FOR TRADE IN FISH PRODUCTS WILL NOT BE IMPROVED AS MUCH AS MIGHT HAVE BEEN HOPED. BUT ON THE OTHER HAND, THE DOMESTIC MARKET WILL NOT BE THROWN WIDE OPEN TO COMPETITION, SOME OF WHICH WOULD BE BASED ON CANADIAN PRODUCT IMPORTED BY FOREIGN COUNTRIES IN LESS HIGHLY PROCESSED FORMS.

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WHILE WE HAVE NEGOTIATED IMPROVEMENTS IN THE TARIFFS ON FISH - AND I BELIEVE WE GOT EVERYTHING THAT WAS AVAILABLE - WE STILL HAVE SOME WAY TO GO TO REACH THE LEVEL OF LIBERALIZATION OF FOREIGN MARKETS WHICH WE WOULD HAVE LIKED. SO THERE IS MORE WORK TO DO. I DO NOT EXPECT THAT THERE WILL BE ANOTHER GENERAL ROUND OF TARIFF NEGOTIATIONS IN THE NEAR FUTURE. ON THE OTHER HAND I WOULD NOT RULE OUT SOME FURTHER DEVELOPMENT OF INTERNATIONAL ARRANGEMENTS ON FISH, ONCE NATIONS HAVE HAD AN OPPORTUNITY TO DIGEST THE IMPACT OF AND ADAPT TO THE NEW REGIME OF FISHING ZONES. IT SHOULD BE REMEMBERED IN THIS CONNECTION THAT THE TARIFFS BOUND IN THE GATT ARE UPPER LIMITS AND THAT, IN THE CASE OF FISH, ACTUAL RATES ARE OFTEN REDUCED OR SUSPENDED ON A UNILATERAL BASIS WHEN IMPORTING NATIONS NEED SUPPLIES. IN SOME OF OUR BILATERAL FISHERIES ARRANGEMENTS IT MAY ALSO PROVE POSSIBLE TO IMPROVE OUR EXPORT MARKET OPPORTUNITIES FOR FISH AND MORE PROCESSED PRODUCT, PARTICULARLY AS THE EFFICIENCY AND CAPACITY OF THE CANADIAN PROCESSING INDUSTRY IMPROVES.

AS I HAVE INDICATED, THE TOKYO ROUND ALSO DEALT WITH A RANGE OF NON-TARIFF BARRIERS TO TRADE, AND WITH IMPROVEMENTS TO SOME OF THE BASIC RULES OF TRADE EMBODIED IN THE GENERAL AGREEMENT. AGREEMENTS WERE NEGOTIATED ON SUBSIDIES AND COUNTER-VAILING DUTIES, TECHNICAL BARRIERS TO TRADE, IMPORT LICENSING PROCEDURES, GOVERNMENT PROCUREMENT, AND CUSTOMS VALUATION.

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AND IT HAS BEEN AGREED THAT THE EXISTING ANTI-DUMPING CODE WILL BE REVISED TO ACCORD WITH SOME OF THE NEW CONCEPTS AND PROCEDURES DEVELOPED IN THE NEGOTIATION OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES.

SOME OF THESE AGREEMENTS, SUCH AS THAT ON GOVERNMENT PROCUREMENT, MAY NOT HAVE MUCH RELEVANCE FOR THE FISHING INDUSTRY, BUT THERE ARE SEVERAL WHICH WILL BE OF IMMEDIATE INTEREST TO YOU. THE MOST RELEVANT IS THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES, WHICH WILL OBLIGE THE U.S.A. TO APPLY A TEST OF INJURY BEFORE IMPOSING COUNTERVAILING DUTIES ON DUTIABLE IMPORTS. IN RECENT YEARS THERE HAVE BEEN A NUMBER OF COUNTERVAIL ACTIONS UNDERTAKEN BY THE U.S.A. IN RESPECT OF IMPORTS OF FISHERY PRODUCTS FROM CANADA. IT IS TO BE EXPECTED THAT THE THREATS POSED TO OUR EXPORTS BY SUCH ACTIONS WILL BE GREATLY REDUCED OR ELIMINATED WHEN U.S. LAW HAS BEEN AMENDED TO REQUIRE THAT INJURY BE PROVEN BEFORE SUCH DUTIES CAN BE APPLIED TO IMPORTS WHICH MAY HAVE BENEFITTED FROM GOVERNMENT ASSISTANCE.

THE QUESTION ARISES WHETHER THOSE CASES WHERE U.S. COUNTERVAILING DUTIES HAVE BEEN ASSESSED, BUT THEN WAIVED, WILL BE HANDLED UNDER THE OLD SYSTEM, OR RECONSIDERED IN THE LIGHT OF THE NEW REQUIREMENT TO DEMONSTRATE INJURY. BASED ON THE OUTCOME OF OUR NEGOTIATIONS, WE FULLY EXPECT THAT THE U.S.A. WILL REVIEW SUCH CASES AGAINST THE NEW INJURY CRITERIA.

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A FURTHER POINT WORTH NOTING ABOUT THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES IS THAT IT EXPLICITLY RECOGNIZE THE RIGHT OF NATIONS TO USE SUBSIDIES FOR LEGITIMATE INTERNAL PURPOSES, SUCH AS, FOR EXAMPLE, DEVELOPMENT ASSISTANCE TO THE FISHING INDUSTRY. SUCH INCENTIVES WILL BE ACTIONABLE IN THE GATT TO THE EXTENT THAT THEY CAUSE DEMONSTRABLE DAMAGE TO SOMEONE ELSE'S TRADE OR PRODUCTION.

THE AGREEMENT ON TECHNICAL BARRIERS TO TRADE MAY ALSO BE OF SOME INTEREST. THUS, I UNDERSTAND THAT EXPORTS OF SOME CANADIAN FISHERIES PRODUCTS MAY BE INHIBITED BY PHYTOSANITARY REGULATIONS APPLIED BY OTHER NATIONS, AND WHICH THE CANADIAN INDUSTRY AND OUR OWN GOVERNMENT SCIENTISTS MAY CONSIDER UNREASONABLE. THIS AGREEMENT WILL PROVIDE AN INTERNATIONAL FRAMEWORK WITHIN WHICH SUCH DIFFERENCES OF OPINION CAN BE EXAMINED WITH A VIEW TO THE RESOLUTION OF PROBLEMS WHICH MAY HAVE ARISEN. THE INTENT OF THE AGREEMENT IS NOT TO DIMINISH THE CAPACITY OF ANY NATION TO SET APPROPRIATE STANDARDS FOR THE PROTECTION OF HEALTH AND OTHER PERFECTLY LEGITIMATE PURPOSES, BUT RATHER TO TRY TO ENSURE THAT SUCH MEASURES DO NOT GO BEYOND THESE OBJECTIVES, AND BECOME UNWARRANTED RESTRICTIONS ON TRADE.

ANOTHER OF THE NON-TARIFF AGREEMENTS IS ON IMPORT LICENSING PROCEDURES. THIS AGREEMENT IS DESIGNED TO ENSURE THAT THE ADMINISTRATION OF IMPORT LICENSING IS "TRANSPARENT" AND DOES NOT OF ITSELF CREATE FURTHER OBSTACLES TO TRADE. THE

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AGREEMENT DOES NOT DEAL WITH THE RIGHTS OF GOVERNMENTS TO IMPOSE IMPORT RESTRICTIONS WHERE THIS IS PERMITTED UNDER GATT; IT WILL, HOWEVER, OBLIGE SIGNATORIES TO ADMINISTER SUCH SYSTEMS SO AS TO AVOID THE ADDITIONAL OBSTACLES TO TRADE WHICH CAN SO EASILY ARISE AS A RESULT OF CUMBERSOME, COMPLEX, TIME CONSUMING AND ARBITRARY PRACTICES FREQUENTLY INVOLVED IN THE OBTAINING AND USE OF IMPORT LICENSES IN A NUMBER OF MARKETS. AND WITHIN THE FRAMEWORK OF THIS AGREEMENT, GOVERNMENTS WILL BE IN A MUCH BETTER POSITION TO COME TO THE AID OF THEIR EXPORTERS WHEN PROBLEMS ARISE IN THIS AREA.

THERE WILL BE OTHER BENEFITS ARISING OUT OF THE MTN EXTENSIONS OF THE RULE OF LAW IN INTERNATIONAL TRADE. ALL OF THESE, TAKEN TOGETHER WITH THE TARIFF AND RELATED CONCESSIONS WE WERE ABLE TO NEGOTIATE WILL BE OF BOTH IMMEDIATE AND FUTURE VALUE TO THE FISHING INDUSTRY IN ALL PARTS OF CANADA.

BUT I WOULD BE THE LAST TO CLAIM THAT THROUGH THE MTN WE HAVE SOLVED ALL THE PROBLEMS OF ACCESS TO FOREIGN MARKETS. INDEED, AS I HAVE INDICATED, WHAT WAS AVAILABLE PROVED TO BE SHORT OF WHAT WE WOULD HAVE WISHED, AND SOME OUTSTANDING OBJECTIVES REMAIN ON THE COMMERCIAL POLICY SIDE WHICH WILL HAVE TO BE PURSUED BY OTHER MEANS IN THE YEARS AHEAD.

MOREOVER IT MUST BE RECOGNIZED THAT THE INDUSTRY AND GOVERNMENTS ARE CONTINUING TO WRESTLE WITH A NUMBER OF DIFFICULT PROBLEMS ABOUT HOW WE ARE TO DEVELOP AND EXPLOIT OUR FISHERIES

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ON A SUSTAINED YIELD BASIS. THE RESOLUTION OF SOME OF THESE ISSUES MAY PROVE TO BE EVEN MORE IMPORTANT THAN THE TERMS UNDER WHICH OUR EXPORT TRADE WILL MOVE IN THE FUTURE. BUT RESOLVE THESE PROBLEMS WE MUST AND WILL. WITH GOOD HUSBANDRY THE FISH WILL BE THERE AND IN INCREASING QUANTITIES. I BELIEVE THE DEMAND WILL BE THERE TO MATCH THE EFFORT NEEDED TO IMPROVE OUR HARVESTING, PROCESSING AND MARKETING. WHILE THERE WILL BE NOTHING AUTOMATIC ABOUT OUR SUCCESS - THERE ARE OTHER FISHING GROUNDS, OTHER FISHERMEN AND OTHER PROCESSING ALTERNATIVES - ON BALANCE IT SEEMS TO ME SELF-EVIDENT THAT WITH A LITTLE BIT OF WISDOM, A LITTLE BIT OF WILLINGNESS TO SORT OUT CONFLICTING INTERESTS WITHIN THE FISHERIES AND WITH AN EYE TO WHAT'S AHEAD, RATHER THAN THE PRESENT OR PAST, WE HAVE A GREAT FUTURE IN SIGHT. LET'S MAKE SURE WE DON'T MISS OUR OPPORTUNITIES, INCLUDING THOSE IN THE DOMESTIC MARKET. I WISH THE FISHERMEN FAIR WIND AND FULL NETS. I LOOK TO THE INDUSTRY, OVER TIME, TO UPGRADE PRODUCT AS WELL AS SERVE NEW AND OLD MARKETS WITH TRADITIONAL SUPPLIES. AND FINALLY, I TRUST THAT YOUR SUCCESS IN FOREIGN MARKETS WILL NEVER BE SUCH THAT I CANNOT COUNT ON A SUNDAY MORNING YARMOUTH KIPPER FOR MY BREAKFAST TABLE, OR A FRESH RUN SALMON TO MY SPORTSMAN'S FLY!

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Government of Canada / Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

News Release Communiqué

Subject/Sujet: Notes for an address by Ambassador J.H. Warren to the COSTPRO's Executive Symposium, Ottawa, May 14, 1979

For release/Pour publication: 1100 hrs (EDT) May 14, 1979

Notes for an address by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, to the Executive Symposium, "DIALOGUE 79", of the Canadian Organization for the Simplification of Trade Procedures (COSTPRO) Ottawa, May 14, 1979.

TO BE CHECKED AGAINST DELIVERY

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à l'adresse ci-haut mentionnée,
Ottawa, Canada K1A 0H5

MR. CHAIRMAN:

SINCE RECEIVING BOB MILNE'S INVITATION, I HAVE BEEN LOOKING FORWARD TO PARTICIPATING IN THIS SYMPOSIUM, NOT ONLY BECAUSE OF THE IMPORTANCE OF THE THEME - CANADA CAN COMPETE - BUT ALSO TO DISCUSS WITH YOU THE RESULTS OF THE MULTILATERAL TRADE NEGOTIATIONS AND THEIR IMPLICATIONS FOR CANADA'S COMPETITIVE POSITION IN WORLD TRADE.

CANADA'S COMPETITIVENESS AND THE CAPABILITY OF CANADIAN INDUSTRY TO ADAPT POSITIVELY TO NEW CHALLENGES AND OPPORTUNITIES ARE CENTRAL ISSUES OF OUR TIMES. THAT IN MANY AREAS CANADA HAS HAD A GOOD COMPETITIVE RECORD IS A FACT TO WHICH I CAN ATTEST FROM MANY YEARS OF EXPERIENCE IN THE BUSINESS OF TRADE. IN THE YEARS AHEAD WE MUST NOT ONLY MAINTAIN OR REGAIN OUR MARGIN OF COMPETITIVENESS, BUT SEE TO IT THAT THE CAPACITY TO MEET FOREIGN COMPETITION HERE AND TAKE ADVANTAGE OF EXPORT OPPORTUNITY IN OUTSIDE MARKETS COVERS A BROADER AND BROADER SPECTRUM OF OUR TOTAL PRODUCTION.

SINCE I TOOK ON THE ROLE AS COORDINATOR OF THE MULTILATERAL TRADE NEGOTIATIONS ALMOST TWO YEARS AGO I HAVE SENSED AND BEEN ENCOURAGED BY THE GROWING RECOGNITION IN BOTH GOVERNMENT AND THE PRIVATE SECTOR, OF THE NEED TO MAKE THIS HAPPEN. AND, OF COURSE, THIS IS NOT ONLY A QUESTION OF IMPROVING OUR EFFICIENCY AND PRODUCTIVITY AS SUCH, BUT ALSO OF DEALING WITH THE CONSTRAINTS,

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WHETHER AT HOME OR INTERNATIONALLY, WHICH AFFECT THE CAPACITY OF CANADIAN PRODUCERS AND INDUSTRY TO EXPLOIT THEIR OPPORTUNITIES AND CAPABILITIES.

AS WE ALL KNOW, THERE ARE A MULTITUDE OF FACTORS WHICH, TO A GREATER OR LESSER DEGREE, HAVE A BEARING ON THE COMPETITIVENESS OF CANADIAN FIRMS AND INDUSTRIES VIS-A-VIS FOREIGN PRODUCERS. THESE RANGE FROM BASIC INPUT COSTS SUCH AS LABOUR, ENERGY, AND OVERHEAD AND ADMINISTRATIVE COSTS, TO THE EXPENSES ASSOCIATED WITH RESEARCH AND DEVELOPMENT, TRANSPORTATION, PROMOTION, MARKETING EFFORTS AND THEIR FOLLOW-UP. AND THEN, OF COURSE, THERE IS THE QUESTION OF EXCHANGE RATE RELATIONSHIPS, THE RELATIVE COSTS OF RAISING CAPITAL AND EXPORT FINANCING, AND THE MATTER OF BARRIERS IMPEDING OR PREVENTING ACCESS TO FOREIGN MARKETS. IT IS NOT MY INTENTION TO DISCUSS ALL OF THESE ELEMENTS; INDEED FOR MANY OF THEM MY PANEL COLLEAGUES ARE IN A MUCH BETTER POSITION TO COMMENT THAN AM I. I BELIEVE IT WOULD BE MORE USEFUL IF I ADDRESSED PARTICULARLY THE RESULTS OF THE MULTILATERAL TRADE NEGOTIATIONS AND THEIR ROLE AND SIGNIFICANCE IN ENHANCING THE COMPETITIVENESS OF CANADIAN INDUSTRY.

BUT FIRST, MAY I SAY A WORD ABOUT YOUR OWN ACTIVITIES. IN PARTICULAR I WOULD LIKE TO MENTION THE VALUABLE CONTRIBUTION WHICH COSTPRO CAN AND IS MAKING, NOT ONLY IN EXPEDITING AND FACILITATING TRADE BY ENCOURAGING THE HARMONIZATION AND SIMPLIFICATION OF DOCUMENTATION REQUIREMENTS AND PROCEDURES, BUT

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ALSO, OVER TIME, IN REDUCING THE COSTS FLOWING FROM THESE REQUIREMENTS.

I HAVE OFTEN FELT THAT WE ALLOW OUR ATTENTION TO BE TOO EASILY CAPTURED BY THE MORE OBVIOUS AND PERHAPS MORE DRAMATIC FACTORS AFFECTING COMPETITIVENESS IN INTERNATIONAL TRADE. IN DOING SO, WE CAN LOSE SIGHT OF THE SIGNIFICANT BENEFITS WHICH CAN ACCRUE FROM CONTINUING EFFORTS TO ALLEVIATE THE BURDENS ASSOCIATED WITH THE PROCESSING OF TRADE TRANSACTIONS. AS MANY OF YOU ARE AWARE, THE MINISTER OF NATIONAL REVENUE, IN RESPONSE TO INDUSTRY REQUESTS, HAS TAKEN A NUMBER OF STEPS TO REDUCE THE PAPER WORK ASSOCIATED WITH IMPORT TRADE. FOR EXAMPLE, THE NEW CUSTOMS INVOICE WHICH WAS INTRODUCED LAST YEAR AND THE USE OF WHICH BECOMES MANDATORY ON JULY 1 OF THIS YEAR, REPLACES SEVEN DIFFERENT TYPES OF INVOICES WHICH ARE CURRENTLY REQUIRED. THE ELIMINATION ON JULY 1 OF THE REQUIREMENTS FOR B-3 CUSTOMS ENTRY FORMS, FORMAL CUSTOMS INVOICES AND COMMODITY CODING FROM IMPORT SHIPMENTS VALUED AT $500 OR LESS ARE ALSO STEPS IN THE RIGHT DIRECTION. SIMILARLY ON THE EXPORT SIDE, THE REMOVAL OF THE REQUIREMENT TO SUBMIT A B-13 EXPORT DECLARATION FORM FOR TRANSACTIONS OF COMPARABLE VALUE WILL REPRESENT PROGRESS. THE FACT THAT MOST EXPORTERS WILL SOON BE ABLE TO TAKE ADVANTAGE OF SUMMARY REPORTING INSTEAD OF THE CURRENT REQUIREMENT TO SUBMIT EXPORT DECLARATIONS FOR INDIVIDUAL SHIPMENTS VALUED AT MORE THAN $500, IS ALSO AN INNOVATIVE AND CONSTRUCTIVE MOVE.

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OTHER COUNTRIES HAVE ALSO BEEN ACTIVE IN THIS AREA. LAST OCTOBER, FOR EXAMPLE, THE UNITED STATES ENACTED THE "CUSTOMS PROCEDURAL REFORM AND SIMPLIFICATION ACT" - THE FIRST SUBSTANTIVE REVISION OF ITS CUSTOMS RULES AND PROCEDURES IN TWENTY YEARS. AMONG THE CHANGES PROVIDED FOR UNDER THIS LEGISLATION WAS THE INTRODUCTION OF NEW CUSTOMS ENTRY PROCEDURES, NOTABLY THE "AUTOMATED MERCHANDISE PROCESSING SYSTEM", AS WELL AS A NUMBER OF OTHER MODIFICATIONS DESIGNED TO MAKE THE REQUIREMENTS AND PROCEDURES EASIER AND MORE FLEXIBLE.

ALL THIS IS HELPFUL, BUT, I THINK IT GOES WITHOUT SAYING THAT MUCH MORE CAN AND SHOULD BE DONE. IN THIS REGARD CONTINUING LIAISON BETWEEN COSTPRO AND ITS COUNTERPARTS IN THE U.S.A. AND OTHER COUNTRIES WILL BE BOTH IMPORTANT AND NECESSARY TO THE ACHIEVEMENT OF FURTHER PROGRESS.

AS YOU ARE AWARE, THE MULTILATERAL TRADE NEGOTIATIONS WERE SUBSTANTIALLY CONCLUDED IN GENEVA ON APRIL 12. WITH ABOUT 100 COUNTRIES TAKING PART AND GIVEN THE LESS THAN FAVOURABLE ECONOMIC BACKGROUND AGAINST WHICH THE NEGOTIATIONS TOOK PLACE, BRINGING THEM TO A SUBSTANTIVE CONCLUSION WAS, OF ITSELF, NO MEAN FEAT. THE QUALITY OF THIS ACCOMPLISHMENT IS UNDERSCORED BY THE FACT THAT THE NEGOTIATIONS WERE CONCERNED WITH NOT ONLY THE REDUCTION OF TARIFFS ON A RECIPROCAL AND MUTUALLY ADVANTAGEOUS BASIS; THEY INVOLVED ALSO A CONCERTED EFFORT TO ADDRESS MAJOR

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NON-TARIFF TRADE BARRIERS AND THEY SOUGHT THE CLARIFICATION, MODIFICATION OR STRENTHENING OF A NUMBER OF THE FUNDAMENTAL RULES OF THE GATT. IN TERMS OF THE SCOPE AND COMPLEXITY OF THE ISSUES AND INTERESTS INVOLVED, THE MTN HAS BEEN THE MOST COMPREHENSIVE AND AMBITIOUS NEGOTIATION UNDERTAKEN SINCE THE GATT WAS ESTABLISHED SOME 30 YEARS AGO.

THE HEADS OF THE NEGOTIATING TEAMS OF THE MAJOR PARTICIPANTS IN GENEVA, INCLUDING AMBASSADOR GREY FOR CANADA, HAVE SIGNED A PROCES VERBAL COVERING A NUMBER OF AGREEMENTS ON NON-TARIFF AND TARIFF MATTERS AND, A SPECIAL AGREEMENT RELATING TO TRADE IN CIVIL AIRCRAFT AND AIRCRAFT PARTS. THE TEXTS OF THESE VARIOUS AGREEMENTS HAVE BEEN AUTHENTICATED AND ARE BEING SUBMITTED TO GOVERNMENTS FOR THEIR CONSIDERATION WITH A VIEW TO FORMAL ACCEPTANCE. IT IS NOW EXPECTED THAT THE U.S.A. ADMINISTRATION WILL SUBMIT THEIR PROPOSED LEGISLATION TO IMPLEMENT THE NON-TARIFF AGREEMENTS TO CONGRESS IN JUNE. UNDER THE PROCEDURES OF THE U.S.A. TRADE ACT, CONGRESS WILL CONSIDER THE LEGISLATION ON A "NO AMENDMENT" BASIS. AFTER CONGRESS HAS ACTED TO MAKE U.S. LAW CONSISTENT WITH THE AGREEMENTS REACHED, GOVERNMENTS MAY BE EXPECTED TO TAKE THE NECESSARY STEPS, PROBABLY IN THE EARLY FALL, TO SIGNIFY FORMALLY THEIR ACCEPTANCE AND INTENTION TO IMPLEMENT THE AGREEMENTS.

WHILE, AS I HAVE INDICATED, WE HAVE REACHED AGREEMENT WITH OUR MAJOR TRADING PARTNERS, A REVIEW AND RECTIFICATION

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PROCESS IS NOW UNDERWAY AS A RESULT OF WHICH A NUMBER OF MINOR CHANGES ARE LIKELY TO BE MADE AS THE TARIFF SCHEDULES ARE CHECKED ON A LINE-BY-LINE BASIS. OTHER CHANGES MAY ALSO BE MADE AS OUR NEGOTIATIONS WITH CERTAIN OTHER COUNTRIES ARE CONCLUDED. AS THESE CONSIDERATIONS APPLY TO ALL OF THE MAIN PARTICIPANTS, IT HAS BEEN AGREED THAT THE RESULTS OF THE DETAILED TARIFF NEGOTIATIONS SHOULD NOT BE MADE PUBLIC FOR THE TIME BEING. THEY SHOULD, HOWEVER, BE AVAILABLE BEFORE THE END OF JUNE.

FROM CANADA'S PERSPECTIVE, THE NEGOTIATIONS HAVE BEEN SUCCESSFUL IN PRODUCING A SIGNIFICANT STEP FORWARD IN DEALING WITH TARIFF AND NON-TARIFF BARRIERS. NEW, EXPANDED AND MORE CERTAIN EXPORT OPPORTUNITIES WILL BE OPENED UP WHICH WILL BENEFIT ALL REGIONS OF THE COUNTRY AND ALL SECTORS OF THE ECONOMY. LET ME PROVIDE A BROAD INDICATION OF WHAT HAS BEEN ACHIEVED.

THE TARIFFS OF INDUSTRIALIZED COUNTRIES WILL BE REDUCED, IN OVERALL TERMS, BY ABOUT ONE-THIRD, AN OUTCOME SIMILAR TO THAT RESULTING FROM THE KENNEDY ROUND. FROM CANADA'S POINT OF VIEW, OUR MAJOR TRADING PARTNERS HAVE MADE IMPORTANT CONCESSIONS ON INDUSTRIAL TARIFFS. TAKEN TOGETHER, THE TARIFFS FACING OUR INDUSTRIAL EXPORTS TO THE U.S.A., THE EUROPEAN COMMUNITY AND JAPAN, WILL BE LOWERED, ON AVERAGE, BY CLOSE TO 40%.

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It has been generally agreed that the reductions in tariffs will be implemented gradually over an extended period. Although the details of the phasing of tariff cuts have not yet been completely worked out, it appears to be reasonably certain that, apart from the special phasing arrangements which will be made in certain product areas, the reductions will be gradually implemented in eight equal annual steps, starting on January 1, 1980.

Once the tariff reductions are fully implemented, the average rate of duty on manufactured goods entering the U.S.A. will be in the order of 4 - 5%, although some products, such as certain chemicals, textiles and footwear items, will continue to face fairly high tariffs. For the most part, materials will be duty-free or subject only to tariffs at very low levels. It is worth noting that more than 90% of Canada's current exports will enter the U.S.A. market at tariffs of 5% or less and close to 80% will be duty-free taking account of our trade under the Automotive Agreement. As regards the European Community and Japan, full implementation of the tariff reductions which they have agreed to undertake, will mean that their average tariffs on manufactured goods will be in the order of 5 to 7%. In addition, materials, with a few exceptions, will enter these markets either free of duty or at very low rates.

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THE UNDERSTANDING REACHED BETWEEN CANADA AND CERTAIN OTHER COUNTRIES ON TARIFFS AND NON-TARIFF MEASURES AFFECTING TRADE IN CIVIL AIRCRAFT, ENGINES, COMPONENT PARTS, AIRBORNE AVIONICS AND CERTAIN RELATED EQUIPMENT IS OF PARTICULAR INTEREST AND VALUE TO CANADA. THIS AGREEMENT CALLS FOR THE COMPLETE ELIMINATION OF TARIFFS BETWEEN PARTICIPATING INDUSTRIAL COUNTRIES EFFECTIVE NEXT JANUARY 1. THE POTENTIAL BENEFITS WILL BE OBVIOUS WHEN ONE RECALLS THAT MANY CANADIAN COMPANIES ARE ALREADY INTERNATIONALLY COMPETITIVE IN NUMEROUS AREAS OF HIGH TECHNOLOGY AIRCRAFT-RELATED PRODUCTION AND THAT CANADA'S PROTECTIVE TARIFFS FOR MOST PRODUCTS IN THIS SECTOR HAVE BEEN SUSPENDED FOR MANY YEARS.

AS PART OF THE MTN RESULT, CANADA'S TARIFFS WILL BE REDUCED FOR A WIDE RANGE OF PRODUCTS. THE AVERAGE REDUCTION IN OUR TARIFFS ON INDUSTRIAL PRODUCTS WILL BE COMPARABLE TO THE REDUCTIONS IN THE DUTIES FACING OUR EXPORTS. WHEN THE CUTS ARE FULLY IMPLEMENTED, THE AVERAGE TARIFF ON DUTIABLE INDUSTRIAL IMPORTS INTO CANADA WILL BE APPORXIMATELY 9%, COMPARED WITH ABOUT 15% AT THE PRESENT TIME. HIGHER, THOUGH REDUCED, TARIFFS WILL, HOWEVER, CONTINUE TO APPLY FOR A CERTAIN NUMBER OF PRODUCTS. THESE REDUCTIONS WILL INFLUENCE CONSUMER PRICES AND REDUCE INPUT COSTS, FOR EXAMPLE, FOR COMPONENTS AND MACHINERY, FACING CANADIAN INDUSTRIES. IT SHOULD BE NOTED, HOWEVER, THAT CANADA, IN LINE WITH MOST OF THE OTHER MAJOR PARTICIPANTS, WILL MAKE

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NO REDUCTIONS, OR ONLY COMPARATIVELY SMALL ONES, IN THE TARIFFS ON SUCH ITEMS AS TEXTILES, CLOTHING, FOOTWEAR AND SHIPS.

IN THE AREA OF NON-TARIFF MEASURES, AGREEMENTS HAVE BEEN REACHED ON SUBSIDIES AND COUNTERVAILING DUTIES, GOVERNMENT PROCUREMENT, TECHNICAL BARRIERS TO TRADE, CUSTOMS VALUATION, AND IMPORT LICENSING, AND ON REVISIONS TO THE CODE ON ANTI-DUMPING DUTIES. UNDERSTANDINGS HAVE ALSO BEEN REACHED REGARDING THE APPLICATION OF CERTAIN GENERAL GATT RULES, NOTABLY ON CONSULTATION, SURVEILLANCE AND DISPUTE SETTLEMENT PROCEDURES. THE BASIS FOR SPECIAL TREATMENT FOR DEVELOPING COUNTRIES HAS ALSO BEEN MADE FIRMER IN THE GATT.

IN ADDITION, PROGRESS HAS BEEN ACHIEVED IN DEVELOPING AN AGREEMENT RELATING TO THE IMPOSITION OF SAFEGUARD MEASURES, I.E. EMERGENCY ACTION AGAINST INJURIOUS IMPORTS. WHILE IT HAS NOT AS YET BEEN POSSIBLE TO RESOLVE ALL OF THE OUTSTANDING QUESTIONS ON "SAFEGUARDS", IT IS HOPED THAT THESE CAN BE SORTED OUT BY MID-JULY. A KEY ISSUE HERE IS WHETHER OR NOT IN FUTURE A COUNTRY WOULD BE PERMITTED TO IMPOSE EMERGENCY IMPORT RESTRICTIONS SELECTIVELY AGAINST ONLY A FEW CLEARLY DISRUPTIVE SOURCES RATHER THAN AGAINST ALL SOURCES OF SUCH IMPORTS AS IS NOW THE CASE. THIS RIGHT IS PARTICULARLY SOUGHT BY THE EUROPEAN COMMUNITY AND IS BEING OPPOSED BY A NUMBER OF COUNTRIES, INCLUDING SOME DEVELOPING COUNTRIES WHO FEAR THAT THE POTENTIAL

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DISCRIMINATORY RESTRICTIONS WOULD BE AIMED AT THEM.

THE AGREEMENTS WHICH HAVE BEEN REACHED IN THE AREA OF NON-TARIFF BARRIERS WILL BE OF VARYING IMPORTANCE DEPENDING ON THE INTERESTS WHICH PRODUCERS AND TRADERS HAVE AT STAKE. IN GENERAL, HOWEVER, THEIR APPLICATION SHOULD REDUCE THE DISTORTING EFFECTS OF NON-TARIFF MEASURES IN INTERNATIONAL TRADE AND BRING GREATER CERTAINTY REGARDING ACCESS TO FOREIGN MARKETS. FURTHER, THEY WILL EXPAND THE 'RULE OF LAW' IN INTERNATIONAL TRADE TO A BROADER AREA OF COMMERCE, IN PARTICULAR, IN TERMS OF STRENGTHENED INTERNATIONAL SURVEILLANCE AND DISPUTE SETTLEMENT MECHANISMS. WHILE THE PROBLEM OF NON-TARIFF MEASURES WILL NOT DISAPPEAR, A SERIOUS START HAS BEEN MADE AND I BELIEVE THAT THESE AGREEMENTS WILL HAVE THE HEALTHY FALL-OUT OF MAKING ALL COUNTRIES MORE CAUTIOUS ABOUT TRYING TO INHIBIT LEGITIMATE ENTRY INTO THEIR MARKETS BY NEW AS WELL AS OLD NON-TARIFF TECHNIQUES.

I DO NOT PROPOSE TO TRY TO SUMMARIZE EACH OF THE NEW AGREEMENTS. HOWEVER, YOU MAY BE INTERESTED IN SOME BRIEF COMMENTS ABOUT THE AGREEMENTS ON CUSTOMS VALUATION AND IMPORT LICENSING, WHICH ARE OF DIRECT RELEVANCE TO YOUR WORK.

THE AGREEMENT ON VALUATION SETS OUT UNIFORM RULES TO BE APPLIED BY GOVERNMENTS IN DETERMINING THE VALUE OF IMPORTED GOODS FOR CUSTOMS PURPOSES. THE AGREEMENT IS IMPORTANT FROM OUR POINT OF VIEW AS CANADIAN EXPORTERS WOULD BENEFIT FROM

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THE ELIMINATION OF CERTAIN U.S.A. PRACTICES SUCH AS "FINAL LIST" AND A MORE FAVOURABLE TREATMENT OF "ASSISTS". MORE GENERALLY ADVANTAGES WILL FLOW FROM THE REDUCTION OF THE SCOPE FOR ARBITRARY ACTION AND GREATER CERTAINTY ON VALUATION RULINGS IN FOREIGN MARKETS WHICH WOULD RESULT. THE MOST SIGNIFICANT FEATURE OF THE AGREEMENT IS THAT SIGNATORIES WILL BE REQUIRED TO USE THE PRICE AT WHICH GOODS MOVE IN INTERNATIONAL TRADE, I.E. THE TRANSACTION PRICE, OR ITS EQUIVALENT AS THE VALUE FOR DUTY. AS THIS AGREEMENT WILL REQUIRE CANADA TO MAKE FUNDAMENTAL CHANGES TO OUR CUSTOMS LEGISLATION AND ADMINISTRATIVE PRACTICES, OUR WILLINGNESS TO BRING THE CURRENT CANADIAN VALUATION SYSTEM INTO CONFORMITY WITH IT HAS BEEN MADE CONDITIONAL ON IT BEING UNDERSTOOD BY OUR MAIN TRADING PARTNERS THAT WE WOULD BE ABLE TO TAKE MEASURES TO OFFSET ANY SIGNIFICANT LOSS OF PROTECTION WHICH MIGHT RESULT AND THAT WE WOULD HAVE FOUR YEARS TO EFFECT THE CHANGE-OVER TO THE NEW SYSTEM.

ON IMPORT LICENSING, ALL COUNTRIES, AS YOU KNOW, EMPLOY SYSTEMS UNDER WHICH, FOR CERTAIN TRANSACTIONS, PERMITS MUST BE OBTAINED AS A CONDITION OF CUSTOMS ENTRY. TRADE BARRIERS OFTEN ARISE FROM THE ADMINISTRATION OF THESE REQUIREMENTS AS A RESULT OF LACK OF INFORMATION ON THE REQUIREMENTS THEMSELVES, THE NECESSITY TO FOLLOW COMPLICATED AND OFTEN EXPENSIVE PROCEDURES TO OBTAIN LICENSES, AND UNDUE DELAYS IN THE PROCESSING AND ISSUING OF SUCH LICENSES. THE PRIMARY OBJECTIVE OF THE

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AGREEMENT ON IMPORT LICENSING IS TO REDUCE SUCH UNNECESSARY TRADE BARRIERS.

WHILE THIS AGREEMENT WILL NOT AFFECT RIGHTS OR OBLIGATIONS OF SIGNATORIES WITH RESPECT TO THE USE OF IMPORT CONTROL MEASURES WHICH ARE CONSISTENT WITH EXISTING INTERNATIONAL AGREEMENTS, PARTICIPANTS WILL BE OBLIGED TO PUBLISH LICENSING REQUIREMENTS INCLUDING PROCEDURES FOR FILING APPLICATIONS WHERE THEY EXIST; TO SIMPLIFY PROCEDURES BY ELIMINATING UNNECESSARY DOCUMENTATION REQUIREMENTS; TO DEAL WITH APPLICATIONS WITHIN A REASONABLE TIME AND TO ENSURE THAT APPLICANTS NORMALLY WOULD NEED TO APPROACH ONLY ONE ADMINISTRATIVE AUTHORITY. THE SIMPLIFICATION AND HARMONIZATION OF PROCEDURES SHOULD RESULT IN MORE CERTAIN, TRANSPARENT AND FAIR ADMINISTRATION OF LICENSING SYSTEMS.

IN THE CONTEXT OF THE THEME OF THIS SYMPOSIUM, MR. CHAIRMAN, THE RESULTS OF THE TRADE NEGOTIATIONS ARE CLEARLY INTERTWINED WITH AND WILL HAVE MAJOR IMPLICATIONS FOR THE COMPETITIVENESS OF CANADIAN INDUSTRY. IN THIS CONNECTION, IT SHOULD BE BORNE IN MIND THAT THE MTN RESULTS ARE NOT SHORT-TERM PHENOMENA. RATHER, THEY REPRESENT CHANGES IN THE TRADING FRAMEWORK WHICH WILL HAVE LONG-TERM RAMIFICATIONS FOR THE PERFORMANCE OF CANADA'S INDUSTRIAL, AGRICULTURAL AND FISHERIES SECTORS IN MEETING COMPETITION IN BOTH DOMESTIC AND FOREIGN MARKETS. THE

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TARIFF REDUCTIONS WILL, IN ADDITION TO PROVIDING EXPANDED OUTLETS FOR A WIDE RANGE OF OUR INDUSTRIAL AND MANUFACTURED GOODS, AND MANY OF OUR AGRICULTURAL AND FISHERIES PRODUCTS, MAKE AN IMPORTANT CONTRIBUTION TO THE DEVELOPMENT OF A MORE EFFICIENT AND SPECIALIZED INDUSTRIAL STRUCTURE AND THE ENCOURAGEMENT OF LARGER PRODUCTION RUNS. FORWARD-LOOKING ADAPTATION AND ADJUSTMENT TO THE CHANGED CIRCUMSTANCES WILL, OF COURSE, BE REQUIRED TO TAKE ADVANTAGE OF THE NEW OPPORTUNITIES AND IN SOME CASES TO MOVE INTO NEW PRODUCT LINES. IN TURN, THIS SHOULD LEAD TO A REAL IMPROVEMENT IN THE PERFORMANCE OF MANY OF CANADA'S INDUSTRIES AND AN ENHANCED CAPACITY FOR WEALTH CREATION THROUGHOUT THE ECONOMY, TOGETHER WITH THE DEVELOPMENT OF A MORE VIABLE AND SUSTAINABLE BASE FOR THE EMPLOYMENT OF CANADAIANS.

AT THE SAME TIME, THE AGREEMENTS OR CODES ON NON-TARIFF BARRIERS, TOGETHER WITH THE UP-DATING OF A NUMBER OF THE BASIC RULES OF THE GATT, SHOULD IMPROVE AND STRENGTHEN THE FRAMEWORK OF INTERNATIONAL TRADE. IN TURN, THIS WILL PROVIDE A GREATER CLARITY AND CERTAINTY AND, BY DOING SO, PROVIDE A MORE POSITIVE AND CONDUCIVE ENVIRONMENT FOR THE EXPANSION OF OUR EXPORTS.

WHEN CANADIAN LAW HAS BEEN AMENDED TO TAKE ADVANTAGE OF AND CONFORM WITH THE NEW AGREEMENTS ON SUBSIDIES AND

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COUNTERVAILING DUTIES, ANTI-DUMPING DUTIES AND THE AGREEMENTS ON "SAFEGUARDS", WHICH IT IS HOPED WILL BE REACHED, OUR PRODUCERS SHOULD ALSO ENJOY BETTER, MORE EFFECTIVE AND SPEEDIER PROTECTION AGAINST UNFAIR AND INJURIOUS IMPORT COMPETITION.

GENERALLY THE VALUE OF WHAT HAS BEEN AGREED IN GENEVA WILL HAVE TO BE TESTED OUT IN THE LIGHT OF ACTUAL EXPERIENCE. IT WILL BE ONLY THEN THAT FINAL JUDGMENTS CAN BE MADE. AND MUCH WILL DEPEND ON THE EXTENT TO WHICH GOVERNMENTS PROVE READY IN PRACTICE TO WORK WITHIN AND TAKE ADVANTAGE OF THE NEW TRADING FRAMEWORK. BUT THE PROOF OF THE PUDDING, SO FAR AS CANADA IS CONCERNED, WILL EVEN MORE IMPORTANTLY DEPEND ON THE EXTENT TO WHICH WE ARE ABLE TO PRODUCE THE GOODS FOR WHICH THERE IS DEMAND AND AT PRICES WHICH WILL PERMIT THEM TO SELL HERE AND IN THE MARKET PLACES OF THE WORLD. IN MY VIEW THE QUESTION IS NOT SO MUCH WHETHER "CANADA CAN COMPETE" AS OF MAKING SURE THAT WE DO!

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News Release | Communiqué

Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet Notes for an address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the International Institute of Synthetic Rubber Producers, Vancouver

For release/Pour publication
1300 hrs. (PDT)
May 25, 1979

Attached are the notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations at the Annual Meeting of the International Institute of Synthetic Rubber Producers, Vancouver, May 25, 1979.

TO BE CHECKED AGAINST DELIVERY

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PRODUCERS SHOULD ALSO ENJOY BETTER, MORE EFFECTIVE AND SPEEDIER PROTECTION AGAINST UNFAIR AND INJURIOUS IMPORT COMPETITION.

GENERALLY THE VALUE OF WHAT HAS BEEN AGREED IN GENEVA WILL HAVE TO BE TESTED OUT IN THE LIGHT OF ACTUAL EXPERIENCE. IT WILL BE ONLY THEN THAT FINAL JUDGMENTS CAN BE MADE. AND MUCH WILL DEPEND ON THE EXTENT TO WHICH GOVERNMENTS PROVE READY IN PRACTICE TO [illegible] ADVANTAGE OF THE NEW TRADING FRAMEWORK. [illegible] SO FAR AS CANADA IS [illegible] DEPEND ON THE EXTENT TO [illegible] GOODS FOR WHICH THERE [illegible] PERMIT THEM TO [illegible]. IN MY VIEW THE OCCASION IS NOT SO MUCH WHETHER "CANADA CAN COMPETE" AS [illegible]

Attached are the notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations at the Annual Meeting of the International Institute of Synthetic Rubber Producers, Vancouver, May 25, 1979.

NOTES FOR AN ADDRESS BY AMBASSADOR J. H. WARREN
CANADIAN COORDINATOR FOR THE MTN
TO
THE INTERNATIONAL INSTITUTE OF SYNTHETIC RUBBER PRODUCERS
VANCOUVER, MAY 25, 1979

WHEN I WAS APPROACHED ALMOST A YEAR AGO BY RALPH ROWZEE OF POLYSAR AND MILT RHOAD OF THE INSTITUTE TO ADDRESS YOUR 20TH ANNUAL MEETING ON THE SUBJECT OF THE OUTCOME OF THE MULTILATERAL TRADE NEGOTIATIONS, THERE WAS NO WAY OF FORETELLING HOW TIMELY THAT TOPIC WOULD BE. INDEED, AT THE TIME OF OUR MID-SUMMER 1978 EXCHANGE OF CORRESPONDENCE ALL INDICATIONS WERE THAT THE GENEVA NEGOTIATIONS AND MY JOB AS CANADIAN COORDINATOR FOR THEM WOULD HAVE BEEN OVER BEFORE ANOTHER SIX MONTHS HAD PASSED. AS THINGS TURNED OUT THE MAIN SUBSTANCE OF THE NEGOTIATIONS WAS NOT COMPLETED UNTIL LAST MONTH, THERE ARE STILL A NUMBER OF DETAILS TO BE WORKED OUT AND WHAT HAS BEEN ACCOMPLISHED IN THE MTN CONTINUES AS A MATTER OF CURRENT INTEREST. TODAY, BEFORE THIS IMPORTANT INTERNATIONAL AUDIENCE, I SHALL TRY THEN TO PROVIDE A PERSPECTIVE ON THE RESULTS OF THIS VERY COMPLEX SET OF NEGOTIATIONS. AND LATER ON, I WILL WISH TO FOCUS PARTICULARLY ON THE MTN OUTCOME AS IT RELATES TO THE INTERESTS OF PETROCHEMICAL PRODUCERS IN GENERAL AND SYNTHETIC RUBBER PRODUCERS IN PARTICULAR.

BUT BEFORE LAUNCHING INTO THAT TOPIC, MAY I TAKE A FEW MOMENTS TO TALK ABOUT POLYSAR LIMITED, WITHOUT WHOSE ACTIVE AND PROMINENT POSITION AS A WORLD-SCALE SYNTHETIC RUBBER PRODUCER THERE WOULD BE MUCH LESS DIRECT REASON FOR THE INSTITUTE TO HAVE

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NOTES FOR AN ADDRESS BY AMBASSADOR L. H. WARREN

CANADIAN COORDINATOR FOR THE MTN

TO

THE INTERNATIONAL INSTITUTE OF SYNTHETIC RUBBER PRODUCERS

VANCOUVER, MAY 25, 1979

CONTEMPLATED EITHER A VANCOUVER CONVENTION OR MY PARTICIPATION IN IT AT THIS TIME. MY OWN CONTACTS WITH POLYSAR REACH BACK OVER ALMOST ALL OF THE TWENTY YEARS IN WHICH THE INSTITUTE HAS BEEN HOLDING ANNUAL MEETINGS...BACK EVEN BEFORE MY DAYS AS DEPUTY MINISTER OF INDUSTRY, TRADE AND COMMERCE. OF COURSE, THE SHAPE AND NATURE OF THE FIRM HAS EVOLVED SINCE THEN BUT, OVER THE LENGTH OF MY ASSOCIATION WITH POLYSAR, I HAVE HAD THE OPPORTUNITY TO APPRECIATE WHY WE AS CANADIANS HAVE A CERTAIN SENSE OF PRIDE ABOUT THE INTERNATIONAL OUTLOOK OF THIS FIRM AND ABOUT ITS STATUS AS A WORLD PRODUCER OF SYNTHETIC RUBBER. QUITE APART FROM ITS CORPORATE BUSINESS PERFORMANCE, POLYSAR HAS MADE VALUABLE CONTRIBUTIONS, NOT ONLY THROUGH PARTICIPATION IN YOUR INSTITUTE'S ACTIVITIES AND IN THE WORK OF THE INTERNATIONAL RUBBER STUDY GROUP, BUT ALSO THROUGH SIGNIFICANT ADDITIONS TO THE STORE OF RESEARCH AND DEVELOPMENT INTO WORLD SYNTHETIC RUBBER TECHNOLOGY. AND FLOWING FROM THESE, POLYSAR HAS BEEN AT THE FOREFRONT OF EFFORTS TO IMPROVE CONDITIONS FOR THE PRODUCTION AND TRADE OF BOTH NATURAL AND SYNTHETIC RUBBER. IT HAS BEEN A SOURCE OF SATISFACTION FOR ME AND FOR OTHERS INVOLVED IN CANADIAN TRADE POLICY OVER THE YEARS TO SEE POLYSAR AND SYNTHETIC RUBBER PRODUCERS TAKING ADVANTAGE OF THE IMPROVED ACCESS TO WORLD MARKETS WHICH HAS BEEN WON IN EARLIER TRADE NEGOTIATIONS.

THE CURRENT ROUND OF NEGOTIATIONS BEGAN FORMALLY UNDER

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THE IMPETUS OF A MINISTERIAL MEETING IN TOKYO ALMOST SIX YEARS AGO. THAT MEETING ITSELF SPRANG IN PART FROM THE TRADE AND MONETARY TURMOIL OF THE U.S.A. ECONOMIC MEASURES (OR "NIXONOMICS") OF 1971. WE ALL REMEMBER THE 10 PERCENT IMPORT SURCHARGE, THE BREAKING OF THE LINK WITH GOLD, THE JOB DEVELOPMENT TAX CREDIT AND THE U.S.A. DISC SCHEME WHICH AT THAT TIME BECAME NEW ELEMENTS OF THE TRADE AND PAYMENTS FRAMEWORK.

GIVEN THE MAGNITUDE OF CHANGE THAT HAS OCCURRED SINCE THE SEPTEMBER 1973 INCEPTION OF THE MULTILATERAL TRADE NEGOTIATIONS (THE OIL EMBARGO AND THE COINCIDENT EMERGENCE OF OPEC BEING BUT ONE ALL TOO CLEAR EXAMPLE), IT HAS COME AS A SURPRISE TO MANY THAT ANY MEANINGFUL MTN RESULT HAS BEEN ATTAINED. TO A LARGE EXTENT, THE FACT OF A SUCCESSFUL OUTCOME IS ATTRIBUTABLE TO THE POLITICAL JUDGEMENT OF MAJOR GOVERNMENTS THAT, IN THE ABSENCE OF FURTHER MOVEMENT IN THE DIRECTION OF TRADE LIBERALIZATION, THERE WERE SERIOUS AND VERY REAL RISKS OF AN ALTERNATIVE SCENARIO INVOLVING A BACKSLIDING INTO THE PROTECTIONISM, SUSPICION AND MISTRUST THAT CHARACTERIZED THE 1930'S. THE POLITICAL WILL TO AVOID THIS MUTUTALLY DESTRUCTIVE SCENARIO, TO USE THE MTN TO HOLD PROTECTIONISM AT BAY AND TO ENSURE ITS SUCCESS AND TO SEE THAT THE PROCESS OF TRADE LIBERALIZATION WAS CARRIED FORWARD WAS, AS YOU WILL RECALL, REAFFIRMED BY HEADS OF GOVERNMENT AT EACH OF THE ECONOMIC SUMMITS OF THE PAST THREE YEARS.

WITH SOMETHING IN THE AREA OF 100 COUNTRIES TAKING

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PART AND GIVEN THE LESS THAN FAVOURABLE ECONOMIC BACKGROUND OF INFLATION, UNEMPLOYMENT AND BUSINESS UNCERTAINTY AGAINST WHICH THE NEGOTIATIONS TOOK PLACE, BRINGING THEM TO A SUBSTANTIVE CONCLUSION WAS, AS I HAVE SUGGESTED, NO MEAN FEAT OF ITSELF. THE QUALITY OF THIS ACCOMPLISHMENT IS UNDERSCORED BY THE FACT THAT THE NEGOTIATIONS ENVISAGED NOT SOLELY THE REDUCTION OF TARIFFS ON A RECIPROCAL AND MUTUALLY ADVANTAGEOUS BASIS; THEY INVOLVED ALSO A CONCERTED EFFORT TO ADDRESS MAJOR NON-TARIFF TRADE BARRIERS AND THEY SOUGHT THE CLARIFICATION, MODIFICATION OR STRENGTHENING OF A NUMBER OF THE FUNDAMENTAL RULES OF THE GATT. IN TERMS OF THE SCOPE AND COMPLEXITY OF THE ISSUES AND INTERESTS INVOLVED, THE MTN HAS BEEN THE MOST COMPREHENSIVE AND AMBITIOUS NEGOTIATION UNDERTAKEN SINCE THE GATT WAS ESTABLISHED SOME 30 YEARS AGO.

BUT THERE IS LITTLE QUESTION THAT THE OVERALL RESULT HAS BEEN WORTH THE EFFORT. WHILE THE BASIC RULES OF THE GATT, OF COURSE, REMAIN IN PLACE THE AGREED LEGAL STRUCTURE FOR WORLD TRADE HAS BEEN UPDATED AND FURTHER ARTICULATED IN A NUMBER OF IMPORTANT RESPECTS AND THE FRAMEWORK FOR TRADING SET FOR THE DECADE AHEAD AND PERHAPS BEYOND. ON THE SIDE OF TRADE LIBERALIZATION, A NUMBER OF IMPORTANT NEW AGREEMENTS OR CODES OF CONDUCT HAVE BEEN NEGOTIATED AND WORLD INDUSTRIAL TARIFFS HAVE BEEN REDUCED BY ABOUT A THIRD, ACCORDING TO THE CALCULATIONS OF THE GATT SECRETARIAT. THIS REPRESENTS TARIFF REDUCTIONS OF THE SAME

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ORDER AS NEGOTIATED IN THE KENNEDY ROUND, BUT INVOLVING FAR MORE COUNTRIES AND COMMENCING, AS YOU WILL APPRECIATE, FROM A MUCH LOWER LEVEL OF TARIFF PROTECTION. FOR THE MOST PART THE TARIFF REDUCTIONS WILL BE GRADUALLY PHASED IN OVER EIGHT ANNUAL STEPS COMMENCING NEXT JANUARY.

THE HEADS OF THE NEGOTIATING TEAMS OF THE MAJOR PARTICIPANTS IN GENEVA, INCLUDING AMBASSADOR GREY FOR CANADA, SIGNED A PROCES VERBAL ON APRIL 12 COVERING THE SUBSTANTIVE RESULTS ON NON-TARIFF AND TARIFF MATTERS AND A SPECIAL AGREEMENT RELATING TO TRADE IN CIVIL AIRCRAFT AND AIRCRAFT PARTS. THE TEXTS OF THESE VARIOUS AGREEMENTS HAVE BEEN AUTHENTICATED AND ARE BEING SUBMITTED TO GOVERNMENTS FOR THEIR CONSIDERATION WITH A VIEW TO FORMAL ACCEPTANCE. WITHIN THE NEXT 10 OR 12 DAYS THE U.S.A. ADMINISTRATION IS EXPECTED TO SUBMIT PROPOSED LEGISLATION TO IMPLEMENT THE NON-TARIFF AGREEMENTS TO CONGRESS. UNDER THE PROCEDURES OF THE U.S.A. TRADE ACT, CONGRESS WILL CONSIDER THE LEGISLATION ON A "NO AMENDMENT" BASIS. AFTER CONGRESS HAS ACTED TO MAKE U.S. LAW CONSISTENT WITH THE AGREEMENTS REACHED, GOVERNMENTS MAY BE EXPECTED TO TAKE THE NECESSARY STEPS, PROBABLY IN THE EARLY FALL, TO SIGNIFY FORMALLY THEIR ACCEPTANCE AND INTENTION TO IMPLEMENT THE AGREEMENTS.

WHILE SUBSTANTIVE AGREEMENT HAS BEEN REACHED AMONG MAJOR TRADING PARTNERS ON TARIFF AND NON-TARIFF MATTERS A

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REVIEW AND RECTIFICATION PROCESS IS NOW UNDERWAY AS A RESULT OF WHICH A NUMBER OF MINOR CHANGES ARE LIKELY TO BE MADE, PARTICULARLY IN THE TARIFF AREA, AS COUNTRY TARIFF SCHEDULES ARE CHECKED ON A LINE-BY-LINE BASIS. OTHER CHANGES IN THE SCHEDULES MAY ALSO BE MADE AS NEGOTIATIONS WITH CERTAIN OTHER COUNTRIES - ESPECIALLY DEVELOPING COUNTRIES - ARE CONCLUDED. IN THESE CIRCUMSTANCES IT HAS BEEN AGREED THAT THE RESULTS OF THE DETAILED TARIFF NEGOTIATIONS WILL NOT BE MADE PUBLIC FOR THE TIME BEING. THEY SHOULD, HOWEVER, BE AVAILABLE AROUND THE END OF JUNE.

ON INDUSTRIAL TARIFFS, THE CONCESSIONS AGREED BY OUR THREE MAIN TRADING PARTNERS (THE U.S.A., THE EC AND JAPAN) WILL RESULT IN AN AVERAGE REDUCTION OF ABOUT 40 PERCENT. WHAT CANADA HAS ON OFFER WOULD YIELD AN AVERAGE CUT OF ABOUT THE SAME MAGNITUDE. THIS TIME ROUND THE TARIFF CUTS ON INDUSTRIAL GOODS BY THE TEN MAIN INDUSTRIALIZED MTN PARTICIPANTS WILL AFFECT ABOUT 60 PERCENT OF TOTAL TRADE, WHILE ABOUT 32 PERCENT OF SUCH TRADE WAS ALREADY DUTY-FREE AND WILL CONTINUE TO BE SO AND BETWEEN 8 AND 9 PERCENT WAS NOT SUBJECT TO TARIFF REDUCTION. ABOUT ONE-THIRD OF WORLD TRADE IN AGRICULTURAL PRODUCTS WAS SUBJECT TO TARIFF CUTS ON THIS OCCASION (A MUCH MORE SIGNIFICANT RESULT THAN WAS ACHIEVED IN THE KENNEDY ROUND) AND WHERE OFFERS WERE MADE, THE WEIGHTED AVERAGE REDUCTION WORKS OUT AT ABOUT 40 PERCENT. IF BOTH AGRICULTURAL AND INDUSTRIAL GOODS ARE

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COMBINED, THE OVERALL TARIFF REDUCTION WHICH WILL RESULT FROM THE CURRENT NEGOTIATIONS IS OF THE ORDER OF 25 PERCENT.

OTHER POINTS OF INTEREST CONCERNING THE GENERALITY OF THE MTN RESULTS ARE THAT:

- THE AVERAGE POST-MTN INDUSTRIAL TARIFF RATE AMONG THE TEN LARGEST INDUSTRIAL COUNTRIES WILL BE 4.9 PERCENT
- TARIFF CUTS ON RAW MATERIALS AND FINISHED MANUFACTURES PROVED TO BE MORE SUBSTANTIAL THAN ON SEMI-FABRICATED GOODS
- A CONSIDERABLE MEASURE OF TARIFF HARMONIZATION HAS BEEN AGREED, RESULTING MAINLY FROM THE FORMULA APPROACH TO THE REDUCTION OF INDUSTRIAL TARIFFS WHEREBY HIGHER TARIFF RATES WERE REDUCED BY GREATER AMOUNTS THAN LOWER RATES.

AGAINST THAT GENERAL BACKGROUND, LET'S HAVE A LOOK AT THE OUTCOME FOR PETROCHEMICALS AND SYNTHETIC RUBBER. AS THE NEGOTIATIONS PROGRESSED, IT BECAME CLEAR THAT - APART FROM CIVIL AIRCRAFT WHERE A LAST MINUTE PUSH LED TO AN AGREEMENT UNDER WHICH RELEVANT DUTIES WILL BE ENTIRELY REMOVED - THERE WOULD BE NO SECTOR NEGOTIATIONS, AS SUCH. IT WAS NEVERTHELESS EVIDENT IN THE NEGOTIATIONS THAT MOST OF THE MAIN PARTIES CONCERNED WOULD BE LOOKING AT PETROCHEMICALS IN THE CONTEXT OF PETROCHEMICALS AND NOT SIMPLY AS A GROUP OF TARIFF ITEMS TO WHICH THE GENERAL FORMULA MIGHT BE MORE OR LESS AUTOMATICALLY APPLIED.

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THE NEGOTIATIONS DID ADDRESS TARIFFS ON INORGANIC CHEMICALS IN A MEANINGFUL WAY AND A SUBSTANTIAL RESULT WAS ACHIEVED PARTICULARLY IN THE CONTEXT OF THE CANADA/U.S.A. NEGOTIATIONS. BUT PETROCHEMICALS DID NOT YIELD TO NEGOTIATING EFFORTS TO THE SAME EXTENT. SOME TARIFF BARRIERS ON PETROCHEMICAL PRODUCTS AND SYNTHETIC RUBBER ARE TO COME DOWN, BUT THIS IS NOT THE CASE EVERYWHERE AND, OVERALL, THE AVERAGE REDUCTIONS ON PETROCHEMICAL PRODUCTS ARE CONSIDERABLY SMALLER THAN THOSE FOR ALL INDUSTRIAL PRODUCTS TAKEN TOGETHER.

WHY DIDN'T PETROCHEMICALS, INCLUDING KEY SYNTHETIC RESINS, LEND THEMSELVES TO A LARGER MTN RESULT? TO BEGIN TO ANSWER THAT QUESTION REQUIRES AN EXAMINATION OF SEVERAL FACTORS. ENERGY AND, THEREFORE, FEEDSTOCK COSTS WERE, I BELIEVE,CRITICAL CONSIDERATIONS, AND THERE WERE CONCERNS AMONG EXISTING PETROCHEMICAL PRODUCING REGIONS THAT THEIR FEEDSTOCK COST RELATIONSHIP COULD ONLY WORSEN OVER TIME VIS-A-VIS PETROLEUM SUPPLIERS. THOSE CONCERNS ARE PARTICULARLY EVIDENT IN WESTERN EUROPE, WHERE THE FOCUS SEEMS TO BE ON EXISTING AND POTENTIAL EXCESS CAPACITY IN EASTERN EUROPE AND IN THE MIDDLE EAST. IN THIS CONNECTION, THERE WAS ALSO WORRY ABOUT POTENTIAL DUMPED OR SUBSIDIZED COMPETITION, WHICH COULD INJUR DOMESTIC PRODUCERS. ELEMENTS OF THE U.S.A. PETROCHEMICAL INDUSTRY ALSO EVIDENCED CONCERN ABOUT POTENTIAL COMPETITION FROM SUCH SUPPLIERS AND, IN THE U.S.A. INDUSTRY'S CASE, THE POTENTIAL OF MEXICAN COMPETITION SEEMS ALSO TO HAVE BECOME RELEVANT IN THE LATTER DAYS OF THE MTN. A THIRD GENERAL

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FACTOR EXPLAINING THE UNWILLINGNESS OF THE MAIN INDUSTRIAL COUNTRIES TO CONTEMPLATE LARGE CUTS IN THEIR PETROCHEMICAL TARIFFS WAS, I THINK, THE BASICALLY DOMESTIC ORIENTATION OF ALMOST ALL SUCH PRODUCERS. TO DATE AT LEAST, MOST OF THESE PRODUCERS HAVE VIEWED EXPORT SALES AS SECONDARY OR INCREMENTAL AND NOT AS A MAJOR ELEMENT IN DECISION-MAKING ABOUT NEW INVESTMENT IN PRODUCTION FACILITIES. AND, OF COURSE, ALL PETRO-CHEMICAL PRODUCERS ARE NOW FACING THE PROSPECT OF SOMEWHAT SLOWER GROWTH THAN THE EXCEPTIONAL LEVELS ACHIEVED THROUGH THE LATE 1960's AND EARLY 1970's. THAT SLOWDOWN COUPLED WITH ENVIRONMENTAL AND TOXICOLOGICAL WORRIES AND THE APPARENT CONCLUSION THAT TECHNOLOGICAL ADVANCE IS AT OR NEAR A PLATEAU SEEM TO HAVE CONSPIRED TO CREATE A GENERALLY MORE SOMBRE PETROCHEMICAL OUTLOOK AT THE CONCLUSION OF THE MTN THAN HAD BEEN THE CASE AT THE OUTSET. WHATEVER THE MIXTURE OF REASONS APPLICABLE IN ANY PARTICULAR COUNTRY, THE OUTCOME IN TERMS OF MTN TARIFF CONCESSIONS OVERALL WAS BELOW AVERAGE AND CONSIDERABLY LESS THAN HAD BEEN CONTEMPLATED BY ALL INTERESTS IN CANADA - FEDERAL, PROVINCIAL AND INDUSTRIAL.

FOR THE RECORD - AND, OF NECESSITY AT THIS POINT IN TIME, IN A FORMAT FALLING SHORT OF TARIFF LINE SPECIFICS - THE FOLLOWING IS A SUMMARY OF THE MTN TARIFF RESULTS IN THE PETRO-CHEMICALS AREA, INCLUDING THOSE ON SYNTHETIC RUBBER:

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(A) For basic petrochemicals, including a number of the monomers produced by your own firms or their affiliates, the results can best be characterized as spotty. There are some interesting and, in some cases, fairly substantial reductions on offer among the main trading countries for styrene. That development will prove helpful to certain aspirations here in Canada. On vinyl chloride and vinyl acetate, however, lesser reductions are in play. On butadiene, ethylene and certain monomers, there is already in existence a good measure of duty-free entry either bound in the GATT or applied and nothing emerging from the MTN is likely to change that situation.

(B) On polymers or plastic resins (e.g. polystyrene, polyethylene, PVC) - again produced by many of the firms represented in this room or their affiliates - the tariff reductions are generally less than formula. This outcome is clearly one of concern to those producing areas in Canada which were hoping for a more forthcoming result, one which would provide a welcome outlet for new world-scale plants, and particularly the anticipated bubble of production excess to Canadian demand during the 1980's.

...11

(C) On synthetic rubber, the situation is somewhat different, perhaps reflecting the more mature structure of world production and trade. As you are aware, almost all shipments among industrialized countries already take place at duty-free or very low rates of duty. The duty-free component of that equation will be even larger after the MTN reductions are implemented.

As I have suggested, the petrochemical result viewed as a complete package has proven to be less than many would have wished. And whatever the reasons behind that outcome for any particular country, there are clearly outstanding questions as to whether the international trading community will chose to leave things as they emerge from the MTN negotiations or whether they will wish to look again at the possibilities for further trade liberalization in this sector.

Among the industrialized countries, Canada's petrochemical industry is perhaps uniquely situated in terms of feedstock availability and a recently expanded modern and world-scale production base. New investment over recent years has taken place in all three major producing areas of this country. It has become clear that all levels of government in Canada view the petrochemical industry as one of high potential and one to which priority attention should be given. And for many product lines, a healthy

...12

INDUSTRY IN THE FUTURE WILL REQUIRE A GREATER DEGREE OF RELIANCE ON EXPORT MARKETS, AS WELL AS A GOOD BASE DOMESTICALLY. WE ARE, THEREFORE, DISAPPOINTED THAT THE MTN RESULT WILL NOT BE LARGER.

LEAVING TARIFFS ASIDE FOR A MOMENT, THE MTN WAS ALSO ABOUT NON-TARIFF MEASURES AND THE NEED - FOR THE FIRST TIME IN A COMPREHENSIVE WAY - TO DEAL WITH THE TRADE RESTRICTING AND TRADE DISTORTING EFFECTS OF THE WIDE VARIETY OF MECHANISMS THAT FALL WITHIN THIS CATEGORY. THE 1962-67 KENNEDY ROUND SAW A FIRST EFFORT TO NEGOTIATE A NEW SET OF RULES (OR CODE) ON ANTI-DUMPING PRACTICES. THAT FOCUS WAS EXTENSIVELY BROADENED IN THE MTN TO ADDRESS NOT ONLY OTHER BARRIERS WHICH MIGHT LEND THEMSELVES TO INTERNATIONAL CODES BUT ALSO NON-TARIFF RESTRICTIONS WHERE ITEM-BY-ITEM NEGOTIATIONS WERE IN ORDER. I COULD SPEND MUCH MORE THAN MY ALLOTTED TIME IN TRYING TO DEAL WITH ALL THE NON-TARIFF AGREEMENTS NEGOTIATED IN GENEVA, BUT I SHOULD PERHAPS COMMENT BRIEFLY ON ONE OR TWO WHICH ARE PARTICULARLY IMPORTANT TO THE PETROCHEMICAL AND SYNTHETIC RUBBER INDUSTRY.

ONE OF THE MOST SENSITIVE AND DIFFICULT CODES THAT WAS TACKLED IN THESE NEGOTIATIONS WAS THAT ON SUBSIDIES AND COUNTER-VAILING DUTIES. THE PURPOSE WAS TO TRY TO REACH A WORKABLE UNDERSTANDING ON THE SUBSIDY PRACTICES OF GOVERNMENTS WHICH ARE INCREASINGLY SEEN TO HAVE AN IMPACT ON INTERNATIONAL TRADE. IN ADDITION, IT WAS CONSIDERED IMPORTANT TO REACH MORE PRECISE AND COMPREHENSIVE AGREEMENT ON THE PROCEDURES TO GOVERN THE APPLICATION OF COUNTERVAILING DUTIES. AS YOU KNOW, THESE ARE

...13

DUTIES APPLIED BY A GOVERNMENT TO OFFSET THE INJURIOUS EFFECTS ON A DOMESTIC INDUSTRY ARISING FROM IMPORTS BENEFITTING FROM A SUBSIDY GRANTED BY ANOTHER GOVERNMENT.

THE SUBSIDIES/COUNTERVAIL AGREEMENT RECOGNIZES THAT SUBSIDIES ARE LEGITIMATE TOOLS FOR THE PROMOTION OF NATIONAL OBJECTIVES SUCH AS REGIONAL DEVELOPMENT, RESEARCH AND DEVELOPMENT AND INDUSTRIAL RESTRUCTURING. BUT IT ALSO RECOGNIZES THAT, IN SOME CIRCUMSTANCES, SUCH SUBSIDIES CAN HAVE ADVERSE EFFECTS ON THE TRADE OR PRODUCTION INTERESTS OF OTHER COUNTRIES. IN THOSE SITUATIONS WHERE THE APPLICATION OF COUNTERVAILING DUTIES MIGHT NOT BE APPROPRIATE, OR PRACTICAL, AS FOR EXAMPLE WHEN SALES TO A TRADITIONAL MARKET ARE IMPAIRED AS A RESULT OF SUBSIDIES TO DOMESTIC PRODUCTION IN THAT MARKET, THE AGREEMENT PROVIDES FOR BILATERAL CONSULTATIONS. SHOULD THESE FAIL TO REACH A MUTUALLY ACCEPTABLE SOLUTION, AN AFFECTED SIGNATORY MAY TAKE THE CASE TO THE GATT AND SEEK AUTHORIZATION TO APPLY RETALIATORY MEASURES AGAINST THE SUBSIDIZING COUNTRY.

THIS PART OF THE AGREEMENT BREAKS SOME IMPORTANT NEW GROUND IN INTERNATIONAL TRADE RULES. ITS IMPLEMENTATION SHOULD RESULT IN NEW AND SUBSTANTIALLY IMPROVED INTERNATIONAL DISCIPLINE IN THIS AREA. OVER TIME, THE SURVEILLANCE AND DISPUTE SETTLEMENT PROCEDURES WILL, IT IS HOPED, RESULT IN A BODY OF INTERNATIONAL JURISPRUDENCE CONCERNING ACCEPTABLE TYPES AND LEVELS OF SUBSIDIZATION FROM THE POINT OF VIEW OF THEIR IMPACT ON TRADE. THIS SHOULD SERVE AS A GUIDE, IN PART, TO BUSINESS AND GOVERNMENT IN THE DESIGN AND DEVELOPMENT OF ACCEPTABLE PROGRAMMES OF ASSISTANCE

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TO DOMESTIC PRODUCERS AND INDUSTRIES. MOREOVER, FOR THE FIRST TIME, THE INTERNATIONAL COMMUNITY WILL HAVE A MECHANISM THROUGH WHICH IT CAN EFFECTIVELY EXAMINE, ASSESS THE IMPLICATIONS OF AND PURSUE COMPLAINTS ABOUT SUBSIDY PROGRAMMES WHICH ADVERSELY AFFECT THE TRADE INTERESTS OF SIGNATORY COUNTRIES IN THIRD MARKETS.

THE NEW AGREEMENT WILL PROVIDE GREATER UNIFORMITY AS TO PROCEDURES TO BE FOLLOWED IN APPLYING COUNTERVAILING DUTIES, WILL CALL FOR MEANINGFUL INJURY TEST PRIOR TO THE APPLICATION OF SUCH DUTIES AND PUBLIC DISCLOSURE OF DECISIONS. THE MAJOR IMMEDIATE BENEFIT OF THIS CODE WILL BE THE UNITED STATES' COMMITMENT TO APPLY AN INJURY TEST BEFORE IMPOSING COUNTERVAILING DUTIES AGAINST DUTIABLE IMPORTS. THIS WILL BRING U.S.A. LAW INTO CONFORMITY WITH THE PROVISIONS OF THE GATT. MORE GENERALLY, THE APPLICATION OF MORE UNIFORM PROCEDURES BY SIGNATORIES IN THE IMPOSITION OF COUNTERVAILING DUTIES SHOULD HELP TO ELIMINATE AN ELEMENT OF UNCERTAINTY THAT EXISTS AT PRESENT IN THIS AREA OF TRADE, AND REDUCE THE RISKS OF ARBITRARY ACTION.

THERE ARE COINCIDENT CHANGES IN PROSPECT FOR THE 1967 ANTI-DUMPING CODE, WHERE AMENDMENTS ARE BEING MADE TO REFLECT PROVISIONS NEGOTIATED ON COUNTERVAILING DUTIES. THE CHANGES BEING CARRIED OVER WILL INVOLVE NOT ONLY THE REVISED AND STRENGTHENED INJURY TEST AND PUBLIC DISCLOSURE PROCEDURES, BUT ALSO MODIFICATIONS DESIGNED TO STREAMLINE INVESTIGATION PROCEEDINGS.

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I BELIEVE THE NEW INTERNATIONAL AGREEMENT ON CUSTOMS VALUATION WILL ALSO BE OF INTEREST TO YOU. THIS NEW CODE WILL ESTABLISH UNIFORM STANDARDS TO BE APPLIED BY GOVERNMENTS IN DETERMINING THE VALUE OF IMPORTED GOODS FOR PURPOSES OF LEVYING PERCENTAGE RATES OF DUTY. THE AGREEMENT REQUIRES SIGNATORIES TO USE AS THE VALUE FOR DUTY THE PRICE AT WHICH GOODS MOVE IN INTERNATIONAL TRADE (THE "TRANSACTION PRICE") OR ITS EQUIVALENT. IN THE LATTER REGARD, SPECIFIC RULES TO ENSURE VALUES FOR DUTY BASED ON ARMS-LENGTH PRICING WILL BE AVAILABLE. THESE RULES WILL, I AM SURE, BE VERY CAREFULLY STUDIED BY MULTINATIONAL COMPANIES, INCLUDING THOSE IN YOUR SECTOR. THE NEW AGREEMENT WILL REQUIRE CANADA TO MAKE MORE FUNDAMENTAL CHANGES IN ITS CUSTOMS VALUATION LEGISLATION AND ADMINISTRATION PRACTICES THAN WILL BE THE CASE FOR OTHER COUNTRIES. MOST OTHER COUNTRIES ALREADY HAVE VALUATION SYSTEMS SIMILAR TO THAT PROVIDED FOR IN THE NEW AGREEMENT. CANADA IS STILL IN THE PROCESS OF NEGOTIATING UNDERSTANDINGS WITH OUR MAIN TRADING PARTNERS CONCERNING THE MEASURES WHICH WE MAY HAVE TO TAKE TO MAKE UP FOR ANY LOSS OF PROTECTION WHICH COULD RESULT FROM OUR IMPLEMENTING THE VALUATION AGREEMENT. WE ARE ALSO SEEKING MORE TIME (4 YEARS) TO IMPLEMENT THE AGREEMENT, IN RECOGNITION OF THE DEGREE OF CHANGE INVOLVED FOR US AND THE TIME NEEDED TO PREPARE FOR THE CHANGEOVER.

IN CONCLUSION MAY I BE PERMITTED MR. CHAIRMAN, TO SAY A FEW WORDS FROM THE PARTICULAR CANADIAN POINT OF VIEW ABOUT THE POST-MTN OUTLOOK FOR THE PETROCHEMICAL INDUSTRY. WE MAY

...16

BE LOOKING AT AN INDUSTRY APPROACHING THE SORT OF MATURITY IN PRODUCTION AND TRADE ALREADY CHARACTERISTIC OF SYNTHETIC RUBBER PRODUCERS. I BELIEVE, HOWEVER, THAT EVEN WITH A FLATTER GROWTH CURVE THERE ARE PROSPECTS FOR MORE RATHER THAN LESS WORLD TRADE IN PETROCHEMICALS. THE ELEMENTS SUCH AS COST OF ENERGY, PRODUCTION EFFICIENCY, ACCESSIBLE MARKETS AND POLITICAL AND ECONOMIC STABILITY WHICH DICTATE THE LOCATIONS OF EXPANDED OR NEW PRODUCTION ARE NOT IMMUTABLE. CANADA IS, FRANKLY, WELL SITUATED ON MANY OF THOSE COUNTS AND I AM CONVINCED THAT, WITH SOME ADDITIONAL MOVEMENT ON FOREIGN MARKET ACCESS, WE HAVE THE PROSPECT OF REAL GROWTH IN THIS SECTOR. WHATEVER THE SCENARIO WHICH MAY EMERGE, WE WILL BE IN THE MELEE AND WILL OFFER A COMPETITION WHICH IS AT ONCE STRONG AND FAIR. FOR OUR PART, WE ARE ANXIOUS TO - AND CONFIDENT THAT WE CAN - FIND A GROWING NICHE IN WORLD MARKETS WHILE AT THE SAME TIME KEEPING STRONG IN OUR OWN. YOU KNOW THE RECORD OF GROWTH AND DEVELOPMENT ACHIEVED BY POLYSAR. SO DON'T BE SURPRISED IF WE MULTIPLY ITS SUCCESS STORY OVER THE YEARS AHEAD.

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BE LOOKING AT AN INDUSTRY APPROACHING THE SORT OF MATURITY IN PRODUCTION AND TRADE ALREADY CHARACTERISTIC OF SYNTHETIC RUBBER PRODUCERS. I BELIEVE, HOWEVER, THAT EVEN WITH A FLATTER GROWTH CURVE THERE ARE PROSPECTS FOR MORE RATHER THAN LESS WORLD TRADE IN PETROCHEMICALS. THE ELEMENTS SUCH AS COST OF ENERGY, PRODUCTION EFFICIENCY, ACCESSIBLE MARKETS AND POLITICAL AND ECONOMIC STABILITY WHICH DICTATE THE LOCATIONS OF EXPANDED OR NEW PRODUCTION ARE NOT IMMUTABLE. CANADA IS, FRANKLY, WELL SITUATED ON MANY OF THOSE COUNTS AND I AM CONVINCED THAT, WITH SOME ADDITIONAL MOVEMENT ON FOREIGN MARKET ACCESS, WE HAVE THE PROSPECT OF REAL GROWTH IN THIS SECTOR. WHATEVER THE SCENARIO WHICH MAY EMERGE, WE WILL BE IN THE MELEE AND WILL OFFER A COMPETITION WHICH IS AS ONCE STRONG AND FAIR. FOR OUR PART, WE ARE ANXIOUS TO - AND CONFIDENT THAT WE CAN - FIND A GROWING NICHE IN WORLD MARKETS WHILE AT THE SAME TIME KEEPING STRONG IN OUR OWN. You know the record of growth and development achieved by Polysar. So don't be surprised if we multiply its success story over the years ahead.

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News Release Communiqué

Subject/Sujet: Notes for an address by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, to the Canadian Textile Institute

For release/Pour publication: 2100 hrs. (M.D.T.) June 12, 1979.

Attached are the notes for an address to be made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, to the Canadian Textile Institute, Jasper Park Lodge, June 12, 1979

TO BE CHECKED AGAINST DELIVERY

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NOTES FOR AN ADDRESS BY
AMBASSADOR J. H. WARREN
TO THE CANADIAN TEXTILE INSTITUTE
JASPER PARK LODGE
TUESDAY, JUNE 12, 1979

MR. CHAIRMAN:

HAVING SPOKEN ABOUT THE GENERALITY OF THE MTN RESULTS FROM THE CANADIAN POINT OF VIEW SEEMINGLY EVERY TWO OR THREE DAYS SINCE APRIL 12 I HESITATE TO INFLICT ON YOU ONCE AGAIN WHAT YOU ALREADY KNOW. AND PENDING THE ANTICIPATED RELEASE OF THE TARIFF RESULTS AROUND THE END OF JUNE I AM NOT YET, I AM AFRAID, IN A POSITION TO TELL YOU OF THE OUTCOME OF THE NEGOTIATIONS ON AN ITEM-BY-ITEM BASIS. BUT DON'T HOLD YOUR BREATH FOR A DRAMATIC DÉNOUEMENT - MY RECOMMENDATION WOULD BE "BREATHE NORMALLY". I DOUBT THAT OXYGEN MASKS WILL BE REQUIRED AS FLIGHT MTN TOUCHES DOWN.

WHILE I CANNOT GO INTO GREAT DETAIL I PROPOSE LATER TO TALK IN A GENERAL WAY ABOUT WHAT HAS BEEN AGREED IN GENEVA ON TEXTILE TARIFFS.

BEFORE DOING SO LET ME SAY A WORD ABOUT THE TIMETABLE FOR COMPLETION OF THE MTN OPERATION AND ITS IMPLEMENTATION. AND I WOULD LIKE ALSO TO DISCUSS WITH YOU SOME OF THE BROAD CONSIDERATIONS WHICH UNDERLAY CANADIAN PARTICIPATION IN THE GENEVA TALKS AND OUTLINE ONE OR TWO OF THE LESSONS LEARNT IN THE NEGOTIATIONS.

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FIRST AS TO TIMETABLE: AMBASSADOR GREY'S SIGNATURE TO THE APRIL 12 NOTE ON TARIFFS AND THE TEXTS OF THE VARIOUS AGREEMENTS ON NON-TARIFF BARRIERS, TOGETHER WITH THAT OF THE HEADS OF OTHER DELEGATIONS, SIGNALLED THAT THE MAIN NEGOTIATIONS HAD BEEN CONCLUDED AS TO THEIR SUBSTANCE AND AUTHENTICATED THE RESULTS TO THAT DATE. THIS SIGNING OF THE VARIOUS INSTRUMENTS ALSO HAD THE EFFECT OF REFERRING THE PACKAGE TO GOVERNMENTS FOR CONSIDERATION AND DECISION, WITH A VIEW TO LATER ACCEPTANCE AND IMPLEMENTATION. SUCH DEFINITIVE APPROVAL IS NOT EXPECTED TO BE GIVEN BY GOVERNMENTS UNTIL THE RESULTS OF U.S.A. CONGRESSIONAL CONSIDERATION OF MTN IMPLEMENTING LEGISLATION IS KNOWN.

FOLLOWING CLOSE ADVANCE CONSULTATION WITH AND BETWEEN THE RELEVANT COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE, U.S. IMPLEMENTING LEGISLATION IS LIKELY TO BE SENT TO THE CONGRESS BY THE ADMINISTRATION IN THE NEXT FEW DAYS. THEREAFTER, THE MTN PACKAGE MUST BE VOTED - YES OR NO, AS A WHOLE AND WITHOUT AMENDMENT - WITHIN 90 CONGRESSIONAL WORKING DAYS. THIS MEANS THAT THE OUTCOME SHOULD BE KNOWN EARLY IN THE FALL. SINCE TARIFF CUTTING IS SCHEDULED TO COMMENCE ON JANUARY 1, 1980 AND TO BE PHASED IN THROUGH 1987, FORMAL ENDORSEMENT OF THE TARIFF RESULTS BY THE MAIN PARTICIPANTS CAN BE EXPECTED BETWEEN THE DATE THE CONGRESS HAS ACTED AFFIRMATIVELY AND THE END OF THE YEAR. IN CANADA, IF THE SAME PROCEDURES ARE FOLLOWED AS WAS THE CASE IN

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THE KENNEDY ROUND, THIS WOULD IMPLY NOTICE OF A WAYS AND MEANS MOTION IN THE HOUSE OF COMMONS AT LATEST BY THE END OF DECEMBER.

SO FAR AS THE NON-TARIFF AGREEMENTS ARE CONCERNED, FORMAL ACCEPTANCE COULD BE CONFIRMED BY SIGNATURE WHENEVER GOVERNMENTS HAVE DECIDED THAT THEY ARE WILLING AND IN A POSITION TO IMPLEMENT THEM. IN SOME CASES SUCH ACCEPTANCE WOULD NOT BE FINALIZED UNTIL NECESSARY LEGISLATION HAD BEEN PASSED TO AMEND EXISTING DOMESTIC LAW. THIS COULD BE THE CASE FOR CANADA AS REGARDS THE AGREEMENTS ON COUNTERVAILING DUTIES, ANTI-DUMPING DUTIES AND CUSTOMS VALUATION. ON VALUATION, AS MOST OF YOU KNOW, CANADIAN ADHERENCE HAS INTER ALIA BEEN MADE CONDITIONAL ON THE AGREEMENT OF OUR MAIN TRADING PARTNERS THAT WE WOULD HAVE A FOUR YEAR GRACE PERIOD TO PREPARE FOR APPLICATION OF THE NEW RULES. THE UNITED STATES AND THE EEC SEEM LIKELY TO APPLY THIS NEW CODE FROM MID-1980. OTHER AGREEMENTS ARE LIKELY TO ENTER INTO FORCE PROGRESSIVELY NEXT YEAR AS COUNTRIES GET THEMSELVES INTO POSITION TO ADHERE AND TO APPLY THEM.

AN INTERESTING LEGAL QUESTION WHICH ARISES IS THE EXTENT TO WHICH RIGHTS AND OBLIGATIONS EXCHANGED BETWEEN PARTICIPANTS TO THE NEW NON-TARIFF AGREEMENTS WILL OR WILL NOT BE EXTENDED TO OTHER MEMBERS OF THE GATT IN ACCORDANCE WITH THE FUNDAMENTAL PRINCIPLE OF MOST-FAVOURED-NATION TREATMENT. MY OWN

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GUESS IS THAT THE REGIMES WHICH THE MAIN PARTICIPANTS ESTABLISH AND WHICH BEAR ON THE CONDITIONS OF ENTRY OF FOREIGN GOODS TO THEIR MARKETS, FOR EXAMPLE COUNTERVAILING AND ANTI-DUMPING DUTIES, WOULD BE APPLIED ON A NON-DISCRIMINATORY BASIS. ON THE OTHER HAND, WHERE ACTUAL NEW ACCESS TO MARKETS IS INVOLVED, AS UNDER THE AGREEMENT ON GOVERNMENT PROCUREMENT, I IMAGINE THAT THE RIGHTS WILL ONLY BE EXTENDED TO COUNTRIES WHICH ARE PREPARED TO ACCEPT COMPARABLE OBLIGATIONS TO OPEN THEIR OWN GOVERNMENT PURCHASING TO FOREIGN BIDDERS.

SO MUCH FOR THE FORWARD TIMETABLE AND THE PROCESS OF CONSIDERATION, DECISION, ACCEPTANCE AND IMPLEMENTATION WHICH LIES BEFORE THE CANADIAN AND OTHER GOVERNMENTS.

WHAT WAS CANADA ATTEMPTING TO ACHIEVE IN THESE LONG COMPREHENSIVE AND COMPLEX NEGOTIATIONS? - NEGOTIATIONS WHICH INVOLVED, IN ONE WAY OR ANOTHER, NEARLY 100 COUNTRIES AND WHICH WERE INITIATED BACK IN 1973 - NEGOTIATIONS WHICH HAVE BEEN BROUGHT TO A SUBSTANTIAL CONCLUSION THROUGH A PERIOD IN WHICH THE ECONOMIC CIRCUMSTANCES WERE LESS THAN FAVOURABLE AND WHEN HEAVY PRESSURE WAS EXERTED ON MANY GOVERNMENTS TO MOVE IN THE DIRECTION OF RESTRICTING TRADE RATHER THAN ITS LIBERALIZATION.

ON THIS OCCASION CANADIAN PARTICIPATION WAS NOT INSPIRED SIMPLY BY THE TRADITIONAL NOTION OF SECURING EXPORT

GAINS IN RETURN FOR A DIMINUTION OF CANADIAN TARIFF PROTECTION. ON THE CONTRARY, A GREAT VARIETY OF CONSIDERATIONS BOTH DOMESTIC AND EXTERNAL NECESSARILY HAD TO BE TAKEN INTO ACCOUNT.

GENERALLY THE NEGOTIATIONS WERE SEEN IN TERMS OF THE CONTRIBUTION THAT THEY COULD MAKE TO THE GROWTH OF NATIONAL INCOME AND PROSPERITY THROUGH THE EFFICIENT DEVELOPMENT OF CANADIAN INDUSTRY, AGRICULTURE AND FISHERIES. LARGER, MORE PROFITABLE AND MORE CERTAIN EXPORT OPPORTUNITIES WOULD FACILITATE SUCH DEVELOPMENT, AS WOULD THE ADJUSTMENTS FLOWING FROM A MEASURE OF ENHANCED IMPORT COMPETITION IN OUR DOMESTIC MARKET. AND THE CONSEQUENTIAL GAINS IN PRODUCTIVITY AND COMPETITIVENESS WOULD HELP TO IMPROVE OUR PERFORMANCE VIS-A-VIS FOREIGN SUPPLIERS BOTH IN FOREIGN MARKETS AND HERE AT HOME. USER AND CONSUMER INTERESTS WERE, OF COURSE, ALSO TAKEN INTO ACCOUNT. IN THE OVERALL, WE WERE LOOKING FOR A MIXTURE OF CONCESSIONS MADE AND RECEIVED WHICH WOULD REPRESENT A REASONABLY BALANCED RESULT FROM THE POINT OF VIEW OF OUR DIFFERENT REGIONS AND SECTORS OF ECONOMIC ACTIVITY.

ON THE INTERNATIONAL SIDE, THERE WAS THE IMPORTANT CONSIDERATION THAT A SUCCESSFUL MTN WOULD REDUCE THE WORLD-WIDE THREAT OF TRADE RESTRICTION AND PROTECTIONISM WHICH COULD ONLY BE INIMICAL TO THE INTERESTS OF A COUNTRY WHICH MUST EXPORT OVER 50 PERCENT OF THE TOTAL OF COMMODITIES, GOODS AND MATERIALS IT PRODUCES. AND, OF COURSE, IT WAS VITAL FOR CANADA TO BE AT THE

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TABLE AS THE COLLECTIVITY OF TRADING COUNTRIES WORKED TO UPDATE AND ADJUST THE WORLD FRAMEWORK AND RULES FOR TRADE - A FRAMEWORK WHICH WOULD LARGELY DETERMINE THE INTERNATIONAL TRADING ENVIRONMENT THROUGH THE 1980's AND PERHAPS BEYOND.

How have the results in general measured up? Not too badly, I believe, given the circumstances. Naturally we didn't get everything we wanted, but neither did anyone else and that is inevitable in a major international negotiation. And, of course, given the great variety of Canadian interests involved, many of them conflicting, not everyone here in Canada can expect to be satisfied.

From what has already been made public, you are aware of the average depth of tariff reductions on our exports which has been agreed by the United States, the EEC and Japan. The changes which have been negotiated in the Canadian tariff are, I think, sensitive to the realities of our industrial capacities and potential and in agriculture mark not only significant liberalization but also, in the case of the United States, the achievement of a number of reciprocal rates which will eliminate tariff disparities which have been irritants on both sides of the border.

So far as further processing is concerned, there has

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BEEN A SIGNIFICANT DE-ESCALATION OF FOREIGN TARIFFS FOR FULLY MANUFACTURED AND PROCESSED GOODS BUT OUR TRADING PARTNERS WERE NOT WILLING TO MOVE, OR WERE NOT ABLE TO GO AS FAR AS WE WOULD HAVE WISHED, IN OPENING THEIR MARKETS FOR PETROCHEMICALS AND A NUMBER OF NON-FERROUS METALS. IN THE CASE OF JAPAN NO TARIFF CONCESSION WAS MADE ON DRESSED WHITEWOOD LUMBER, IMPORTANT TO THE TRADE OF OUR WEST COAST PRODUCERS, ALTHOUGH A NUMBER OF OTHER INTERESTING TARIFF REDUCTIONS WERE MADE IN THE FOREST PRODUCTS SECTOR. SIGNIFICANT GAINS WERE ACHIEVED FOR THE FISHERIES, BUT AGAIN WE WOULD HAVE WISHED MORE SUBSTANTIAL MOVEMENT, PARTICULARLY FROM THE EEC AND JAPAN.

THE ACHIEVEMENT OF A SATISFACTORY OVERALL RESULT WAS NOT EASY AND THIS WAS CERTAINLY THE CASE FOR CANADA. ON THE OTHER HAND, I DOUBT THAT WHAT WAS ACCOMPLISHED FROM THE CANADIAN POINT OF VIEW COULD HAVE BEEN OBTAINED OUTSIDE THE FRAMEWORK OF SUCH AN ALL-EMBRACING WORLD WIDE NEGOTIATION.

FIRST SOME OF THE DIFFICULTIES: CANADA'S PATTERNS OF PRODUCTION AND TRADE, BEING BOTH A PRODUCER OF MATERIALS AND FOODSTUFF AS WELL OF MANUFACTURED GOODS MEANT THAT OUR INTERESTS IN THE NEGOTIATIONS COINCIDED ONLY IN PART WITH THOSE OF OUR MAJOR TRADING PARTNERS - THE U.S.A., THE EUROPEAN COMMUNITY AND JAPAN. THESE PARTICIPANTS, BY AND LARGE, SHARED A MUCH BROADER RANGE OF OBJECTIVES AND CONCERNS. FOR THIS REASON, WE HAD EVER TO BE ON THE ALERT TO AND FEND OFF THE POSSIBILITY THAT

ARRANGEMENTS WOULD BE WORKED OUT BY THE THREE WHICH COULD BE PREJUDICIAL TO PARTICULAR CANADIAN OBJECTIVES. WHILE ON MAJOR ISSUES WE WERE RARELY ALONE, IT WAS NONETHELESS THE FACT THAT THERE WERE FEWER COUNTRIES AROUND ON THIS OCCASION WHO WERE NOT LINKED IN THEIR INTERESTS TO ONE OR OTHER OF THE THREE OR WHO WERE NOT PART OF THE LARGE GROUPING OF DEVELOPING COUNTRIES. SINCE THE KENNEDY ROUND, BRITAIN, IRELAND AND DENMARK HAD BECOME MEMBERS OF THE EUROPEAN COMMUNITY. THE OTHER EFTA COUNTRIES, IN ADDITION TO BEING IN A FREE TRADE ARRANGEMENT OF THEIR OWN, HAD WORKED OUT PREFERENTIAL ARRANGEMENTS WITH THE COMMUNITY. GREECE, TURKEY, SPAIN AND PORTUGAL, APART FROM BEING LOCATED IN EUROPE, LOOK TO MEMBERSHIP OR CLOSE ASSOCIATION WITH THE EEC. AUSTRALIA AND NEW ZEALAND, WHILE EVENTUALLY AGREEING TO PARTICIPATE IN THE INDUSTRIAL TARIFF NEGOTIATIONS ON A MORE OR LESS COMPREHENSIVE BASIS, TENDED TO CONCENTRATE THEIR EFFORTS,FOR THE MOST PART,ON A NARROW RANGE OF AGRICULTURAL PRODUCTS OF VITAL CONCERN TO THEM. AND EVEN IN THIS FIELD, THEIR INTERESTS AND THOSE OF CANADA DID NOT NECESSARILY COINCIDE. SO, AS AN ONGOING MATTER, WE DID NOT HAVE TOO MANY ALLIES THROUGHOUT THE NEGOTIATIONS EITHER INSIDE OR OUTSIDE THE BIG THREE.

BUT THE SHAPE OF THE NEGOTIATIONS HAD A NUMBER OF OFFSETTING ADVANTAGES FROM THE CANADIAN POINT OF VIEW, DESPITE THE PREPONDERANT POSITION OF THE U.S.A., THE EEC AND JAPAN. FIRST AND FOREMOST, IT IS CLEAR THAT CANADA ALONE - SHORT OF

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ENTERING INTO FREE TRADE ARRANGEMENTS, IF SUCH WERE A POSSIBLE OR DESIRABLE ALTERNATIVE, - COULD NOT HAVE HOPED TO ACHIEVE THE GAINS IN FOREIGN MARKETS WHICH THE VARIOUS COMBINATIONS OF BARGAINING POWER DEPLOYED IN THE MULTILATERAL TRADE NEGOTIATIONS WERE ABLE TO BRING ABOUT.

THE COMBINING OF FORCES WORKED IN CANADA'S FAVOUR IN A NUMBER OF WAYS. FIRST, TO THE EXTENT THAT CERTAIN CANADIAN OBJECTIVES WERE HELD IN COMMON WITH ONE OR MORE OF THE BIG THREE, THE COMBINED LEVERAGE COULD BE DEPLOYED AGAINST THE OTHER OR OTHERS TO ATTAIN THE DESIRED RESULT. FOR EXAMPLE, AGREEMENT BY THE U.S.A. TO BRING THEIR COUNTERVAILING DUTY LAW INTO LINE WITH THE GATT BY INCLUDING AN INJURY TEST - A MAJOR CANADIAN OBJECTIVE - PROBABLY WOULD NOT HAVE BEEN POSSIBLE WITHOUT THIS BEING ALSO A HIGHEST PRIORITY EEC AND JAPANESE OBJECTIVE. SECOND, BENEFITS TO CANADA, FOR EXAMPLE, IN RESPECT OF THE MASS OF INDUSTRIAL TARIFF ITEMS WHERE CANADA IS NOT NOW A SUPPLIER, AROSE FROM NEGOTIATIONS BETWEEN THE BIG THREE. THIS FREED UP CANADIAN NEGOTIATING LEVERAGE TO BE DEPLOYED IN PURSUIT OF MORE UNIQUELY CANADIAN OBJECTIVES.

THIRDLY, ACCESS TO THE BARGAINING LEVERAGE OF THE BIG THREE MEANT THAT, IN CERTAIN CASES, THE UNITED STATES WAS PREPARED TO USE ITS INFLUENCE WITH THE OTHERS TO HELP ENSURE THAT ENOUGH OF INTEREST TO CANADA WAS AVAILABLE TO GIVE US THE

...10

MEASURE OF ALL-ROUND RECIPROCITY WITHOUT WHICH CERTAIN CANADIAN CONCESSIONS OF INTEREST TO THE UNITED STATES WOULD NOT HAVE BEEN AVAILABLE. THIS INTEREST IN ACHIEVING A RESULT ACCEPTABLE TO CANADA MANIFESTED ITSELF IN A NUMBER OF WAYS, BUT A SPECIFIC EXAMPLE WOULD BE IN THE FOREST PRODUCTS AREA, PARTICULARLY AS REGARDS CERTAIN PAPERS.

THE INTERRELATIONSHIP OF COUNTRIES IN MULTILATERAL TRADE NEGOTIATION DOES MEAN, OF COURSE, THAT THE DEGREE OF LIBERALIZATION WHICH CAN BE ACHIEVED IN PARTICULAR SECTORS TENDS TO BE CONDITIONED BY HOW FAR ANY ONE OF THE MAIN PARTICIPANTS IS WILLING OR CAN BE PERSUADED TO GO. THIS IS BECAUSE, AS A GENERAL RULE, A MAJOR COUNTRY IS NOT WILLING TO OPEN ITS MARKETS SUBSTANTIALLY FOR A GIVEN PRODUCT OR RANGE OF PRODUCTS IF OTHER MAJOR COUNTRIES ARE NOT ALSO PREPARED TO DO SO FOR LIKE PRODUCTS. THIS POINT WAS ILLUSTRATED IN THE NEGOTIATIONS ON PETROCHEMICALS, WHERE EEC RELUCTANCE TO MAKE SIGNIFICANT CONCESSIONS WAS A FACTOR IN LIMITING THE EXTENT TO WHICH THE AMERICANS WERE WILLING TO MOVE IN MEETING CANADA'S DESIRE FOR IMPROVED ACCESS FOR THESE PRODUCTS IN THE U.S. MARKET.

TEXTILES AND GARMENTS WAS ALSO A SECTOR WHERE CONSIDERATIONS OTHER THAN THOSE OF TRADE LIBERALIZATION TENDED TO BE DOMINANT.

...11

Agreed MTN reductions in this tariff area then, are, as you would expect, a good deal less than the average for all industrial products. The weighted average reductions by the U.S.A. and Japan are, for example, in the area of 15 to 20 percent, compared to close to 40 percent as the average reduction for industrial products as a whole.

Certain of these reductions could be of more than passing interest and potential benefit to Canadian producers. So far as the United States is concerned, tariff reductions on basic textile fibres, particularly man made fibres, may be at or near the maximum possible under the U.S.A. Trade Act. On many yarns, the cuts are likely to be less but not far off the average reduction for all industrial products. On fabrics, the offered reductions would only be about half this depth. So far as clothing is concerned, there are many items where no cuts will be made and otherwise the tariff reductions are small. There are, however, some reductions in U.S.A. clothing tariffs - especially on some of the so-called ornamented items - which, I am sure, will prove to be of value to your customers in the Canadian clothing industry. Finally, on such miscellaneous textile products as certain carpets and machinery felts, the prospective U.S.A. tariff reductions appear to be at or above the industrial average and should prove trade creative.

...12

THE EUROPEAN COMMUNITY ALSO IS OFFERING REDUCTIONS ON FIBRES AND YARNS, BUT THESE ARE SMALLER THAN THOSE OF THE U.S.A. ON FABRICS, THE TARIFFS ON BOTH SYNTHETIC AND WOOL FABRICS WILL BE SIGNIFICANTLY REDUCED BUT LESS SO IN THE CASE OF WOOL FABRICS. CLOTHING TARIFFS SHOULD END UP IN A BAND OF HIGHER TARIFFS AT LEVELS COMPARABLE TO THOSE IN THE U.S.A. MARKET AND SOMEWHAT BELOW OUR OWN IN GENERAL. ON CARPETS AND PAPERMAKERS FELTS, FULL FORMULA CUTS ARE TO BE EXPECTED.

ON MAN MADE FIBRES AND YARNS, JAPANESE REDUCTIONS WILL RANGE UP TO 50 PERCENT IN CERTAIN CASES. ON FABRICS, NOT ALL ITEMS ARE COVERED, BUT ON THOSE THAT ARE, FINAL RATES ARE NOT LIKELY TO BE ABOVE 20 PERCENT. FOR CLOTHING, LESS-THAN-FORMULA CUTS ARE AGAIN THE RULE, WITH FINAL RATES IN THE SAME AREA AS THE OTHER PARTICIPANTS FOR FANCY APPAREL, BUT SIGNIFICANTLY LESS OTHERWISE. JAPANESE TARIFFS ON SUCH MISCELLANEOUS PRODUCTS AS CARPETS AND PAPERMAKERS FELTS WILL HAVE BEEN REDUCED MODESTLY WHEN THE MTN CUTS ARE FULLY IMPLEMENTED.

AS FOR CANADA, DO NOT LOOK FOR MANY OR SIGNIFICANT CHANGES IN GARMENT TARIFFS. ELSEWHERE IN THE SECTOR, THE REDUCTIONS ARE SUBSTANTIALLY LESS THAN FOR MOST OTHER MANUFACTURED GOODS, THERE ARE SOME TOTAL EXCEPTIONS AND NO GREATER-THAN-FORMULA CUTS. FOR PRIMARY TEXTILES, OUR AVERAGE REDUCTION WILL BE ABOUT HALF THAT OF THE UNITED STATES, AND THE REDUCTIONS ON FIBRES ARE

...13

ALSO LESS THAN THOSE AGREED TO BY THE AMERICANS. IN BOTH CASES, FINAL U.S. RATES WILL BE LOWER THAN OUR OWN.

OF THE NON-TARIFF BARRIER AGREEMENTS, I BELIEVE THE INDUSTRY WILL SEE MERIT IN THE NEW CODES ON SUBSIDIES AND COUNTERVAILING DUTIES, WHICH WOULD PERMIT GOVERNMENTS IN THEIR DOMESTIC LAW TO ACT MORE EFFECTIVELY AND PROMPTLY TO DEAL WITH UNFAIR AND INJURIOUS IMPORT PRACTICES. THE PROVISION FOR THE APPLICATION OF PROVISIONAL DUTIES AND THE CAPACITY TO ACCEPT PRICE AND OTHER UNDERTAKINGS IN RESPECT OF DUMPED OR SUBSIDIZED GOODS ARE PARTICULARLY RELEVANT IN THIS REGARD.

YOU WILL BE INTERESTED ALSO IN THE OUTCOME OF THE YET TO BE COMPLETED NEGOTIATIONS ON "SAFEGUARDS". HERE, A GOOD DEAL OF PROGRESS HAS BEEN MADE IN CLARIFYING THE PROCEDURES, CRITERIA, RIGHTS AND OBLIGATIONS OF COUNTRIES IMPOSING TEMPORARY RESTRICTIONS AGAINST IMPORTS CAUSING OR THREATENING SERIOUS INJURY. A NUMBER OF PROBLEMS, HOWEVER, ARE STILL UNRESOLVED. THE MAIN OUTSTANDING ISSUE IS WHETHER IN THE FUTURE SUCH RESTRICTIONS CAN BE APPLIED IN A SELECTIVE WAY AGAINST THE COUNTRIES WHICH ARE THE PARTICULAR SOURCES OF THE PROBLEM. THE RESOLUTION OF THIS ISSUE, WHICH SEES THE EUROPEANS FAVOURING SUCH A FACILITY AND THE DEVELOPING COUNTRIES STRONGLY OPPOSED, WILL BE OF IMPORTANCE TO CANADA. AS A MATTER OF PRINCIPLE WE DO NOT FAVOUR DEPARTURES FROM THE PRINCIPLE OF NON-DISCRIMINATION, BUT IF A "SELECTIVE" PROVISION WERE AGREED IN THIS AREA WE WOULD OBVIOUSLY WISH TO TAKE ADVANTAGE OF IT IN CIRCUMSTANCES WHERE SUCH RESTRICTIONS HAD TO BE IMPOSED

...14

AND IT MADE GOOD SENSE TO ACT IN A SELECTIVE WAY.

YOU ARE AWARE THAT A NEW INTERNATIONAL CODE ON VALUATION HAS BEEN NEGOTIATED IN GENEVA. APPLICATION OF THE NEW CODE BY CANADA, WHOSE PRESENT VALUATION SYSTEM IS FOUNDED ON "FAIR MARKET VALUE IN COUNTRY OF ORIGIN", WOULD INVOLVE SINGIFICANTLY GREATER CHANGES THAN IN THE CASE OF MOST OTHER COUNTRIES WHICH ALREADY USE A TRANSACTION PRICE SYSTEM OF VALUATION IN WHOLE OR IN PART. IN THE CIRCUMSTANCES, OUR TRADING PARTNERS HAVE BEEN INFORMED THAT WE COULD ONLY CONTEMPLATE CHANGING TO THE NEW SYSTEM IF THEY WERE PREPARED TO AGREE IN ADVANCE THAT WE WOULD HAVE FOUR YEARS TO MAKE THE SWITCH, THAT WITHIN OUR INTERNATIONAL OBLIGATIONS OUR RIGHT TO DEAL WITH CERTAIN DAMAGING IMPORT PRACTICES NOT COVERED BY THE NEW CODE WOULD BE RECOGNIZED, AND THAT WE WOULD BE FREE TO RECTIFY ANY SIGNIFICANT LOSS OF PROTECTION WHICH WOULD BE OCCASIONED BY CHANGING TO THE NEW BASIS FOR VALUATION. IN THIS REGARD, AND PERHAPS OTHERS, PUBLIC PROCEDURES MAY BE ENVISAGED. IN ANY SUCH HEARINGS YOUR INDUSTRY WOULD, I IMAGINE, UNDERLINE AGAIN THE IMPORTANCE YOU ATTACH TO VARIOUS ASPECTS OF THE VALUATION QUESTION.

SO MUCH THEN FOR SOME OF THE RESULTS OF THE NEGOTIATIONS, SOME OF THE LESSONS LEARNED AND FOR THE PROCESS LEADING TOWARDS DEFINITIVE APPROVAL AND APPLICATION OF THE RESULTS BY CANADA AND OTHER COUNTRIES. ON THE LATTER POINT PERHAPS I SHOULD MAKE CLEAR THAT THE RESULTS OF THE NEGOTIATIONS HAVE BEEN PLACED BEFORE

...15

THE MINISTERS OF OUR NEW GOVERNMENT FOR THEIR CONSIDERATION AND DIRECTION.

IN CONCLUSION, PERMIT ME TO MAKE A FEW POINTS ABOUT THE FUTURE SO FAR AS COMMERCIAL POLICY IS CONCERNED AND HOW THIS MAY BEAR ON THE TEXTILE INDUSTRY.

FIRST, I DOUBT THAT WE SHALL SEE SOON AGAIN A WORLD TRADE NEGOTIATING CONFERENCE WHICH AIMS COMPREHENSIVELY TO REDUCE BOTH TARIFF AND NON-TARIFF BARRIERS, SIMULTANEOUSLY TO ADDRESS MOST, IF NOT ALL, OUTSTANDING INTERNATIONAL TRADING PROBLEMS AND AT THE SAME TIME TO REVISE, EXTEND OR MODIFY SOME OF THE BASIC TRADE RULES OF THE GATT. I SEE RATHER A CONTINUING PROCESS, UNDER THE AEGIS OF A STRENGTHENED GATT SECRETARIAT, WHICH WOULD TAKE UP PROBLEM SERIATUMS AS THEY ARE IDENTIFIED OR BECOME RIPE FOR SOLUTION. AND I HOPE WE SHALL SEE FULL USE BEING MADE OF THE NEW AGREEMENTS, INCLUDING THE PROVISIONS FOR INTERNATIONAL SURVEILLANCE AND DISPUTE SETTLEMENT. THE AIM IN MY VIEW SHOULD BE TO BUILD UP A BODY OF PRECEDENT AND EXPERIENCE WHICH WOULD AT THE ONE TIME GIVE GREATER CERTAINTY ALL ROUND AND AT THE SAME TIME CIRCUMSCRIBE ANY ATTEMPT BY THE LARGER TRADING COUNTRIES TO IGNORE THE RULES AND RESORT TO "MUSCLE" DIPLOMACY IN THE TRADE WORLD.

SECONDLY, I BELIEVE THAT THERE WILL BE NO ABSENCE OF FUTURE TRADE RELATION PROBLEMS. INDEED IT CAN BE ARGUED THAT THE MORE THE RULE OF LAW IS EXTENDED IN THE TRADE FIELD THE MORE

OCCASION THERE WILL BE FOR DIFFERENCES TO ARISE AND RECOURSE BECOME NECESSARY TO CONSULTATION AND SETTLEMENT PROCEDURES. APART FROM THIS NORMAL RANGE OF ACTIVITY I CAN SEE UNDER THE AGENDA OF NEW OR UNFINISHED BUSINESS:-

- THE ONGOING PROBLEMS OF AGRICULTURAL PRODUCTION AND TRADE;
- SECURITY OF SUPPLY IN THE SENSE OF THE INTERNATIONAL RULES GOVERNING THE USE OF EXPORT RESTRICTION AND PERHAPS EXPORT DUTIES;
- THE QUESTION OF THE ACTIVITIES OF MNE'S AS THEY MAY AFFECT WORLD TRADING AND INVESTMENT OPPORTUNITIES;
- THE ADEQUACY OF THE FRAMEWORK FOR TRADE BETWEEN STATE TRADING AND MARKET ECONOMIES;AND, OF COURSE,
- THE LONGSTANDING AND INCREASINGLY IMPORTANT QUESTION OF TRADE RELATIONS BETWEEN DEVELOPING AND DEVELOPED COUNTRIES.

THE LATTER QUESTION IS A MAJOR ELEMENT OF THE NORTH/SOUTH PROBLEM AS A WHOLE AND IS WORTHY OF A SPEECH IN ITSELF. THIS EVENING I WOULD MAKE ONLY TWO OBSERVATIONS.

FIRST, THE PRESSURE FOR IMPROVED ACCESS TO THE MARKETS OF INDUSTRIALIZED COUNTRIES IS NOT GOING TO GO AWAY WHATEVER MAY HAVE BEEN DONE FOR DEVELOPING COUNTRIES VIA THE MTN. THIS IS ALREADY CLEAR FROM THE UNCTAD DISCUSSIONS IN MANILA.

SECONDLY, THERE IS A GROWING POLITICAL RECOGNITION IN THE DEVELOPED COUNTRIES OF THE NEED FOR WHAT IS CALLED "POSITIVE ADJUSTMENT" WHICH WOULD PERMIT SHIFTS IN THE APPLICATION OF

...17

PRODUCTIVE CAPACITY, CAPITAL AND MANPOWER AS REQUIRED TO ADAPT TO CHANGE WHICH IS TAKING PLACE WITHIN AND BETWEEN DEVELOPED COUNTRIES AND WHICH WOULD SIMULTANEOUSLY ACCOMMODATE MORE FULLY, BUT AT AN ACCEPTABLE PACE, PART OF THE PRODUCTION OF NEW SUPPLIERS AROUND THE WORLD WHO NOW ENJOY COMPARATIVE ADVANTAGE OVER AN INCREASING RANGE OF MANUFACTURES AND WHOSE COMPETITION IS FAIR.

PERSONALLY I DON'T THINK THE QUESTION IS WHETHER THIS WILL HAPPEN, BUT RATHER HOW SUCH CHANGE IS TO BE MANAGED OVER TIME. WE, LIKE OTHER ADVANCED COUNTRIES, ARE GOING TO BE INVOLVED IN THIS INEVITABLE PROCESS.

AS YOU KNOW THE INTERNATIONAL ARRANGEMENT REGARDING TRADE IN TEXTILES (ITA) WAS RENEWED IN 1978 FOR A FOUR YEAR PERIOD AND WE HAVE BEEN A MEMBER OF THE SURVEILLANCE BODY SINCE JANUARY OF THIS YEAR. THE MTN NEGOTIATIONS HAVE NOT AFFECTED THE MANDATE OF THE ITA AND SO FAR AS I KNOW NO DISCUSSIONS HAVE YET BEGUN ON THE QUESTION OF ITS RENEWAL OR THE NATURE OF ANY RENEWAL OR REPLACEMENT OF THE EXISTING ARRANGEMENT. BUT GIVEN THE FORCES THAT ARE AT WORK IN THE WORLD IT SEEMS TO ME THAT THINKING SHOULD SOON TURN IN THIS DIRECTION. MY OWN BELIEF IS THAT THERE WILL HAVE TO BE PROLONGATION OF THE ITA MANDATE IF ONLY BECAUSE OF THE SPECIAL IMPORTANCE OF THIS AREA OF TRADE. AND I NOTE THAT AMBASSADOR STRAUSS IN HIS AGREEMENT WITH THE U.S.A. TEXTILE INDUSTRY HAS MADE IMPLEMENTATION OF THE U.S. MTN

...18

TARIFF CONCESSIONS ON TEXTILES CONDITIONAL ON THE ITA OR A SUITABLE SUBSTITUTE ARRANGEMENT BEING IN PLACE. IT WOULD NOT BE SURPRISING IF OTHER IMPORTING COUNTRIES WERE TO TAKE A SIMILAR POSITION. ONE, OF COURSE, CANNOT FORESEE THE OUTCOME OF THE ITA NEGOTIATIONS AT THIS STAGE, BUT I THINK IT WOULD BE IMPRUDENT TO ASSUME THAT EVERYTHING WILL CONTINUE EXACTLY AS BEFORE, EITHER HERE OR INTERNATIONALLY. WHATEVER THE FORWARD SCENARIO WE WILL BE THE BETTER ABLE TO COPE WITH IT IF WE GET OURSELVES IN THE BEST POSSIBLE SHAPE MEANTIME, NOT ONLY TO HOLD OUR OWN, BUT ALSO TO MOVE OUT AND ATTACK AVAILABLE MARKETS WHERE WE CAN.

I WISH YOU WELL IN YOUR ENDEAVOURS.

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Government of Canada | Gouvernement du Canada

News Release | Communiqué

July 11, 1979

Multilateral Trade Negotiations - Canadian Participation

The Secretary of State for External Affairs, the Minister of Finance and the Minister of Economic Development and Trade, on behalf of the Government of Canada, announced today that authority had been given for signature in Geneva, subject to ratification, of the 1979 GATT Tariff Protocol confirming the tariff outcome of the Multilateral Trade Negotiations (MTN).

The detailed results of the tariff negotiations are now made public. The Canadian schedule as released today is subject to minor alteration to reflect adjustments made in the process of verifying schedules over the last few days. It is anticipated that, when other main participants are in a position to implement their Geneva undertakings, both as regards tariff and non-tariff barriers, Canada would also take the necessary action to implement agreed tariff changes and to bring the various non-tariff agreements into force.

The Ministers said that the Government had reviewed the outcome of the negotiations so far as Canada is concerned, both as regards tariff and non-tariff barriers and the understandings which had been reached on the application of the rules of the General Agreement on Tariffs and Trade, including those affecting the rights and obligations of the developing countries. The Ministers noted that these negotiations had been substantially concluded before the new government took office. The Government has decided to proceed with the implementation of the results of the negotiations. They recognized that an attempt by Canada to modify the results at this stage would endanger the international agreements that had been reached and potentially cause great harm to the world trading environment.

Important concessions had been obtained from our trading partners which would benefit all regions of the country. The Ministers noted that consumers and users of materials and production goods would benefit from the tariff concessions which Canada had made. However, so far as garments, textiles, footwear, ships and rail cars were concerned, no tariff reductions or only small cuts had been agreed.

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The Ministers, together with their colleagues, the Ministers of Fisheries and Oceans, Agriculture, and Energy, Mines and Resources, emphasized the importance of Canadian producers and manufacturers taking full advantage of the new export opportunities to be progressively opened up in the markets of Canada's trading partners. The increasing competitiveness which would flow from new or additional export sales, particularly in the case of manufacturing industries, would be important also in ensuring a better performance vis-à-vis imports in the Canadian market.

The Ministers stated that the appropriate procedures would be followed to permit Canada to commence tariff reductions on January 1, 1980, as provided for in the Tariff Protocol. Legislation would also be introduced, as necessary, for Canada to implement and take advantage of certain of the non-tariff agreements which have been negotiated, and in particular those relating to Canada's capacity to deal with unfair or injurious import practices. The Ministers noted that, for other non-tariff agreements such as government procurement, import licensing procedures and technical barriers to trade, no legislative action would be required, but some changes to regulations and administrative procedures would be necessary.

The Ministers indicated that Canada's eventual adherence to the new international agreement on valuation had been made conditional on a number of particular Canadian requirements being agreed in advance by our main trading partners, including a 4-year period before Canada would be required to apply the agreement. In connection with valuation and other non-tariff agreements requiring changes in Canadian law, procedures would be followed to permit comment and consultation with private interests concerned prior to the introduction of proposed legislation.

The Ministers noted that the Canadian economy was in the process of adaptation to the changing domestic and world environment and that the adjustments likely to flow from the tariff concessions which had been made and received should in general prove manageable in the context of the forward movement and modernization of the Canadian economy already underway. In this connection, the Ministers noted that the tariff reductions would generally be phased in eight equal annual steps from January 1, 1980 until January 1, 1987. Adjustment assistance programmes would be available to assist Canadian companies to exploit new opportunities and to help firms and workers to adapt to the prospectively more competitive domestic environment.

The Ministers said "As a major trading nation, Canada must maintain and improve its relative position in an increasingly competitive world environment. To this end, the Government is determined to create an improved framework in Canada for investment, production and trade. Appropriate policies will be developed in close consultation with the

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provincial governments, business and labour and other interests concerned." The Ministers added, "We are confident that together Canadians can move to take full advantage of available trading opportunities and progressively to improve Canada's economic performance generally."

The Ministers noted the close cooperation and consultative arrangements which had evolved between government, the provinces, business and labour and consumer interests during the course of the negotiations. The consultations had been particularly valuable in developing Canada's stance and participation in the MTN. In expressing appreciation to all those who had given their views and advice, the Ministers said that they wished to assure the provinces and the private sector interests concerned of the Government's determination to maintain and further develop the consultative process with respect to Canadian policies on industrial development and trade.

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NOTE: A briefing kit describing the results of the MTN for Canada is being dispatched immediately to firms and interest groups which have made submissions to the Government on MTN matters. In addition a limited number of copies is available in the regional offices across Canada of the Departments of Industry, Trade and Commerce and National Revenue as well as from the Office of the Canadian Coordinator for Multilateral Trade Negotiations at 240 Sparks Street, Ottawa (613-593-7815).

Detailed enquiries about Canadian tariffs should be addressed to the Tariffs Division, Department of Finance, Ottawa (613-996-6477). In the case of foreign tariff concessions, enquiries should be addressed as appropriate to the tariff officers of the Western Hemisphere Bureau (United States Division 613-996-5471; Latin America and Caribbean Division 613-996-5546), the European Bureau (613-995-9401) and the Pacific Asia and Africa Bureau (613-996-5381), Department of Industry, Trade and Commerce, Ottawa.

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News Release | Communiqué

Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet: Notes for an address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Manufacturers Association, Toronto

For release/Pour publication: 0930 hrs. (EDT) August 2, 1979

Attached are the notes for an address to be made by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to a meeting of the Canadian Manufacturers Association, Toronto, August 2, 1979.

TO BE CHECKED AGAINST DELIVERY

Copies disponibles dans la version française
à l'adresse ci-haut mentionnée,
Ottawa, Canada K1A 0H5, tél. (613) 593-7815

Government of Canada
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Office of the Coordinator Multilateral Trade Negotiations
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News Release
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Subject/Sujet: Notes for an address by Ambassador J. H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Manufacturers Association, Toronto

For release/Pour publication: 0930 hrs. (EDT) August 2, 1979

ADDRESS BY AMBASSADOR J. H. WARREN
TO CMA SEMINAR ON THE MTN
AUGUST 2, 1979 - TORONTO

AS MOST OF YOU WILL BE AWARE, THIS IS THE FIRST OCCASION FOR PUBLIC DISCUSSION OF THE MTN TARIFF RESULTS SINCE THEIR RELEASE BY MINISTERS THREE WEEKS AGO. I AM GRATEFUL TO YOUR CHAIRMAN, ALEX GRAY, AND TO BILL FRECHETTE AND KEN WHITTALL OF THE CMA STAFF FOR ORGANIZING AND PROVIDING THIS IMPORTANT AND EARLY OCCASION TO DISCUSS THE GENEVA OUTCOME WITH SO MANY MEMBERS OF THE BUSINESS COMMUNITY.

THE SEMINAR FORMAT WHICH IS TO BE FOLLOWED THROUGH WHAT PROMISES TO BE A FULL AND USEFUL DAY SHOULD PROVIDE SCOPE FOR A GOOD TWO-WAY EXCHANGE BETWEEN ALL OF YOU AND THE REVOLVING CAST OF CHARACTERS WHO WILL BE HERE ON THE PODIUM TO HELP EXPLAIN THE MTN IMPLICATIONS FOR CANADA.

THE FOCUS THIS MORNING WILL BE ON THE TARIFF RESULTS, WITH JOE LOOMER OF THE DEPARTMENT OF FINANCE OUTLINING THE CONCESSIONS TO WHICH CANADA HAS AGREED AND CHARLIE KELLY, EARL WEYBRECHT AND BOB SANDOR OF INDUSTRY, TRADE AND COMMERCE HIGHLIGHTING THE MAIN POINTS OF INTEREST TO CANADA IN THE TARIFF CHANGES TO BE MADE BY THE U.S.A., THE EC AND JAPAN, RESPECTIVELY. WE LOOK FORWARD TO ANSWERING YOUR QUESTIONS, BOTH GENERAL AND OF DETAIL. BUT PLEASE BEAR WITH US IF IN THE CASE OF SOME PARTICULAR PRODUCTS OR SMALLER MARKETS WE HAVE TO "TAKE AS NOTICE" QUESTIONS INVOLVING INDIVIDUAL FOREIGN TARIFF RATES WHERE WE MAY NOT YET HAVE ALL THE INFORMATION ASSEMBLED IN READILY USABLE FORM. WHERE THERE ARE SUCH QUESTIONS, WE SHALL, OF COURSE, GET BACK DIRECTLY TO THE QUESTIONER WHEN WE

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HAVE DUG OUT THE ANSWERS HE SEEKS FROM THE VOLUMINOUS DOCUMENTATION ON THE FINAL RESULTS NOW AVAILABLE, OR SOON TO BE AVAILABLE, IN OTTAWA.

AS FOR THIS AFTERNOON'S PROGRAMME, PERCY EASTHAM OF INDUSTRY, TRADE AND COMMERCE AND LYLE RUSSELL AND ROY HINES OF FINANCE WILL BE PREPARED TO TAKE US THROUGH SOME OF THE INTRICACIES OF THE NON-TARIFF MEASURE AGREEMENTS. AND, TOWARD THE END OF THE DAY, I LOOK FORWARD TO JOINING YOUR DISTINGUISHED PANEL FOR A WRAP-UP DISCUSSION OF THE MTN RESULTS IN GENERAL.

WE HAVE NOT YET DECIDED WHETHER TODAY'S SEMINAR WILL BE FOLLOWED BY LIKE GATHERINGS ACROSS THE COUNTRY AND WHETHER WE SHOULD UNDERTAKE SUCH A PROGRAMME SOLELY AS A MEANS OF EXPLAINING THE IMPORT AND IMPACT OF THE GENEVA NEGOTIATIONS. SUCH A PROGRAMME MIGHT INSTEAD BE UNDERTAKEN IN TERMS OF THE LARGER THRUST AND DIRECTIONS WHICH THE GOVERNMENT OF CANADA WILL WISH TO GIVE TO OUR TRADE PROMOTION AND INDUSTRIAL DEVELOPMENT POLICIES. BUT WHATEVER THE DECISION OF MINISTERS MAY BE IN THIS REGARD, TODAY'S EXPERIENCE TOGETHER WILL BE MOST HELPFUL IN DETERMINING HOW BEST TO DISCUSS AND EXCHANGE INFORMATION ABOUT THE MTN, THE IMPLICATIONS OF WHICH COVER SUCH A LARGE CANVAS AND TOUCH SO MANY CANADIAN ECONOMIC INTERESTS.

AS THE LEAD-OFF SPEAKER TODAY, IT FALLS TO ME TO SET THE STAGE FOR WHAT FOLLOWS. I HAVE SPOKEN ABOUT THE GENERALITY OF THE MTN ON MANY PREVIOUS OCCASIONS. AND, NOW THAT

... 3

MOST OF YOU HAVE SEEN THE MATERIAL WE RELEASED PUBLICLY ON JULY 11 (MORE COPIES OF WHICH ARE AVAILABLE TODAY), THERE IS PROBABLY NOT ALL THAT MUCH THAT I NEED ADD BY WAY OF GENERAL BACKGROUND. HOWEVER, TO PROVIDE A BACKDROP FOR THE MORE DETAILED DISCUSSION TO FOLLOW, I WILL RECALL SOME OF THE ELEMENTS CENTRAL TO OUR MTN PARTICIPATION, TRY TO PROVIDE A SENSE OF THE NEGOTIATING PROCESS INVOLVED, TOUCH UPON SOME OF THE IMPORTANT RESULTS, SAY A WORD ABOUT THE CONSULTATION PROCESS UNDERTAKEN WITH THE PRIVATE SECTOR AND, PERHAPS, TRY TO TAKE A PEEK AT THE FUTURE SO FAR AS COMMERCIAL POLICY IS CONCERNED.

CANADA'S DECISION TO PARTICIPATE IN THE MTN, INITIALLY TAKEN IN 1973, CAN BE THOUGHT OF AS NATURAL GIVEN OUR ROLE AND STAKE IN WORLD TRADE. IT WAS ALSO NORMAL GIVEN THE INTERNATIONAL CONSENSUS THEN REACHED THAT THE TIME HAD COME TO CONTEMPLATE FURTHER TARIFF REDUCTIONS ON A MOST-FAVOURED-NATION BASIS, TO ADDRESS NON-TARIFF MEASURES WHICH HAD TAKEN ON MORE PROMINENCE AFTER THE 1962-67 KENNEDY ROUND AND TO EXAMINE MORE SYMPATHETICALLY THE TRADE NEEDS OF THE DEVELOPING COUNTRIES.

THE YEARS THAT FOLLOWED THE 1973 TOKYO MEETING WERE DIFFICULT AND SAW MUCH CHANGE - CHANGE LIKE THE ACTIONS OF OPEC, WIDESPREAD UNEMPLOYMENT AND INFLATIONARY PRESSURES IN THE INDUSTRIAL COUNTRIES, SLOWER GROWTH CHANGES WHICH INCREASED BUSINESS UNCERTAINTY, CHANGES WHICH GAVE RISE TO RENEWED PROTECTIONIST PRESSURES ON MOST GOVERNMENTS AND WHICH DID NOT MAKE IT EASIER TO MOVE AHEAD WITH

FURTHER TRADE LIBERALIZATION. AND THERE WAS ALSO INTENSIFIED PRESSURE FROM THE DEVELOPING WORLD FOR CHANGES IN THE TRADE RULES BETTER TO ACCOMMODATE THEIR INTERESTS.

BUT ONCE LAUNCHED AND BARRING A GENERAL DECISION TO ABANDON THE TRADE LIBERALIZATION EFFORT (A COURSE REJECTED AT EACH OF THE RECENT ECONOMIC SUMMITS AT HEAD OF STATE LEVEL), THERE WAS NEVER REALLY A QUESTION OF CANADA SEEING ADVANTAGE IN STANDING ASIDE. WE NEEDED IN OUR OWN SELF INTEREST TO WORK WITH OTHERS TO DETERMINE THE NATURE OF THE TRADING WORLD IN WHICH WE WOULD HAVE TO LIVE. NEITHER WOULD IT HAVE MADE SENSE TO FOREGO THE OPPORTUNITY TO SEEK REDUCTIONS IN FOREIGN TARIFFS ON ITEMS OF PARTICULAR INTEREST TO CANADA. AND, WE COULD NOT AFFORD TO RUN THE RISK - WHICH WAS PRESENT - THAT CONCESSIONS EXCHANGED BETWEEN OTHERS WOULD NOT BE EXTENDED TO US OR THAT, AS A GENERAL MATTER, OUR TRADE WOULD BE DISCRIMINATED AGAINST AS A CONSEQUENCE OF NON-PARTICIPATION. FINALLY, THERE WAS THE RISK, WHICH HAD BOTH POLITICAL AND ECONOMIC DIMENSIONS THAT CANADIAN WITHDRAWAL FROM THIS IMPORTANT INTERNATIONAL INITIATIVE COULD HAVE BEEN USED BY OTHERS AS THE EXCUSE FOR NOT PROCEEDING WITH THE NEGOTIATIONS. THE BLAME FOR THEIR FAILURE - FAILURE WHICH WOULD ALSO HAVE AFFECTED OTHER ELEMENTS OF INTERNATIONAL ECONOMIC COOPERATION AND OPENED THE WAY FOR MORE VIRULENT PROTECTIONISM - COULD THEN HAVE BEEN LAID AT OUR DOOR.

SO THERE WAS NO QUESTION OF OUR CHOOSING TO OPT OUT AND THEREBY ATTEMPT TO INSULATE OURSELVES FROM A TRADING ENVIRONMENT

... 5

WHICH WAS TO BECOME MORE OPEN AND MORE COMPETITIVE. THE STATUS QUO WAS, IN EFFECT, NEVER AN AVAILABLE OPTION. IN THE CIRCUMSTANCES, THE ONLY OPTION WHICH MADE ANY SENSE WAS TO GET IN THERE AND TRY TO SHAPE THE RESULTS TO MEET CANADIAN INTERESTS - TO SHAPE A PARTICIPATION CONSISTENT WITH THE PROSPECTIVE NEEDS OF OUR DOMESTIC PRODUCERS IN THE CONTEXT OF THE WORLD IN WHICH THEY WOULD BE COMPETING AND LIVING IN THE FUTURE.

OUR VARIOUS OBJECTIVES IN THE NEGOTIATIONS ARE ALREADY PRETTY WELL KNOWN BUT, IN THE CONTEXT OF OUR WORK TODAY, THEY ARE PERHAPS WORTH RECALLING. GENERALLY, WE SOUGHT

A) TO INFLUENCE THE OUTCOME IN DIRECTIONS FAVOURING THE EFFICIENT FURTHER DEVELOPMENT OF CANADIAN INDUSTRY, AGRICULTURE AND FISHERIES, AND THE GROWTH OF NATIONAL INCOME THROUGH BROADER, MORE PROFITABLE AND MORE CERTAIN EXPORT OPPORTUNITIES, WHILE ENSURING THAT AN APPROPRIATE LEVEL OF CANADIAN TARIFF PROTECTION WAS MAINTAINED AND THAT CANADA WAS ABLE, CONSISTENT WITH INTERNATIONAL RULES, TO DEAL ADEQUATELY WITH UNFAIR OR DISRUPTIVE IMPORT COMPETITION;

B) TO WORK WITH OTHERS TO AVOID A BREAKDOWN IN INTERNATIONAL TRADING ARRANGEMENTS AND THE CONSEQUENT PROLIFERATION OF PROTECTIONISM AND TRADE RESTRICTIONS CONTRARY TO THE INTEREST OF CANADA AS A MAJOR TRADING NATION; AND

... 6

C) TO MAKE PROGRESS TOWARDS AN IMPROVED AND MORE CERTAIN WORLD TRADING FRAMEWORK, INCLUDING A BETTER SET OF ARRANGEMENTS WITH DEVELOPING COUNTRIES.

IN MORE SPECIFIC TERMS, OUR OBJECTIVES WERE:

A) FURTHER TO REDUCE THE LEVEL OF FOREIGN TARIFFS FACING CANADIAN EXPORTS AND POTENTIAL EXPORTS;

B) TO SECURE AN ENLARGEMENT OF THE AREA OF TRADE WHERE CANADIAN PRODUCTS COULD ENTER FOREIGN MARKETS DUTY-FREE, INCLUDING THE UNITED STATES;

C) TO ELIMINATE OR REDUCE AND PROGRESSIVELY BRING UNDER BETTER CONTROL NON-TARIFF BARRIERS INHIBITING CANADIAN EXPORTS;

D) THROUGH REDUCED FOREIGN TARIFF AND NON-TARIFF BARRIERS, TO ENHANCE OPPORTUNITIES IN CANADA FOR INVESTMENT IN AND PRODUCTION OF MORE HIGHLY PROCESSED MATERIALS AND FOODSTUFFS, AS WELL AS FULLY MANUFACTURED GOODS;

E) TO MAKE REDUCTIONS IN THE LEVEL OF CANADIAN TARIFFS ON END PRODUCTS, MATERIALS AND INTERMEDIATE GOODS, AS APPROPRIATE TO A MORE COMPETITIVE INTERNATIONAL ENVIRONMENT AND IN A MANNER CONSISTENT WITH THE CONTINUED DEVELOPMENT OF VIABLE PRODUCTION IN CANADA OF EXISTING AND NEW PRODUCT LINES;

F) TO LIMIT TARIFF CONCESSIONS IN AREAS OF PARTICULAR EMPLOYMENT AND IMPORT SENSITIVITY (SUCH AS TEXTILES AND FOOTWEAR);

G) TO ENSURE THAT AGREED REDUCTIONS IN CANADIAN PROTECTION WOULD BE PHASED-IN OVER A SUFFICIENTLY LONG TIME PERIOD TO PERMIT ORDERLY ADJUSTMENT TO THE NEW TRADING ENVIRONMENT; AND

... 7

H) TO EVOLVE DESIRABLE CHANGES IN INTERNATIONAL TRADING RULES WITH RESPECT TO COUNTERVAILING DUTIES, ANTI-DUMPING DUTIES AND EMERGENCY ACTION AGAINST IMPORTS CAUSING OR THREATENING INJURY TO DOMESTIC PRODUCERS, IN ORDER TO DEAL MORE ADEQUATELY WITH UNFAIR OR DISRUPTIVE IMPORT COMPETITION WHILE LIMITING THE CAPACITY OF FOREIGN GOVERNMENTS TO ACT ARBITRARILY AGAINST CANADIAN EXPORTS.

AND, OF COURSE, IN WORKING FOR THE ACHIEVEMENT OF THESE OBJECTIVES, WE WERE SEEKING A MIX OF GAINS IN FOREIGN MARKETS AND CONCESSIONS ON THE CANADIAN SIDE WHICH WOULD REPRESENT A REASONABLE OUTCOME FROM THE PERSPECTIVE OF THE VARIOUS REGIONS OF CANADA. AND WE WERE LOOKING FOR A RESULT TO WHICH, ON THE BASIS OF OUR CONSULTATIONS WITH THEM, IT WAS CONSIDERED CANADIAN INDUSTRIES AND PRODUCERS COULD ADAPT AND PROFIT OVER THE YEARS AHEAD. THE CANADIAN TEAM NATURALLY ALSO HAD IN MIND THE BENEFITS WHICH WOULD ACCRUE DIRECTLY AND INDIRECTLY FROM TARIFF REDUCTIONS TO USERS AND CONSUMERS OF IMPORTED AND COMPETING DOMESTICALLY-PRODUCED GOODS AND THE BENEFITS TO ALL GROUPS LIKELY TO FLOW FROM THE IMPROVED ECONOMIC PERFORMANCE WHICH COULD BE ANTICIPATED IN THE MORE COMPETITIVE POST-MTN ENVIRONMENT.

ALL IN ALL, I TRUST THAT THE RESULTS OF THE NEGOTIATIONS WILL NOT BE REGARDED AS UNREASONABLE BY CANADIANS BOTH AS TO THEIR SUBSTANCE, WHERE VARIOUS ECONOMIC INTERESTS ARE CONCERNED, AND RELATIVE TO THE SORTS OF GENERAL AND PARTICULAR OBJECTIVES I HAVE MENTIONED. TRUE, WE DID NOT ACHIEVE THE ACROSS-THE-BOARD

... 8

LIBERALIZATION SOUGHT UNDER THE SO-CALLED SECTOR APPROACH TO THE ELIMINATION OF TRADE BARRIERS IN THE NON-FERROUS AND FOREST PRODUCTS AREAS. BUT IT SHOULD BE RECALLED THAT THIS SPECIAL APPROACH (WHICH WOULD HAVE SEEN OUR TARIFFS AS WELL AS THOSE OF OTHER COUNTRIES REDUCED TO THE MAXIMUM EXTENT PERMITTED UNDER THE U.S.A. TRADE ACT) DID NOT FIND UNIVERSAL FAVOUR WITH OUR INDUSTRIES, ANY MORE THAN IT DID WITH OUR TRADING PARTNERS. NEVERTHELESS, EVEN WITHOUT THE TECHNIQUE OF FORMAL SECTOR NEGOTIATIONS IMPORTANT FOREIGN CONCESSIONS WERE OBTAINED IN THESE TWO SECTORS, NOTABLY ON WOOD PRODUCTS AND PAPERS TO THE U.S.A. MARKET AND ON SEMI-FABRICATED METAL PRODUCTS GOING TO THE U.S.A., EC AND JAPAN. TO BE SOMEWHAT MORE SPECIFIC, THE U.S.A. TARIFFS ON PAPER PRODUCTS WILL BE CUT ON AVERAGE BY CLOSE TO 80 PERCENT. AMONG THE MOST INTERESTING REDUCTIONS INVOLVED ARE MANY TO DUTY-FREE, INCLUDING THAT ON THE MAIN U.S.A. TARIFF ITEM COVERING CANADIAN BULK PRINTING PAPERS WHERE NOT ONLY IS DUTY-FREE ENTRY TO BE EXTENDED BUT IT IS TO BECOME EFFECTIVE IN A SINGLE STEP ON JANUARY 1 NEXT YEAR. ON NON-FERROUS PRODUCTS, WE DID NOT DO AS WELL AS WE WOULD HAVE LIKED, ESPECIALLY ON REFINED METALS. NEVERTHELESS, U.S.A. CONCESSIONS OF INTEREST INCLUDE THE ELIMINATION OF DUTY ON ALUMINUM INGOT, NEW TARIFF LEVELS OF BETWEEN 4 AND 7 PERCENT ON SEMI-FABRICATED COPPER PRODUCTS AND A 60 PERCENT CUT IN THE VERY HIGH 20 PERCENT RATE ON UNWROUGHT MAGNESIUM. IN THE EC AND JAPAN, POST-MTN RATES ON COPPER SEMI-FABS WILL BE IN THE 6 TO 7 PERCENT RANGE. IN PART

... 9

AT LEAST, THE U.S.A., EC AND JAPANESE REDUCTIONS ON SEMI-FABRICATED METAL PRODUCTS REFLECT THE GENERAL HARMONIZATION EFFECT OF THE SO-CALLED "SWISS FORMULA" WHICH RESULTED IN HIGHER RATES BEING REDUCED BY GREATER AMOUNTS THAN LOWER ONES. LATER THIS MORNING WE WILL BE HEARING ABOUT THE U.S.A. CONVERSION OF SOME OF THEIR TARIFFS ON CERTAIN NON-FERROUS METALS AND SOME OTHER PRODUCTS FROM SPECIFIC TO AD VALOREM DUTIES. FOR THE MOMENT I WILL ONLY NOTE THAT THESE CONVERSIONS WOULD PROBABLY HAVE GIVEN RISE TO HIGHER U.S.A. TARIFF RATES IF THEY HAD BEEN DONE OUTSIDE THE MTN CONTEXT.

RETURNING TO THE GENERALITY OF THE NEGOTIATIONS, MOST OF YOU ARE ALREADY AWARE THAT:

1) THE TEN MAIN TRADING COUNTRIES HAVE AGREED TO CUT THEIR INDUSTRIAL TARIFFS BY ABOUT ONE-THIRD, OVERALL;
2) CANADA HAS AGREED TO RECIPROCAL REDUCTIONS OF SOMEWHAT LESS THAN 40 PERCENT ON INDUSTRIAL PRODUCTS EXCHANGED WITH OUR THREE MAIN TRADING PARTNERS TAKEN TOGETHER;
3) THE EXTENT OF DUTY-FREE ENTRY IN CANADA/U.S.A. TRADE HAS GROWN FURTHER;
4) POST-MTN U.S.A. TARIFFS ON MANUFACTURED GOODS WILL AVERAGE ABOUT 4 PERCENT;AND THOSE OF JAPAN AND THE EC WILL BE ABOUT 6 PERCENT AND THOSE OF CANADA ABOUT 9 OR 10 PERCENT;
5) CANADA - LIKE MANY OTHER PARTICIPANTS - WILL BE MAKING NO REDUCTIONS OR COMPARATIVELY SMALL REDUCTIONS IN TARIFFS ON ITEMS SUCH AS TEXTILES, CLOTHING, FOOTWEAR, SHIPS AND RAIL CARS;AND

...10

6) THERE WILL BE TIME (8 ANNUAL STEPS BEGINNING THE FIRST OF NEXT YEAR AS A GENERAL RULE) TO ADJUST TO CANADIAN TARIFF REDUCTIONS AND TO SEEK OUT NEW EXPORT OPPORTUNITIES AS ACCESS TO THE U.S.A. AND OTHER MARKETS IS PROGRESSIVELY IMPROVED.

ON THE EXPORT SIDE WE WILL BE DISCUSSING PARTICULAR RESULTS LATER ON, BUT SO FAR AS INDUSTRIAL PRODUCTS ARE CONCERNED, I THINK CANADIAN MANUFACTURERS WILL FIND INTERESTING POTENTIAL IN A GREAT NUMBER OF AREAS INCLUDING MACHINERY, PAPERS, AIRCRAFT, AIRCRAFT EQUIPMENT AND PARTS, OTHER HIGH TECHNOLOGY SECTORS AND CANADIAN WHISKY.

SO FAR I HAVE BEEN TOUCHING CHIEFLY ON THE MTN TARIFF RESULTS FOR INDUSTRIAL AND MANUFACTURED GOODS. BUT THE PROSPECTS FOR CANADIAN FARMERS AND FISHERMEN ARE OF MORE THAN PASSING INTEREST TO THE CANADIAN MANUFACTURING COMMUNITY BECAUSE OF THE MARKET WHICH THESE SECTORS CONSTITUTE FOR CANADIAN MANUFACTURERS. ON AGRICULTURAL PRODUCTS, TARIFF CONCESSIONS AGREED BY OUR MAJOR TRADING PARTNERS COVER OVER $1 BILLION WORTH OF CANADIAN EXPORTS. INCLUDED AMONG THESE ARE A WIDE RANGE OF FAIRLY DEEP TARIFF CUTS OBTAINED FROM THE UNITED STATES WHICH HAS, IN A NUMBER OF IMPORTANT CASES, AGREED TO PHASE OUT OR REDUCE DISPARITIES AS BETWEEN CANADIAN AND U.S.A. RATES (FOR EXAMPLE, ON CORN, BEEF CUTS, SOYABEANS AND POTATOES). SOME RATHER INTERESTING RESULTS WERE ALSO OBTAINED ON MEAT PRODUCTS, CERTAIN BERRIES AND PROCESSED VEGETABLES INTO BOTH THE EC AND JAPAN AND ON AGED CHEDDAR CHEESE TO THE EC. AGRICULTURAL AND FISHERIES TRADE WILL ALSO, OF COURSE,

... 11

BENEFIT FROM THE AGREEMENTS ON NON-TARIFF MEASURES. FOR A NUMBER OF FISHERIES PRODUCTS, FOREIGN TARIFF CONCESSIONS SHOULD BE HELPFUL TO BOTH EAST COAST AND WEST COAST PRODUCERS, ALTHOUGH THE DEGREE TO WHICH FOREIGN COUNTRIES WERE WILLING TO OPEN THEIR MARKETS FOR FISH AND FISH PRODUCTS PROVED LESS THAN WE HAD HOPED.

ON THE NON-TARIFF SIDE, AGREEMENTS HAVE BEEN NEGOTIATED ON SUBSIDIES AND COUNTERVAILING DUTIES, TECHNICAL BARRIERS TO TRADE, GOVERNMENT PROCUREMENT, IMPORT LICENSING PROCEDURES AND CUSTOMS VALUATION. REVISIONS HAVE ALSO BEEN AGREED TO THE ANTI-DUMPING CODE. WHEN ACCEPTED AND IMPLEMENTED, THESE AGREEMENTS WILL BRING UNDER BETTER CONTROL MANY OF THE MOST DIFFICULT NON-TARIFF BARRIERS WHICH HAVE CONFRONTED OUR EXPORTERS. DESIRABLE GAINS HAVE BEEN ACHIEVED IN "TRANSPARENCY" WITH RESPECT TO THE PRACTICES OF GOVERNMENTS WHICH CAN UNDESIRABLY IMPAIR ACCESS TO THEIR MARKETS. MOREOVER, IMPROVED INTERNATIONAL SURVEILLANCE AND DISPUTE SETTLEMENT PROCEDURES WILL HELP ENSURE THAT ANTICIPATED BENEFITS WILL, IN FACT, BE REALIZED. THIS IS, HOWEVER, AN AREA WHERE CLOSE SCRUTINY BY GOVERNMENTS WILL BE IMPORTANT TO SUCCESSFUL IMPLEMENTATION AT THE INTERNATIONAL LEVEL. IN A SENSE, THE CODES WILL ONLY BE AS GOOD AS GOVERNMENTS CHOOSE TO MAKE THEM BY ENSURING THAT THE SURVEILLANCE AND DISPUTE SETTLEMENT PROVISIONS WORK TO MAXIMUM ADVANTAGE. WE IN GOVERNMENT WILL BE LOOKING TO INTERESTED PARTIES SUCH AS YOURSELVES TO KEEP US FULLY INFORMED OF ANY PROBLEMS WHICH YOU FEEL NEED TO BE ADDRESSED

... 12

WITH RESPECT TO THE APPLICATION OF THESE CODES.

THERE HAVE BEEN THOSE IN THE CANADIAN BUSINESS COMMUNITY AND ELSEWHERE WHO HAVE - QUITE NATURALLY - FLAGGED WHAT THEY SAW AS ALMOST INSURMOUNTABLE DIFFICULTIES IN OBTAINING ANY REAL CONTROL OVER NON-TARIFF MEASURES. HOWEVER A GOOD START HAS BEEN MADE AND AS THE PERTINENT INTERNATIONAL CASE LAW BUILDS UP, IT WILL BECOME CLEARER AND CLEARER TO ANY PARTY WHICH MIGHT BE TEMPTED TO BEND THE AGREED RULES THAT TO DO SO WILL INVOLVE A DIRECT COST TO THEM THROUGH THE DISPUTE SETTLEMENT PROCEDURE. AND THIS VERY PROCESS AND THE ANTICIPATED WILLINGNESS OF ALL MAIN PARTICIPANTS TO PURSUE THEIR RIGHTS UNDER THE CODES AND UNDER GATT WHEREVER AND WHENEVER THEY HAVE BEEN IMPAIRED SHOULD SERVE AS AN IMPORTANT DISINCENTIVE TO ANY PARTY THAT TRIES TO PUT IN PLACE NEW NON-TARIFF BARRIERS THAT WOULD FALSIFY ACCESS BOUGHT AND PAID FOR IN THE MTN.

THE NEW AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES AND THE AGREED REVISIONS TO THE EXISTING ANTI-DUMPING CODE WILL STRENGTHEN CANADA'S CAPACITY TO DEAL SPEEDILY AND EFFECTIVELY WITH UNFAIR TRADE PRACTICES AND INJURIOUS IMPORTS. ESPECIALLY RELEVANT IN THIS REGARD ARE REVISED CLAUSES ON THE APPLICATION OF PROVISIONAL DUTIES AND ON THE CAPACITY TO ACCEPT PRICE OR OTHER UNDERTAKINGS IN LIEU OF PROCEEDING FULL TERM WITH AN INVESTIGATION. AT THE SAME TIME, THE NEW RULES WILL LIMIT THE CAPACITY OF FOREIGN GOVERNMENTS TO ACT ARBITRARILY AGAINST CANADIAN EXPORTERS. IN PARTICULAR, ACCEPTANCE BY THE UNITED STATES THAT INJURY MUST BE FOUND BEFORE COUNTERVAILING DUTIES CAN BE ASSESSED IS A

... 13

NOTABLE GAIN FOR CANADA AND OTHER COUNTRIES.

THE AGREEMENT ON CUSTOMS VALUATION WILL ESTABLISH UNIFORM RULES TO BE APPLIED BY ALL COVERNMENTS IN DETERMINING THE VALUE OF IMPORTED GOODS FOR CUSTOMS PURPOSES. THIS WILL YIELD A NUMBER OF BENEFITS FOR US IN THE U.S.A. AND OTHER MARKETS. FOR OUR PART, WE HAVE MADE CLEAR TO OUR TRADING PARTNERS THAT FOR CANADA TO BRING ITS VALUATION SYSTEM INTO CONFORMITY WITH THE AGREEMENT WOULD CONSTITUTE A SIGNIFICANTLY GREATER CHANGE THAN FOR OTHERS. FOR THIS REASON, WE HAVE STATED THAT OUR WILLINGNESS TO DO SO IS 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, TO OFFSET ANY SIGNIFICANT LOSS OF PROTECTION THAT MIGHT BE DIRECTLY ATTRIBUTABLE TO ADOPTING THE NEW SYSTEM AND TO HAVE FOUR YEARS IN WHICH TO MAKE THE SWITCH. THE UNITED STATES HAS AGREED TO THESE CONDITIONS AND WE ARE IN THE PROCESS OF WORKING OUT PARALLEL OR EQUIVALENT UNDERSTANDINGS WITH OUR OTHER MAIN TRADING PARTNERS.

AN AREA WHERE I AM STILL UNABLE TO REPORT AGREEMENT IS "SAFEGUARDS". HERE, A GOOD DEAL OF PROGRESS HAS BEEN MADE IN CLARIFYING THE PROCEDURES, CRITERIA, RIGHTS AND OBLIGATIONS OF COUNTRIES IMPOSING TEMPORARY RESTRICTIONS AGAINST IMPORTS CAUSING OR THREATENING SERIOUS INJURY. BUT A NUMBER OF PROBLEMS REMAIN TO BE RESOLVED AND THE NEGOTIATIONS IN GENEVA ARE TO BE RESUMED IN THE FALL. IT REMAINS TO BE SEEN, IN FACT, WHETHER ANY CODE CAN BE AGREED. IF NOT GATT MEMBERS WILL RETAIN THEIR EXISTING RIGHTS TO TAKE SAFEGUARD ACTION UNDER ARTICLE XIX OF

..14

THE GENERAL AGREEMENT. THE MAIN OUTSTANDING ISSUE IS WHETHER SUCH RESTRICTIONS CAN, WITHOUT THEIR PRIOR AGREEMENT, BE APPLIED IN A SELECTIVE WAY ONLY AGAINST COUNTRIES IDENTIFIED AS BEING THE SOURCES OF THE PROBLEM. THE EUROPEANS IN PARTICULAR FAVOUR SUCH A FACILITY WHILE THE DEVELOPING COUNTRIES ARE OPPOSED. ALTHOUGH AS A MATTER OF PRINCIPLE CANADA DOES NOT FAVOUR DEPARTURES FROM THE PRINCIPLE OF NON-DISCRIMINATION, IF A "SELECTIVE" PROVISION SUBJECT TO APPROPRIATE INTERNATIONAL CONSTRAINTS WERE AGREED, WE WOULD OBVIOUSLY WISH TO TAKE ADVANTAGE OF IT IN CIRCUMSTANCES WHERE IT MADE GOOD SENSE TO ACT IN A SELECTIVE WAY.

FINALLY, ON THE NON-TARIFF SIDE. AN UNDERSTANDING ON WAYS TO APPLY CERTAIN OF THE GENERAL OBLIGATIONS OF THE GATT WITH A VIEW TO IMPROVING THE INTERNATIONAL TRADING FRAMEWORK HAS BEEN AGREED. AMONG OTHER THINGS THIS UNDERSTANDING PROVIDES A FIRMER BASIS FOR SPECIAL AND DIFFERENTIAL TREATMENT FOR THE DEVELOPING COUNTRIES.

BY ITS VERY NATURE AND SCOPE,AND THE ECONOMIC CLIMATE IN WHICH IT TOOK PLACE,THE MTN WAS A COMPLICATED AND DIFFICULT NEGOTIATION. ONE OR TWO POINTS ABOUT THE PROCESS ITSELF MAY BE OF INTEREST. A MULTILATERAL NEGOTIATION OF THIS TYPE PROVIDES OPPORTUNITIES FOR THE NEGOTIATING LEVERAGE OF VARIOUS PARTICIPANTS TO BE COMBINED IN PURSUIT OF PARTICULAR OBJECTIVES. THIS IS A FEATURE NOT AVAILABLE IN A BILATERAL APPROACH TO TRADE NEGOTIATION WHICH WOULD TEND TO LEAVE UNTOUCHED LARGE AREAS OF FOREIGN TARIFFS OF INTEREST TO US SIMPLY BECAUSE THIRD COUNTRIES HAD THE PRINCIPAL INTERESTS AS SUPPLIERS. POOLING BARGAINING

... 15

RESOURCES IN THE MTN PERMITTED THE ATTAINMENT OF A NUMBER OF OUR AIMS IN THE TARIFF NEGOTIATIONS AND ELSEWHERE. PULP AND PAPER PRODUCT TARIFF CONCESSIONS BY JAPAN AND THE EC, FOR EXAMPLE, WERE PRIMARILY THE RESULT OF JOINT CANADA/U.S.A. PRESSURES - AS WERE CONCESSIONS IN THE SAME MARKETS FOR TOBACCO AND MEAT PRODUCTS. AND CONCERTED EFFORTS BY CANADA, JAPAN AND THE EC MADE CERTAIN THAT PROGRESS WAS ACHIEVED IN ATTAINING ESSENTIAL CHANGES IN U.S.A. COUNTERVAIL LAW. AND, OF COURSE, THE MUTUAL BARGAINING BETWEEN THE U.S.A., THE EC AND JAPAN HAS RESULTED IN LOWER TARIFF BARRIERS FOR MANY PRODUCTS WHICH WE DO NOT NOW PRODUCE, BUT MAY IN THE FUTURE. THIS POTENTIAL GAIN IS VERY IMPORTANT FROM THE POINT OF VIEW OF OUR FUTURE INDUSTRIAL DEVELOPMENT AND ONE WHICH COULD ONLY HAVE BEEN OBTAINED IN MULTILATERAL NEGOTIATIONS.

So far as implementation of the MTN results is concerned, Ministers have already announced that appropriate procedures would be followed to permit Canada to commence tariff reduction on January 1, 1980 and that legislation will be introduced with respect to non-tariff agreements requiring changes in Canadian law, notably those relating to Canada's capacity to deal with unfair or injurious import practices, e.g. countervailing duties and anti-dumping duties and valuation. Moreover procedures will be followed to permit comment and consultation with the private sector prior to the introduction of proposed legislation. The process of developing prospective legislative or regulatory change to permit Canada to implement the Geneva agreements on non-tariff barriers is already underway in Ottawa with a view

... 16

TO SUBMITTING TIMELY RECOMMENDATIONS FOR INITIAL MINISTERIAL CONSIDERATION. I DO NOT EXPECT THAT EXTENSIVE LEGISLATIVE CHANGES WILL BE REQUIRED TO PERMIT CANADA TO IMPLEMENT THE CODES OTHER THAN THAT ON VALUATION. YOU MAY EXPECT, HOWEVER, THAT THE OCCASION WILL BE TAKEN TO STREAMLINE AND MODERNIZE OUR EXISTING LEGISLATION WITH RESPECT TO IMPORTS.

SO FAR AS THE PROCESS OF ADAPTATION TO THE POST-MTN ENVIRONMENT IS CONCERNED, THE HONOURABLE BOB DE COTRET SAID AT THE PRESS CONFERENCE FOLLOWING THE JULY 11 ANNOUNCEMENTS, THAT A REVIEW IS UNDERWAY TO MAKE SURE THAT PROGRAMMES OF ADJUSTMENT ASSISTANCE - EXISTING OR NEW ONES - ADDRESS THE MTN RESULTS IN THE MOST SATISFACTORY MANNER POSSIBLE. HE MADE THE FURTHER POINT THAT THERE WOULD SOON BE A PROCESS OF BROAD CONSULTATION WITH THE PROVINCES, LABOUR AND BUSINESS TO SEEK THEIR ADVICE, OBSERVATIONS AND RECOMMENDATIONS ABOUT ADJUSTMENT ASSISTANCE PROGRAMMES. THIS PROCESS WOULD BE UNDERTAKEN IN A TIME FRAME WHICH WOULD PERMIT GOVERNMENT ANNOUNCEMENTS WITH RESPECT TO ADJUSTMENT ASSISTANCE TO BE TAKEN INTO ACCOUNT IN CORPORATE AND MANPOWER PLANNING AND IN ADVANCE OF IMPLEMENTATION OF THE MTN TARIFF RESULTS.

BEFORE CONCLUDING I WOULD LIKE TO SAY A WORD ABOUT THE PROCESS OF CONSULTATION WITH THE PROVINCES AND THE PRIVATE SECTOR IN THE COURSE OF THE MTN. FROM WHERE I SAT AS COORDINATOR THIS WAS AN ESSENTIAL INGREDIENT TO THE MEASURE OF SUCCESS ACHIEVED AND A SIGNIFICANT "PLUS" IN TERMS OF RELATIONS BETWEEN THE FEDERAL AUTHORITY AND THE MANY CONSTITUENCIES OF CANADIAN

... 17

INTERESTS WHICH MAKE UP OUR COUNTRY. THAT THE PROCESS WAS EQUALLY APPRECIATED BY THE GROUPS WHICH HELPED US HAS BEEN MADE VERY CLEAR IN THE CONSULTATIONS THEMSELVES AND IN CORRESPONDENCE I HAVE BEEN RECEIVING SINCE THE RESULTS WERE ANNOUNCED. FOR THEIR PART, CANADIAN MINISTERS TOOK NOTE IN THEIR PRESS RELEASE OF JULY 11 OF THE VALUABLE CONTRIBUTIONS MADE BY BUSINESSMEN AND OTHERS THROUGH THESE CONSULTATIONS AND WENT ON TO SAY - AND HERE I QUOTE - THAT "THEY WISHED TO ASSURE THE PROVINCES AND THE PRIVATE SECTOR INTERESTS CONCERNED OF THE GOVERNMENT'S DETERMINATION TO MAINTAIN AND FURTHER DEVELOP THE CONSULTATIVE PROCESS WITH RESPECT TO CANADIAN POLICIES ON INDUSTRIAL DEVELOPMENT AND TRADE." IN THIS REGARD I MAY BE PERMITTED A FEW COMMENTS DRAWING ON OUR EXPERIENCE DURING THE MTN.

IN A COUNTRY LIKE CANADA, IT HAS BEEN ESPECIALLY HELPFUL TO HAVE HAD PROVINCIAL PERSPECTIVES BROUGHT TO BEAR NOT ONLY IN AREAS WHERE THEIR OWN REGULATIONS AND RESPONSIBILITIES WERE IN PLAY, FOR EXAMPLE, LIQUOR BOARD MARKETING PRACTICES OR PRODUCT STANDARDS, BUT ALSO MORE GENERALLY WHERE THE INTERNATIONAL FRAMEWORK WOULD IMPORTANTLY AFFECT TRADE AND ECONOMIC DEVELOPMENT OPPORTUNITIES FOR THEIR PARTS OF THE COUNTRY. THE VIEWS OF BUSINESSMEN, ORGANIZATIONS AND INDIVIDUALS INVOLVED DIRECTLY IN CANADIAN PRODUCTION AND TRADE PROVED, OF COURSE, INVALUABLE IN THE ELABORATION OF SOUND POLICY DECISIONS AND NEGOTIATING POSITIONS. THIS WAS TRUE NOT ONLY IN THE EVOLUTION OF THE

... 18

PRIORITIES AND DIRECTIONS WHICH OUR NEGOTIATING TEAM WAS ASKED TO PURSUE, BUT OF PARTICULAR IMPORTANCE IN THE "FINE TUNING" FOR THE FINAL RESULTS WHERE, QUICK UP TO DATE AND INFORMED RESPONSES WERE ESSENTIAL. THIS BEING SAID IT REMAINS TRUE - AND WAS, I THINK, ACCEPTED BY THE BUSINESS COMMUNITY AND OTHERS CONCERNED - THAT FINAL DECISIONS INEVITABLY RESTED WITH THE NATIONAL GOVERNMENT, GIVEN THE NUMEROUS AND OFTEN CONFLICTING REGIONAL AND SECTORAL INTERESTS CONSTANTLY AT WORK IN THE CANADIAN ECONOMY.

IT IS MY CONCLUSION, HOWEVER - AND ONE WHICH ON THE BASIS OF REACTIONS TO DATE IS INCREASINGLY SHARED - THAT THE PROCESS OF INFORMATION GATHERING, INPUT AND CONSULTATION, BOTH ON THE RECORD AND IN CONFIDENCE, ALLOWED US TO ARRIVE AT POSITIONS WHICH REPRESENTED A REASONABLE AND BROADLY-ACCEPTED CONSENSUS AS TO WHAT HAD TO BE DONE IN THE CIRCUMSTANCES FACING US. I SAY THIS IN FULL AWARENESS THAT THE OUTCOME WILL INEVITABLY BE CRITICIZED BY SOME WHO WOULD LIKE US TO HAVE GOT MORE, BY SOME WHO SAY WE WENT TOO FAR IN THEIR PARTICULAR PRODUCT AREA AND BY SOME WHO SAY WE DID NOT GO FAR ENOUGH IN TERMS OF THEIR INTERESTS. FINALLY, THE FACT THAT EXTENSIVE CONSULTATION WAS UNDERTAKEN WAS IMPORTANT IN ITSELF BECAUSE OTHERWISE THERE COULD EASILY HAVE BEEN A HEIGHTENING, IF NOT AN EXAGGERATION, OF REGIONAL OR SECTORAL CONCERNS - THIS BECAUSE NOT ALL DIMENSIONS OF A PROBLEM WERE KNOWN OR BECAUSE OF FEAR THAT BEHIND THE VEIL OF SECRECY ONE CANADIAN INTEREST WAS BEING SACRIFICED TO ANOTHER.

... 19

IT SEEMS TO ME THAT WITH THE MTN RESULT ADDED TO THE TRADE LIBERALIZATION ALREADY ACHIEVED IN THE POST-WAR ERA, THE LINE BETWEEN PRODUCING FOR THE DOMESTIC MARKET AND PRODUCING FOR EXPORT IS BECOMING MORE AND MORE BLURRED FOR MANY COMPANIES AND PRODUCERS. STRATEGIES FOR OUR INDUSTRY, AGRICULTURE AND FISHERIES MUST THEREFORE INCREASINGLY COMPRISE BOTH THE DOMESTIC AND FOREIGN DIMENSION. AN ACTIVE PROCESS OF CONSULTING WITH THE PROVINCES, WITH INDUSTRY AND WITH LABOUR ABOUT WHERE WE ARE GOING OR SHOULD BE GOING, SHOULD THUS ALWAYS TAKE INTO ACCOUNT THE EXTERNAL ENVIRONMENT - BOTH ITS OPPORTUNITIES AND CONSTRAINTS. PER CONTRA, TRADE POLICY SHOULD NOT BE SET IN ISOLATION FROM DEVELOPMENT OBJECTIVES BEING SET FOR THE ECONOMY AS A WHOLE AND FOR ITS VARIOUS SECTORS - RECOGNIZING, OF COURSE, THAT IN THE COMMERCIAL POLICY FIELD NO ONE COUNTRY CAN CALL THE SHOTS AND THAT THERE ARE LIMITS TO WHAT OTHER COUNTRIES CAN BE PERSUADED TO ACCEPT.

I AM CONFIDENT THAT IT WILL PROVE POSSIBLE TO DESIGN A FORMAT FOR FUTURE CONSULTATION IN THE LINKED AREAS OF TRADE AND ECONOMIC DEVELOPMENT WHICH WILL ENSURE THAT THE REQUIRED INPUTS FROM THE PROVINCES AND FROM PRIVATE SECTOR INTERESTS CAN BE BROUGHT FORWARD EFFECTIVELY ON A TIMELY BASIS AS NEED WILL ARISE. AND, I THINK THE PROCEDURES FOR DOING SO SHOULD BE FLEXIBLE SO AS TO RESPOND WITH A MINIMUM OF INSTITUTIONAL OR BUREAUCRATIC CONCERN TO THE MANY KINDS OF SITUATIONS WHICH ARE LIKELY TO ARISE AND WHICH WILL CALL FOR CONSULTATIONS OF DIFFERING DEPTH AND KINDS DEPENDING ON THE PROBLEM AT HAND.

... 20

AND WHAT ARE SOME OF THE MAIN ISSUES IN INTERNATIONAL COMMERCIAL POLICY WHICH ANY NEW CONSULTATIVE FORMAT MIGHT BE ADDRESSING? MY OWN CRYSTAL BALL IS NO BETTER THAN ANY OTHER BUT I THINK IT IS HARD TO ENVISAGE ANOTHER, WIDE-RANGING, COMPREHENSIVE MULTILATERAL TRADE NEGOTIATION - AT LEAST UNTIL THE RESULTS OF THE ONE BEFORE US ARE FULLY IMPLEMENTED LATE IN THE DECADE OF THE 1980's. AND I DOUBT VERY MUCH THAT NATIONS WILL BE PREPARED TO SIT AROUND AWAITING A NEW MAJOR ROUND BEFORE DEALING WITH TRADE ISSUES AND PROBLEMS WHICH OBVIOUSLY DEMAND EARLY MOVEMENT TOWARDS SOLUTION.

SO I FORESEE AN ONGOING PROCESS OF ADDRESSING COMMERCIAL POLICY QUESTIONS UNDER THE AEGIS OF A MORE ACTIVE GATT. THE AGENDA WILL NO DOUBT INCLUDE THE FURTHER EVOLUTION OF TRADING RELATIONS WITH DEVELOPING COUNTRIES, SURVEILLANCE OF MTN IMPLEMENTATION AND POSSIBLY THE INITIATION OF NEGOTIATIONS IN PARTICULAR AREAS AS COUNTRIES FIND THAT THE TIME IS RIPE TO MOVE AHEAD. BUILT-IN REVIEW PROCEDURES IN THE GOVERNMENT PROCUREMENT AND AIRCRAFT ACCORDS ENSURE THESE WILL RETAIN A CERTAIN PROMINENCE IN THE POST-MTN PERIOD. SO FAR AS OUR TRADE WITH THE U.S.A. IS CONCERNED, THE MTN RESULTS LOOK TO FURTHER DISCUSSIONS ON CERTAIN WOOD PRODUCTS AND PAPERS. AND AS I HAVE SAID ELSEWHERE, PETROCHEMICALS IS AN AREA WHERE THE MTN RESULTS FELL SHORT OF WHAT AT ONE STAGE OF THE NEGOTIATIONS IT APPEARED POSSIBLE TO ACCOMPLISH.

AND, OF COURSE, WE SHOULD NOT OVERLOOK THE QUESTION OF THE DEVELOPMENT OF OUR MAJOR BILATERAL TRADING RELATIONSHIPS WITH THE U.S.A., EUROPE AND JAPAN

... 21

WHICH INVOLVE MANY ELEMENTS GOING BEYOND THE TARIFF AND NON-TARIFF FRAMEWORK.

SOUTH OF THE BORDER THERE IS AGAIN DISCUSSION ABOUT THE POSSIBILITY OF CLOSER U.S.A. TRADE RELATIONS WITH CANADA AND MEXICO, ALTHOUGH SO FAR AS THE U.S. ADMINISTRATION IS CONCERNED THE POSITION TAKEN TO DATE DOES NOT APPEAR TO HAVE GONE BEYOND THE PROVISIONS OF THE 1974 LEGISLATION AND THE UNDERTAKING IN THE NEW TRADE ACT, ALREADY LEGISLATED TO GIVE EFFECT TO THE MTN RESULTS, TO STUDY THE MATTER. THE QUESTION OF A POSSIBLE FREE TRADE AREA OR CUSTOMS UNION WITH THE UNITED STATES COULD CONCEIVABLY COME UP IN THE YEARS AHEAD, BUT EITHER OF THESE HYPOTHETICAL PROPOSALS WOULD RAISE IMPORTANT POLITICAL QUESTIONS AS WELL AS ISSUES OF ECONOMIC MANAGEMENT GOING BEYOND THE FRAMEWORK OF TRADE.

AND THERE IS ALSO THE QUESTION OF WHETHER BETWEEN CANADA AND THE UNITED STATES MORE COULD BE DONE BILATERALLY OR ON A MFN BASIS TO FREE UP TRADE IN PRODUCT AREAS OF PARTICULAR INTEREST TO THE TWO COUNTRIES. WE SHALL SEE.

I WOULD NOT VENTURE TO FORECAST WHAT FORM THESE QUESTIONS MIGHT TAKE IN THE YEARS AHEAD OR WHAT THE ANSWERS MIGHT BE. BUT IN TERMS OF THE THINKING OF THE GOVERNMENT I WOULD DRAW YOUR ATTENTION TO COMMENTS WHICH HAVE BEEN MADE BY MR. CROSBIE ON THE VARIOUS OPTIONS WHICH MIGHT BE CONSIDERED AND TO THOSE OF MR. DE COTRET AND MR. WILSON AT THEIR JULY 11 PRESS CONFERENCE ON THE MTN RESULTS.

... 22

FROM WHAT MINISTERS HAVE SAID IT SEEMS CLEAR THAT THE GOVERNMENT IN ACCEPTING THE MTN RESULTS DOES NOT FEEL THAT WE HAVE REACHED THE END OF THE ROAD SO FAR AS THE DEVELOPMENT OF OUR COMMERCIAL POLICIES IS CONCERNED AND THAT THERE IS AN INTEREST IN THE VARIOUS POSSIBILITIES WHICH MAY BE OPEN TO US FURTHER TO PROMOTE OUR TRADE INTERNATIONALLY. MR. DE COTRET HAS INDICATED THAT IMPLEMENTATION OF THE MTN RESULTS SHOULD NOT PRECLUDE OTHER INITIATIVES ON THE TRADE SIDE WITH COUNTRIES IN WHICH WE HAVE A SPECIFIC INTEREST IN EXPANDING TRADE. IN THIS CONTEXT HE GAVE AS AN EXAMPLE MEXICO AND MENTIONED THAT THERE MIGHT BE AREAS VIS-A-VIS THE UNITED STATES WHERE WE WOULD LIKE TO PURSUE BILATERAL NEGOTIATIONS. BUT IN THIS CONNECTION I DRAW YOUR ATTENTION TO A PARTICULAR COMMENT HE MADE IN FRENCH WHICH WAS NOT WIDELY REPORTED. IT WAS TO THE EFFECT THAT, IN LOOKING AT THE KIND OF POSSIBILITIES MENTIONED, THE FRAMEWORK SHOULD BE WIDER THAN COMMERCIAL POLICY AS SUCH, AND THAT SUCH POSSIBILITIES SHOULD BE CONSIDERED IN THE CONTEXT OF ECONOMIC DEVELOPMENT POLICY AS A WHOLE. THIS WOULD BE THE CONTEXT OF THE PROCESS OF CONSULTATION WITH THE PRIVATE SECTOR WHICH WAS BEING INITIATED BY THE GOVERNMENT AND WHICH WOULD GIVE RISE TO PUBLIC DISCUSSION IN THE AUTUMN.

SO LOOK FOR AN ACTIVE PERIOD OF CONSULTATION AHEAD IN AREAS OF GREAT IMPORTANCE TO OUR ECONOMIC FUTURE. I AM SURE ON THE BASIS OF OUR EXPERIENCE IN THE MTN NEGOTIATIONS THAT POLICY WILL BE THE BETTER FOR THE CONSULTATIONS WHICH ARE ENVISAGED AND THAT THE PROCESS, DESPITE OUR DIFFERENT AND SOMETIMES CONFLICTING

... 23

INTERESTS IN CANADA, WILL OF ITSELF HELP BOTH TO REACH AND ACHIEVE THE MEASURE OF CANADIAN CONSENSUS NECESSARY TO PERMIT AND FACILITATE THE FORWARD MOVEMENT OF OUR ECONOMY.

I KNOW THAT THE CANADIAN MANUFACTURERS ASSOCIATION AND ITS MEMBERS WILL BE ABLE AND WILL WISH TO PLAY A CONSTRUCTIVE AND FORWARD LOOKING ROLE IN THE PROCESS AND ADD TO THE CONTRIBUTION ALREADY MADE IN HELPING US TO ACHIEVE IN THE TOKYO ROUND WHAT YOU HAVE DESCRIBED IN YOUR MTN PAMPHLET AS "A POSITIVE BALANCE OF BENEFIT IN CANADA'S FAVOUR." I KNOW ALSO THAT IN USING THIS PHRASE YOU DID NOT HAVE IN MIND THAT WE HAD OUTNEGOTIATED OTHERS OR AVOIDED THE REVERSE, BUT RATHER, AS IN BUSINESS, THAT THE RESULTS OF THE DEALS WOULD LEAVE BOTH SIDES REASONABLY SATISFIED SO THAT THEY WOULD BE ABLE TO REPORT A REASONABLE AND WORKABLE RESULT TO THEIR MANAGEMENT AND SHAREHOLDERS. THATS WHAT YOUR NEGOTIATORS TRIED TO DO - WE TRUST TIME WILL TELL THAT WE SUCCEEDED.

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Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

News Release Communiqué

Subject/Sujet Notes for an address by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, at the 15th Annual Meeting of the Licensing Executives Society, Vancouver, B.C.

For release/Pour publication
1300hrs. (P.D.T.)
September 19, 1979

Attached are notes for an address to be made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, at the 15th Annual Meeting of the Licensing Executives Society, Vancouver, B.C., September 19, 1979

TO BE CHECKED AGAINST DELIVERY

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NOTES FOR AN ADDRESS BY AMBASSADOR J.H. WARREN
CANADIAN CO-ORDINATOR FOR THE MULTILATERAL TRADE NEGOTIATIONS
AT THE 15TH ANNUAL MEETING OF THE LICENSING EXECUTIVES SOCIETY
VANCOUVER
SEPTEMBER 19, 1979

IT IS A GREAT PLEASURE TO BE WITH YOU HERE IN VANCOUVER TODAY AND TO HAVE HAD THE OPPORTUNITY TO SIT IN ON YOUR MORNING SESSION. I WAS, OF COURSE, DELIGHTED EARLIER THIS YEAR TO LEARN FROM BILL CAMPBELL THAT THE SOCIETY WOULD BE COMING TO CANADA FOR ITS FIFTEENTH ANNUAL MEETING. I WELCOME ALL VISITORS AND TRUST THAT WHAT YOU HAVE BEEN ABLE TO SEE OF THIS ESPECIALLY ATTRACTIVE CORNER OF OUR COUNTRY HAS BEEN PLEASING TO YOU. I AM SURE BILL AND OTHER CANADIAN MEMBERS HAVE ENCOURAGED YOU ALSO TO VISIT OTHER PARTS OF CANADA. I WARMLY INVITE YOU TO DO SO, BOTH IN TERMS OF BUSINESS AND RECREATION. FOR SURELY AS CLOSE NEIGHBOURS, CANADIANS AND AMERICANS SHOULD KNOW EACH OTHER BETTER. AND I USE THAT PHRASE IN ITS TRUE NOT SUPERFICIAL SENSE.

OF COURSE BOTH OUR PEOPLES ARE NORTH AMERICANS, WE SHARE MANY OF THE SAME ASPIRATIONS AND SOCIAL VALUES; WE LISTEN TO AND WATCH THE SAME ENTERTAINERS, THE SAME WEATHER SYSTEMS DICTATE OUR CLIMATES. BUT WE ARE NOT THE SAME. OUR CONSTITUTIONS AND SYSTEMS OF GOVERNMENT ARE DIFFERENT, AS IS THE COMPOSITION OF OUR TWO POPULATIONS. WE ARE CLOSE FRIENDS AND OUR DEDICATION TO DEMOCRACY AND THE RULE OF LAW IS THE SAME, BUT OUR LAWS ARE DIFFERENT. WITH VAST SHARED INTERESTS IN BUSINESS, IN SPORT, ON THE WORLD ECONOMIC AND POLITICAL STAGE, WE NONETHELESS REMAIN TWO DIFFERENT JURISDICTIONS, TWO DIFFERENT COUNTRIES, TWO SEPARATE NATIONS.

...2

THIS BEING THE CASE THE NEED TO KNOW AND UNDERSTAND, TO BE MUTUALLY AWARE, TO BE FREE OF PRECONCEIVED AND OUT OF DATE NOTIONS BECOMES CRITICAL TO THE RELATIONSHIP. FOR NOTHING IS MORE WASTEFUL OF GOODWILL AND RESOURCES THAN HAVING TO DEAL WITH PROBLEMS WHICH ARE ONLY THERE BECAUSE OF INCORRECT PERCEPTIONS ON THE ONE SIDE ABOUT THE POSSIBILITIES AND REALITIES OF THE OTHER.

LET ME TALK FOR A MOMENT ABOUT THE CANADA OF TODAY. A NATION OF ONLY 23,000,000 PEOPLE, CONCENTRATED FOR THE MOST PART IN A NARROW EAST-WEST BAND OF POPULATION ALONG OUR BORDER WITH THE UNITED STATES, WE NONETHELESS ARE OVERWHELMINGLY THE LARGEST TRADING PARTNER OF THE UNITED STATES AND A MAJOR DESTINATION OF U.S. FOREIGN DIRECT INVESTMENT. WE ARE AN IMPORTANT SUPPLIER OF MANY RAW MATERIALS AND OUR SURPLUS OIL AND GAS IS EXPORTED TO THE AMERICAN MARKET. WE MAY NOT BE AS IMPORTANT TO THE UNITED STATES AS IT IS TO US, BUT BY ANY MEASURE WE ARE IMPORTANT TO EACH OTHER.

REFLECTING IN PARTICULAR THE CURRENT U.S. RECESSION, THE IMMEDIATE ECONOMIC OUTLOOK FOR CANADA IS NOT STRONG. OUR TRADE SURPLUS IS DOWN AND THE CURRENT ACCOUNT DEFICIT FOR 1979 IS EXPECTED TO REACH A RECORD $7 BILLION.

BUT IN CONSIDERING CANADA AS A PARTNER IN TRADE AND TECHNOLOGICAL EXCHANGE AND AS A PLACE FOR INVESTMENT, THE OUTLOOK AT A PARTICULAR POINT IN THE BUSINESS CYCLE IS OF COURSE MUCH LESS RELEVANT THAN MORE FUNDAMENTAL FACTORS. AMONGST THOSE FACTORS WHICH DO NOT FAVOUR PRODUCTION AND DEVELOPMENT IN CANADA ARE THE HIGHER OVERHEAD COSTS ASSOCIATED WITH OUR SEVERE CLIMATE, LONG DISTANCES AND RELATIVELY SMALL POPULATION. AND THE FACT THAT OUR DOMESTIC MARKET IS NOT ONLY RELATIVELY SMALL BUT COMPARTMENTALIZED BY DISTANCE AND OTHER FACTORS, ADDS TO THE DIFFICULTY OF SECURING SCALE AND INTERNATIONAL COMPETITIVENESS FOR OUR MANUFACTURED OUTPUT.

...3

BUT THERE ARE MANY OFFSETTING ADVANTAGES. ONE OF THE MAIN ASSETS OF CANADA IS ITS RICH AND VARIED ENDOWMENT OF NATURAL RESOURCES, INCLUDING OF COURSE ITS AGRICULTURAL BASE AS WELL AS ITS FORESTS AND DIVERSE MINERAL WEALTH.

ADDED TO THIS, OF COURSE, ARE CANADA'S RELATIVELY LARGE SUPPLIES OF ENERGY, ESPECIALLY WHEN COMPARED TO OTHER HIGHLY DEVELOPED INDUSTRIAL COUNTRIES. WE POSSESS ALL THE CURRENTLY IMPORTANT ENERGY SOURCES - CRUDE OIL, NATURAL GAS, URANIUM, HYDRO-ELECTRIC POWER, AND COAL. IT WOULD SEEM THAT DESPITE CURRENT PARTIAL DEPENDENCE ON FOREIGN OIL WE ARE REASONABLY WELL PLACED TO ENVISAGE SELF SUFFICIENCY EVEN IN THIS AREA AS WE MOVE TO THE END OF THE CENTURY.

THE ABUNDANCE OF NATURAL RESOURCES COMBINED WITH SIGNIFICANT ENERGY SOURCES HAS PROMOTED THE INDUSTRIALIZATION OF CANADA ALONG TWO MAIN LINES: FIRST, THROUGH FURTHER PROCESSING OF THE RESOURCES AND SECOND, THROUGH THE NEED FOR SUPPLIES AND CAPITAL GOODS AS INPUTS. CANADA HAS WORLD SCALE AND FULLY COMPETITIVE PLANTS PRODUCING IRON AND STEEL, ALUMINUM AND PETROCHEMICALS. AND WE ARE STRONG IN THE PRODUCTION OF VEHICLES, AGRICULTURAL IMPLEMENTS, FORESTRY AND MINING MACNINERY, ELECTRICAL AND NUCLEAR POWER GENERATING EQUIPMENT, FABRICATED METALS, EXPLOSIVES AND MANY OTHER CHEMICALS. IN SHORT, WE HAVE THE NATURAL RESOURCES, ENERGY SUPPLIES, AND MANUFACTURING KNOW-HOW ESSENTIAL TO A MODERN INDUSTRIAL STATE.

ECONOMIC ACTIVITY IS FURTHER FACILITATED IN CANADA BY THE EXISTENCE OF A HIGHLY DEVELOPED, MULTI-MODAL SYSTEM OF TRANSPORTATION AND THE COUNTRY IS TIED TOGETHER AND LINKED TO THE REST OF THE WORLD BY HIGHLY SOPHISTICATED

...4

COMMUNICATIONS NETWORKS. CANADA HAS ALWAYS HAD A STRONG BANKING SYSTEM AND A SMOOTHLY FUNCTIONING CAPITAL MARKET OFFERING A BROAD RANGE OF FINANCIAL INSTRUMENTS AND SERVICES. CANADA'S MAJOR FINANCIAL INSTITUTIONS ARE OF A WORLD SCALE AND CLOSELY LINKED TO INTERNATIONAL MONEY MARKETS. ACCESS TO FUNDS IS FURTHER FACILITATED BY THE ABSENCE OF RESTRICTIONS ON THE FREE FLOW OF CAPITAL AND AS YOU KNOW WE ARE IMPORTANT INTERNATIONAL BORROWERS, PARTICULARLY ON THE NEW YORK MARKET. IN GENERAL, PRODUCTION IN CANADA IS SUPPORTED BY SERVICE INDUSTRIES AS MODERN AND EFFICIENT AS ANY IN THE WORLD.

UNIVERSAL ACCESS TO EDUCATION HAS PRODUCED A GENERALLY LITERATE POPULATION. THERE EXIST THE PROFESSIONAL AND TECHNICAL INSTITUTIONS THAT CREATE THE WELL EDUCATED AND HIGHLY SKILLED WORK FORCE NECESSARY FOR AN ADVANCED TECHNOLOGICAL SOCIETY. AND WE CONTINUE TO BE A SOUGHT OUT DESTINATION OF EMIGRATION AND HAVE HAD THE BENEFIT OF LABOUR AND SKILLS WHICH NEW CANADIANS HAVE ADDED TO OUR WORK FORCE.

THE CORPORATE TAX SYSTEM HERE IS BY AND LARGE COMPETITIVE WITH THOSE OF OTHER LEADING INDUSTRIAL NATIONS. IT CONTAINS SIGNIFICANT MEASURES TO ENCOURAGE SELECTED FORMS OF ECONOMIC ACTIVITY SUCH AS ACCELERATED CAPITAL COST ALLOWANCES FOR MANUFACTURING AND PROCESSING EQUIPMENT, R&D, AND POLLUTION CONTROL DEVICES AND A REGIONALLY DIFFERENTIATED INVESTMENT TAX CREDIT.

SO THERE ARE A CONSIDERABLE NUMBER OF FACTORS OF A VERY POSITIVE NATURE TO TAKE INTO ACCOUNT IN LOOKING AT CANADA'S ECONOMIC FUTURE. AND, OF COURSE, I ASSUME THAT IN THE FUTURE, AS IN THE PAST, FROM SEA TO SEA AND IN EVERY REGION, WE SHALL HAVE THE BENEFIT OF THE ORDERLY AND STABLE POLITICAL ENVIRONMENT WHICH HAS CHARACTERIZED CANADA SINCE THE FOUNDING OF OUR FEDERATION OVER 100 YEARS AGO.

THESE ELEMENTS OF STRENGTH SHOULD CONSTITUTE ADEQUATE OFFSETS TO SOME OF THE LOCATIONAL AND PHYSICAL DISADVANTAGES OF PRODUCING AND MANUFACTURING GOODS IN CANADA, BUT THEY ARE BY NO MEANS OUR ONLY CHALLENGE. CLEARLY A MODERN COUNTRY OF THE ASSETS AND POTENTIAL I HAVE DESCRIBED SHOULD LIKE OTHER INDUSTRIALIZED COUNTRIES BE ECONOMICALLY AND EFFICIENTLY PRODUCING MORE OF ITS CONSUMPTION OF FULLY MANUFACTURED GOODS, SHOULD BE PROCESSING AND UPGRADING MORE OF ITS MATERIALS AND INDEED SHOULD BE SELLING A LARGER AND MORE DIVERSIFIED AND SOPHISTICATED PACKAGE OF GOODS IN EXPORT MARKETS. THIS IS NOT TO ARGUE THAT WE SHOULD BE TRYING TO PRODUCE THE WHOLE RANGE OF MANUFACTURES USED IN A MATURE ECONOMY. BUT THROUGH SPECIALIZATION WE SHOULD AIM FOR THE EFFICIENT PRODUCTION AND MARKETING OF A LARGER SPECTRUM OF GOODS THAN IS NOW THE CASE.

TODAY, MR. CHAIRMAN, I SHALL ADDRESS IN PARTICULAR ONLY TWO OF MANY ELEMENTS WHICH ARE IMPORTANT TO CANADA'S FUTURE ECONOMIC DEVELOPMENT; THE POSSIBILITIES OPENED UP FOR CANADA AS A RESULT OF THE RECENT ROUND OF MULTILATERAL TRADE NEGOTIATIONS AND THE NEED AND POTENTIAL FOR GREATER TECHNOLOGICAL INNOVATION IN THIS COUNTRY.

FIRST, TRADE. IT SEEMS TO ME THAT WITH U.S. TARIFFS ON MANUFACTURED GOODS GOING DOWN TO AVERAGE LEVELS OF 4% OR LESS IN MOST SECTORS (OTHER THAN TEXTILES, FOOTWEAR AND PETROCHEMICALS) AND WITH THE U.S. TARIFFS REMOVED OR ONLY NOMINAL RATES FACING MANY MANUFACTURED PRODUCTS OF PARTICULAR INTEREST TO CANADA, A MAJOR INHIBITION TO PRODUCTION AND EXPORT FROM CANADA IS IN THE PROCESS OF BEING REMOVED. OR TO PUT IT ANOTHER WAY, ONE OF THE FACTORS PREVIOUSLY ARGUING FOR INVESTING IN LOCATIONS CLOSER TO THE MAIN POPULATION CENTRES IN THE UNITED STATES RATHER THAN CLOSER TO THE SUPPLY OF NECESSARY MATERIALS AND

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ENERGY IN CANADA HAS CONSIDERABLY DIMINISHED IN SIGNIFICANCE. BY THE SAME TOKEN, THE REDUCTIONS WHICH HAVE BEEN MADE IN THE TARIFF LEVELS OF THE EEC AND JAPAN, WHOSE AVERAGE INDUSTRIAL TARIFFS WILL BE 5% AND 6% RESPECTIVELY, SHOULD ALSO FACILITATE THE PRODUCTION AND EXPORT OF MORE PROCESSED AND FINISHED GOODS FROM CANADA.

ON THE IMPORT SIDE, THE FUTURE LEVEL OF THE CANADIAN INDUSTRIAL TARIFF, AVERAGING AROUND 9% OR 10% WILL CONTINUE TO PROVIDE A REASONABLE MEASURE OF PROTECTION FOR DOMESTIC INDUSTRY - AND I BELIEVE THIS IS APPROPRIATE GIVEN OUR RELATIVELY SMALL DOMESTIC MARKET AND THE HIGHER OVERHEADS I HAVE MENTIONED. ON THE OTHER HAND, THE FACT THAT OUR TARIFF WILL BE REDUCED ON AVERAGE BY 40% FROM PREVIOUSLY NEGOTIATED RATES WILL MEAN ENHANCED FOREIGN COMPETITION HERE AND INCREASE THE NECESSITY TO EVOLVE OUR MANUFACTURED GOODS PRODUCTION TOWARDS AREAS WHERE WE CAN EXPECT TO HOLD OUR OWN HERE AND IN FOREIGN MARKETS.

THE AGREEMENTS WHICH HAVE BEEN REACHED ON NON TARIFF BARRIERS IN THE MTN ARE ALSO OF GREAT IMPORTANCE. THE NEW CODES ON SUBSIDIES AND COUNTERVAILING DUTIES AND ON ANTI-DUMPING DUTIES, INCLUDING THEIR PROVISIONS FOR INTERNATIONAL SURVEILLANCE AND DISPUTE SETTLEMENT SHOULD, IF USED EFFECTIVELY BY THE MAIN TRADING COUNTRIES, SIGNIFICANTLY CONSTRAIN THE IMPAIRMENT OF ACCESS TO MARKETS WHICH MISUSE OF THESE INSTRUMENTS HAVE CAUSED IN THE PAST. IT IS, FOR EXAMPLE, VERY IMPORTANT TO CANADA AND OTHER TRADING NATIONS THAT THE NEW U.S. TRADE LAW REQUIRES A DEMONSTRATION OF MATERIAL INJURY TO DOMESTIC INDUSTRY BEFORE COUNTERVAILING DUTIES CAN BE APPLIED AGAINST IMPORTS. THIS GATT REQUIREMENT PREVIOUSLY APPLIED ONLY TO DUTY FREE IMPORTS INTO THE U.S.A.

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THE CODE ON GOVERNMENT PROCUREMENT BREAKS NEW GROUND AND ESTABLISHES AGREED GROUND RULES FOR AN AREA OF TRADE WHICH COUNTRIES WERE PREVIOUSLY ABLE TO RESERVE TO THEIR DOMESTIC PRODUCERS.

ANOTHER NEW CODE WHICH MAY BE OF MORE DIRECT INTEREST TO MEMBERS OF THE LICENSING EXECUTIVES SOCIETY IS THAT ON TECHNICAL BARRIERS TO TRADE, OR STANDARDS AS THEY ARE MORE GENERALLY KNOWN. THE PROVISIONS OF THIS CODE ARE NOT DIRECTED AT THE LEGITIMACY OF STANDARDS AS SUCH, THE NEED FOR WHICH IN TERMS OF HEALTH, SAFETY, PROTECTION OF THE ENVIRONMENT AND THE LIKE, IS OF COURSE FULLY RECOGNIZED. THE CODE DOES HOWEVER FOCUS ON THE MISUSE OF TECHNICAL REGULATIONS OR STANDARDS TO IMPEDE TRADE. THE AGREEMENT PROVIDES THAT CERTIFICATION SYSTEMS WHETHER NATIONAL OR REGIONAL MUST TREAT SUPPLIERS OF PRODUCTS FROM OTHER SIGNATORIES ON A NON DISCRIMINATORY BASIS AND GIVE THEM IN EFFECT NATIONAL TREATMENT. THE PARTICIPANTS ARE REQUIRED TO USE RELEVANT INTERNATIONAL STANDARDS WHEREVER POSSIBLE, AS A BASIS FOR THEIR PRODUCT STANDARDS. AND SIMILARLY THEY ARE TO ACCEPT, TEST RESULTS, CERTIFICATES OR MARKS OF CONFORMITY OF OTHER SIGNATORIES OR RELY UPON SELF CERTIFICATION BY PRODUCERS IN OTHER JURISDICTIONS. PARTICIPANTS ARE OBLIGED MOREOVER TO ACCEPT PRODUCTS IMPORTED FROM OTHER ADHERENTS FOR TESTING ON A NON DISCRIMINATORY BASIS.

THERE ARE MANY OTHER USEFUL ADVANCES INCLUDING THE REQUIREMENT TO PUBLISH PRODUCT STANDARDS AND THE RULES OF THEIR CERTIFICATION SYSTEMS AND EXCEPT IN URGENT SITUATIONS, TO GIVE NOTICE OF AND AN OPPORTUNITY FOR COMMENT ON PROPOSED NEW STANDARDS. FINALLY, GOVERNMENTS ARE TO TAKE SUCH REASONABLE MEASURES AS MAY BE AVAILABLE TO THEM TO ENSURE THAT LOCAL GOVERNMENTS (STATE OR PROVINCIAL) AND NON GOVERNMENTAL BODIES WITHIN THEIR JURISDICTION COMPLY WITH THE REQUIREMENT OF THE AGREEMENT.

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IN THE LATTER STAGES OF THE NEGOTIATIONS, THE U.S.A. INITIATED DISCUSSIONS WITH ITS MAJOR TRADING PARTNERS ON DIFFICULTIES WHICH HAD ARISEN WITH THE IMPORTATION OF PRODUCTS BEARING FALSE OR SPURIOUS TRADEMARKS WHICH HAD CUT INTO THE SALES WHICH TRADEMARK OWNERS COULD LEGITIMATELY EXPECT TO MAKE IN THEIR OWN AND FOREIGN MARKETS. CANADA, AND OTHER MAJOR PARTICIPANTS IN THE MTN, UNDERSTOOD, OF COURSE, THE DIFFICULTIES WHICH HAD GIVEN RISE TO THE U.S. PROPOSAL. BUT DESPITE GENERAL AGREEMENT THAT TRADEMARK RIGHTS SHOULD BE EFFECTIVELY ENFORCED, THE MTN PARTICIPANTS WERE UNABLE, IN THE TIME AVAILABLE, TO REACH AGREEMENT ON AN INTERNATIONAL MECHANISM FOR DEALING WITH THIS MATTER. THIS INABILITY TO REACH BROAD INTERNATIONAL AGREEMENT STEMMED FROM DIFFERENCES IN NATIONAL TRADEMARKS LEGISLATION.

IN CANADA, AS YOU KNOW, TRADEMARKS ARE CONSIDERED AS PRIVATE PROPERTY RIGHTS WHICH THE TRADEMARK OWNER HAS THE RESPONSIBILITY AND RIGHT TO ENFORCE, BY RESORTING TO COURT ACTION IF NECESSARY. IN OTHER COUNTRIES, ADMINISTRATIVE BODIES, SUCH AS FOR EXAMPLE CUSTOMS, HAVE THE AUTHORITY TO DEAL DIRECTLY WITH ALLEGED COUNTERFEIT GOODS. IN THE COURSE OF THE MTN NEGOTIATIONS, IT PROVED IMPOSSIBLE TO FIND LANGUAGE WHICH WOULD BE SUFFICIENTLY SPECIFIC THAT IT WOULD PROVIDE A REAL DETERRENT TO THE IMPORTATION OF SO-CALLED COUNTERFEIT GOODS, WHILE BEING BROAD ENOUGH TO ACCOMMODATE DIFFERING ENFORCEMENT MECHANISMS AND ADEQUATE TO ENSURE THAT THE RESULT WOULD NOT SANCTION ENFORCEMENT OF PRACTICES WHICH COULD IN THEMSELVES BECOME NON-TARIFF BARRIERS TO LEGITIMATE TRADE.

ALTHOUGH IT WAS NOT POSSIBLE TO REACH AGREEMENT IN THE MTN, THE U.S.A. HAS INDICATED THAT IT WISHES TO CONTINUE TO PURSUE THE MATTER. GIVEN THE CIRCUMSTANCES, IT IS NOT CLEAR TO ME THAT A BROAD INTERNATIONAL AGREEMENT WILL

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BE REACHED, BUT PERHAPS SOME BILATERAL UNDERSTANDING WILL BE WORKED OUT BY THE UNITED STATES, WITH THE EEC AND PERHAPS OTHER TRADING PARTNERS. THIS IS NOT A PRIORITY AREA FOR CANADA. THE PROBLEM OF COMMERCIAL COUNTERFEITING HAS NOT LOOMED LARGE IN EITHER OUR EXPORT OR IMPORT TRADE AND EXISTING LAW IS ALREADY THERE TO PROTECT TRADEMARK RIGHTS AND CAN INCLUDE THE PENALTY OF FORFEITURE, ONE OF THE DETERRENTS SOUGHT IN THE U.S. PROPOSAL.

THE FRAMEWORK FOR WORLD TRADE PROGRESSIVELY ESTABLISHED UNDER THE GATT AND UPDATED, EXTENDED AND ELABORATED AS A RESULT OF THE MTN NEGOTIATIONS, REPRESENTS, IN MY VIEW, A SIGNIFICANT PLUS IN INTERNATIONAL ECONOMIC RELATIONS. NATURALLY, I RECOGNIZE THAT THE DEVELOPING COUNTRIES ARE DISAPPOINTED AND THAT THE RESULTS DID NOT GO AS FAR IN THE DIRECTION OF FAVOURING THEIR TRADE AND ECONOMIC DEVELOPMENT AS THEY WOULD HAVE WISHED. BUT PROGRESS WAS MADE FROM THEIR POINT OF VIEW AND PERHAPS AS MUCH WAS ACHIEVED AS WAS POSSIBLE GIVEN THE DIFFICULT ECONOMIC CIRCUMSTANCES FOR MOST COUNTRIES WHICH FORMED THE BACKGROUND FOR THE FINAL YEARS OF THE MTN NEGOTIATIONS.

FOR CANADA, THE ENLARGED AND MORE CERTAIN ACCESS TO FOREIGN MARKETS NEGOTIATED IN GENEVA SHOULD PROVIDE A FAVOURABLE CLIMATE FOR THE DEVELOPMENT OF CANADIAN INDUSTRY ON A MORE SPECIALIZED BASIS AND IN INNOVATIVE AS WELL AS EXISTING LINES OF PRODUCTION. BUT THE QUESTION IS WHETHER WE WILL BE ABLE TO EXPLOIT THESE OPPORTUNITIES AS WELL AS WE SHOULD AND RELATIVE TO OTHER COUNTRIES. THAT, OF COURSE, IS UP TO US NOT ONLY IN TERMS OF THE SOUND MANAGEMENT OF THE ECONOMY AS A WHOLE BUT IN TERMS ALSO OF OUR CAPACITY, EXISTING AND POTENTIAL, FOR TECHNOLOGICAL INNOVATION.

BY TECHNOLOGICAL INNOVATION I REFER TO THE TECHNICAL, INDUSTRIAL AND COMMERCIAL STEPS WHICH LEAD TO THE MARKETING OF NEW AND IMPROVED MANUFACTURED PRODUCTS AND TO THE COMMERCIAL USE OF NEW AND IMPROVED PRODUCTION PROCESSES

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AND EQUIPMENT. TECHNOLOGICAL INNOVATION IS ONE OF THE MOST IMPORTANT FACTORS IN ECONOMIC GROWTH. WHILE THE EVIDENCE IS NOT CONCLUSIVE, A NUMBER OF RECENT STUDIES WOULD SUGGEST THAT IN THE WESTERN ECONOMIES A VERY LARGE PERCENTAGE OF INDUSTRIAL GROWTH RESULTS FROM INPUT FACTORS OTHER THAN CAPITAL AND LABOUR AND NOT LEAST THAT OF TECHNOLOGICAL INNOVATION.

WHILE GROWTH RATES SLOWER THAN THOSE TO WHICH WE BECAME ACCUSTOMED IN THE SIXTIES MAY WELL BE WITH US FOR MANY YEARS AHEAD, I AM NOT ONE OF THOSE WHO BELIEVES THAT WE HAVE REACHED THE LIMITS OF INVENTIVENESS OR PRODUCT INNOVATION. QUITE THE CONTRARY. I BELIEVE THAT THE RATE OF CHANGE IN PRODUCTION, PRODUCTION METHODS AND TECHNOLOGY MAY BE EVEN MORE RAPID IN THE FUTURE THAN IN THE RECENT PAST. I SUGGEST THAT WE ARE ONLY AT THE BEGINNING OF THE APPLICATION TO THE PRODUCTION PROCESS OF, FOR EXAMPLE, THE LASER, OPTIC FIBRES, MICROCIRCUIT AND NUCLEAR TECHNOLOGIES. BUT HAVING SAID THAT, IT IS A FACT THAT THE RATIO OF ALL R&D PERFORMED TO GROSS DOMESTIC PRODUCT HAS BEEN SLOWING IN MOST OF THE INDUSTRIALIZED COUNTRIES THROUGHOUT THE SEVENTIES.

BUT WHEREAS THE DECLINE IN THE U.S. HAS BEEN ATTRIBUTED MAINLY TO SLOW-DOWNS IN THE GROWTH OF FEDERAL R&D PROGRAMS AND IS EXPECTED TO STABILIZE AT THE PRESENT LEVEL THROUGH THE MID-EIGHTIES, THE DECLINE IN CANADA APPEARS TO BE DUE TO A SLOWER GROWTH IN R&D EXPENDITURES BY ALL CONCERNED, INCLUDING INDUSTRY.

CANADA'S RECORD SINCE THE SECOND WORLD WAR AS AN IMPORTANT SOURCE OF MAJOR INDUSTRIAL INNOVATIONS HAS BEEN POOR. A 1976 STUDY DONE FOR THE NATIONAL SCIENCE FOUNDATION, FOR EXAMPLE, FOUND THAT OF 500 MAJOR TECHNOLOGICAL INNOVATIONS INTRODUCED IN THE MARKETPLACE BETWEEN 1953 AND 1973, 309 ORIGINATED IN THE UNITED STATES, 82 IN THE U.K., 35 IN WEST GERMANY, 32 IN JAPAN, 25 IN FRANCE AND ONLY 6 IN CANADA.

THE WORSENING TREND IN OUR INNOVATIVE PERFORMANCE HAS GIVEN RISE TO CONSIDERABLE CONCERN IN CANADA. AS A RESULT, THE FEDERAL GOVERNMENT HAS

...11

INTRODUCED A NUMBER OF INITIATIVES AND INCENTIVES TO PROMOTE AN INCREASED LEVEL OF INDUSTRIAL INNOVATION IN CANADA. THERE HAVE BEEN SUBSTANTIAL INCREASES IN GRANTS AND CONTRACTS TO INDUSTRY IN SUPPORT OF R&D. ON THE TAX SIDE, IN ADDITION TO THE 100% WRITE OFF FOR CAPITAL AND CURRENT R&D EXPENDITURES, A FURTHER WRITE OFF OF 50% IS ALLOWED FOR THOSE R&D EXPENDITURES IN EXCESS OF THE AVERAGE OF THE PREVIOUS THREE YEARS. THE INVESTMENT TAX CREDIT FOR R&D EXPENDITURES HAS BEEN RAISED TO 10% FOR ALL COMPANIES AND TO 25% FOR THOSE COMPANIES QUALIFYING FOR THE SMALL BUSINESS TAX RATE. THE GOVERNMENT IS CONTRACTING OUT ALL R&D REQUIREMENTS TO THE PRIVATE SECTOR EXCEPT THOSE WHERE IT IS ESSENTIAL THAT THE WORK BE DONE IN GOVERNMENT LABORATORIES. AND THERE ARE A NUMBER OF SMALLER BUT SIGNIFICANT PROGRAMS AND SERVICES PROVIDED BY THE GOVERNMENT WHICH PROMOTE INNOVATIVE PERFORMANCE, PARTICULARLY BY SMALLER COMPANIES.

WHAT ARE SOME OF THE IMPLICATIONS FOR CANADA OF FUTURE TECHNOLOGICAL CHANGE? HIGH TECHNOLOGY INDUSTRIES HAVE ACHIEVED GREAT IMPORTANCE IN THE WORLD ECONOMIC ORDER AND NO COUNTRY CAN MAINTAIN ITS INDUSTRIAL STRENGTH UNLESS IT CAN EFFECTIVELY COMPETE IN THIS AREA. AND CANADA IS NO EXCEPTION. BUT THIS DOES NOT IMPLY THAT CANADA SHOULD SET FOR ITSELF A GOAL OF TECHNOLOGICAL SELF SUFFICIENCY OR ANYTHING LIKE THAT. WE, AS A COUNTRY, ACCOUNT FOR ONLY ABOUT 2% TO 3% OF THE R&D PERFORMED IN THE WORLD. WE MUST EXPECT, THEREFORE, THAT THE MAJORITY OF THE TECHNOLOGY WE UTILIZE WILL CONTINUE TO COME FROM ABROAD THROUGH THE IMPORTATION OF EQUIPMENT AND SERVICES, THROUGH THE TECHNOLOGY TRANSFERRED TO FOREIGN SUBSIDIARIES LOCATED IN CANADA AND THROUGH THE DIRECT LICENSING OF FOREIGN TECHNOLOGY. BUT WE WILL NEED TO DO MORE IN OUR COUNTRY THAN WE HAVE BEEN DOING AND ON A SELECTIVE BASIS.

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IN THIS IT WILL BE VERY IMPORTANT THAT WE HAVE THE COOPERATION OF PARENT COMPANIES IN OTHER COUNTRIES IN GIVING THEIR CANADIAN SUBSIDIARIES FREEDOM TO DEVELOP AND FULLY EXPLOIT SPECIALIZED PRODUCT LINES ON A WORLD BASIS. THIS MEANS MORE FLEXIBLE LICENSING PRACTICES AND PUTTING ASIDE OUTMODED IDEAS ABOUT THE CANADIAN COMPANIES BEING UP HERE ONLY TO SERVE THE CANADIAN MARKET. I TRUST THAT MORE AND MORE PARENT COMPANIES WILL MOVE IN THIS DIRECTION - AND SOONER RATHER THAN LATER.

MR. CHAIRMAN, IN CONCLUSION, MAY I SUGGEST THAT OVER THE YEARS AHEAD THERE IS LIKELY TO BE MORE RATHER THAN LESS PUBLIC INTEREST AND CONCERN ABOUT GOVERNMENT OR PRIVATE REGULATIONS OR ARRANGEMENTS WHICH APPEAR UNNECESSARILY TO CONSTRAIN THE DEVELOPMENT OF PRODUCTION AND TRADE. IN THE TRADE AREA, FOR EXAMPLE, I EXPECT THAT GOVERNMENTS WILL BE WATCHING EACH OTHER VERY CAREFULLY TO ENSURE THAT EACH COUNTRY LIVES UP TO ITS OBLIGATIONS WITH RESPECT TO THE NEW CODES ON NON TARIFF BARRIERS. YOU MAY ANTICIPATE THAT A GROWING BODY OF PRECEDENT WILL BE BUILT UP AS COUNTRIES RESORT TO INTERNATIONAL DISPUTE SETTLEMENT PROCEDURES IN CONNECTION WITH PERFORMANCE UNDER THE CODES. AND IT WOULD NOT BE SURPRISING IF, OVER TIME, AN INCREASING NUMBER OF NON TARIFF MATTERS WERE BROUGHT BEFORE THE GATT IN AREAS NOT NOW COVERED BY AGREEMENTS.

I WOULD NOT ANTICIPATE THAT, AS SUCH, PATENT LAW, COPYRIGHT AND LICENSING ARRANGEMENTS OF ONE KIND OR ANOTHER WOULD COME TO HAVE THEIR INTERNATIONAL FOCUS WITHIN THE GATT - THERE ARE ALREADY MANY INTERNATIONAL CONVENTIONS AND ORGANIZATIONS DEALING WITH THESE MATTERS. HOWEVER, AS IN THE CASE OF STANDARDS AND OTHER TECHNICAL BARRIERS TO TRADE AND THE U.S. INITIATIVE WITH RESPECT TO COUNTERFEIT GOODS, IT CANNOT BE EXCLUDED THAT THE ATTENTION OF WORLD TRADING AUTHORITIES WILL TURN TO ANY SET OF ARRANGEMENTS OR REGULATIONS WHICH, ALTHOUGH VALID IN TERMS OF THEIR OWN PURPOSES, MAY HAVE INCIDENTAL

...13

OR UNNECESSARY RESTRICTIVE EFFECTS ON TRADE OR SERVE TO IMPAIR NEGOTIATED TRADE ADVANTAGE.

IF I AM RIGHT THAT THE SPOTLIGHT IS SWINGING IN THIS DIRECTION, THEN IT SEEMS TO ME THE LES WOULD DO WELL TO DEVOTE THE NECESSARY RESOURCES TO CONSIDERING HOW BEST THE PRIVATE AND PROPRIETARY INTERESTS CONCERNED CAN BE RECONCILED WITH THE CHANGING PERCEPTIONS OF THE PUBLIC INTEREST IN TRADE AND INDUSTRIAL DEVELOPMENT. I AM SURE THAT IN THIS YOUR SOCIETY WILL ACT WITH THE INVENTIVENESS, SKILL AND RESPONSIBILITY WHICH IS ALREADY SO EVIDENT IN YOUR PUBLICATIONS, YOUR PROCEEDINGS AND YOUR EXISTING INTERACTION WITH GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS.

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Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet Notes for an address by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Conference Board in Canada, Toronto, Ontario.

For release/Pour publication
1000 hrs. (E.D.T.)
September 26, 1979

Attached are notes for an address to be made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Conference Board in Canada, Toronto, Ontario, September 26, 1979.

TO BE CHECKED AGAINST DELIVERY

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NOTES FOR AN ADDRESS BY AMBASSADOR J.H. WARREN
CANADIAN CO-ORDINATOR FOR THE MULTILATERAL TRADE NEGOTIATIONS
TO THE CONFERENCE BOARD IN CANADA

TORONTO
SEPTEMBER 26, 1979

THE NEGOTIATIONS AND THEIR OUTCOME

Before getting into my topic today, may I express my appreciation to Jim Nininger, and to the Board's staff for organizing today's Conference on the Multilateral Trade Negotiations and their implications for Canada. I look forward to a lively discussion later this morning and to hearing this afternoon the reactions and comments of the well-selected panel of business, labour and academic spokesmen who will be talking about Canadian responses to the results of the negotiations.

I might also take a moment to comment on the choice of Rod Grey and William R. Cline as members of this morning's panel. I - like you - very much look forward to hearing the results of Mr. Cline's latest analyses of the MTN impact on the world economy and, I trust, on Canada and the United States.

As for Rod Grey, our association is of long, long standing and, as you will appreciate, we have been particularly close over the past two years. Ambassador Grey's handling of the very sensitive task of heading Canada's MTN Delegation in Geneva, throughout the period from January 1975

...2

TO JULY PAST, DESERVES, I BELIEVE, PARTICULAR RECOGNITION AT THIS TIME. I WELCOME THIS OPPORTUNITY TO ACKNOWLEDGE PUBLICLY, AS I HAVE DONE IN PRIVATE, THE CONTRIBUTION MADE BY A HIGHLY PROFESSIONAL AND SKILLED DELEGATION IN GENEVA LED BY ROD GREY WHICH WON THE RESPECT OF ITS PEERS AND COMPETITORS THERE, DUE IN NO SMALL MEASURE TO HIS OWN EFFORTS. GIVEN THE YEARS OF OUR ASSOCIATION AS FRIENDS, AS FELLOW COLLECTORS AND AS COLLEAGUES SUCCESSIVELY IN THE DILLON, KENNEDY AND TOKYO ROUNDS OF TRADE NEGOTIATIONS, I MAY NEED YOUR INDULGENCE AS I BECOME ACCUSTOMED TODAY TO ROD GREY, PRIVATE CITIZEN, CONSULTANT AND EXPERT PANELIST. SOMEHOW IN MY MIND'S EYE I SEE HIM STILL AS NEGOTIATOR, DIPLOMAT AND SENIOR PUBLIC SERVANT. AND, OF COURSE, I LOOK FORWARD TO HAVING THE BENEFIT OF HIS PERCEPTIONS OF THE PROBLEM AREAS AHEAD IN THE FIELD OF COMMERCIAL POLICY. I TRUST THAT HE WILL NOT BE TOO UNKIND TO GOVERNMENT OR TO FORMER COLLEAGUES STILL SAILING UNDER NATIONAL COLOURS. HE WAS SOMETIMES TOUGH ENOUGH TO DEAL WITH AS A PUBLIC SERVANT - THE LORD KNOWS WHAT CHALLENGE MAY COME OUR WAY NOW THAT HE IS A FREE AGENT.

MY OWN FOCUS TODAY IS THE TOKYO ROUND NEGOTIATIONS THEMSELVES AND THEIR OUTCOME. AS A BASIS ON WHICH TO BUILD TODAY'S SUBSEQUENT DISCUSSION, I SHALL GIVE A BRIEF PRESENTATION OF HOW AND WHY CANADA GOT INTO THE NEGOTIATIONS AT THE OUTSET ... WHAT WE TRIED TO ACHIEVE ONCE WE WERE IN, AND HOW WE WENT ABOUT IT ... WHAT WE GOT, WHAT WE GAVE TO GET IT AND WHAT REACTIONS HAVE BEEN TO DATE. I WILL ALSO DISCUSS SOME OF THE MAIN IMPLICATIONS FOR US AND WHAT NOW NEEDS TO BE DONE IN CANADA TO FOLLOW UP ON THE MTN RESULTS.

...3

WHEN CANADA JOINED WITH THE REST OF THE INTERNATIONAL TRADING COMMUNITY IN 1973 FOR THE TOKYO MINISTERIAL MEETING WHICH LAUNCHED AND CHRISTENED THE SEVENTH ROUND OF MAJOR NEGOTIATIONS UNDER THE GATT, NOT ALL VOICES WERE SUPPORTIVE. SOME POINTED TO THE LESS-THAN-AUSPICIOUS ECONOMIC CONDITIONS IN CANADA AND ELSEWHERE AS REASONS FOR A DIFFERENT THRUST - ONE WHICH FAVOURED THE STATUS QUO OR WHICH WOULD PROVIDE GREATER PROTECTION. SOME FOCUSSED MORE NARROWLY, ON THEIR OWN SPECIFIC COMPETITIVE SITUATIONS, CONCENTRATING ON THE NEED TO MAINTAIN THE LEVELS OF TARIFF PROTECTION FOR THEIR PARTICULAR PRODUCTS. THESE VOICES WERE HARDLY CALMED BY EVENTS SUBSEQUENT TO THE 1973 TOKYO MEETING, INCLUDING THE ACTIONS OF OPEC, HIGHER LEVELS OF UNEMPLOYMENT IN THE MAIN INDUSTRIAL COUNTRIES, HEAVY INFLATIONARY PRESSURES AND GENERALLY SLOWER ECONOMIC GROWTH.

BUT CANADA'S READINESS TO BE INVOLVED AT THE OUTSET AND OUR CONTINUING COMMITMENT TO THE NEGOTIATIONS ONCE LAUNCHED SHOULD, I THINK, REALLY BE SEEN AS QUITE NATURAL, GIVEN OUR ROLE AND STAKE IN WORLD TRADE. ONCE THE COLLECTIVE CHOICE HAD BEEN MADE BETWEEN THE FURTHER EFFORT TO DISMANTLE TRADE BARRIERS AND THE BLEAKER OPTION OF GIVING IN TO PRESSURES TO FIND PROTECTIONIST ANSWERS TO IMMEDIATE PROBLEMS, THERE WAS NO QUESTION OF CANADA CONCLUDING THAT STANDING ASIDE COULD BE TO ITS ADVANTAGE. QUITE THE OPPOSITE, IT WAS IN OUR SELF-INTEREST TO BE AT THE TABLE, SHAPING THE NATURE OF THE TRADING WORLD IN WHICH WE WOULD HAVE TO LIVE. NOR COULD WE MISS THE CHANCE TO GO AFTER REDUCTIONS IN FOREIGN TARIFFS ON ITEMS OF MOST DIRECT INTEREST TO US. AND, HAD WE BEEN INCLINED TO TRY TO OPT OUT, WE FACED A REAL RISK EITHER THAT WE WOULD BE SINGLED OUT FOR THE BLAME IF THE INTERNATIONAL EFFORT FAILED OR THAT DEALS EVENTUALLY STRUCK BETWEEN PARTIES WHICH HAD OPTED

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IN, WOULD NOT HAVE BEEN EXTENDED TO US. THE PROSPECT THAT OUR TRADE MIGHT BE DISCRIMINATED AGAINST ON ENTRY INTO OUR MAIN EXPORT MARKETS WAS NOT ONE WHICH COULD BE REALISTICALLY CONTEMPLATED.

ONCE COMMITTED TO A PATH LEADING TOWARD A MORE OPEN AND COMPETITIVE TRADING ENVIRONMENT, IT BECAME IMPERATIVE FOR CANADA TO SEEK TO FURTHER THE INTERESTS OF OUR PRODUCERS AND MANUFACTURERS, NOT BY REFERENCE SO MUCH TO THE PAST, OR EVEN TO CURRENT COMPETITIVE DISABILITIES, BUT, RATHER - TAKING INTO ACCOUNT OUR STRENGTHS AND WEAKNESSES - BY REFERENCE TO THE FUTURE CIRCUMSTANCES IN WHICH WE WOULD BE EXPECTED TO COMPETE AND LIVE. WE THEREFORE SOUGHT AN MTN OUTCOME WHICH WOULD BE FAVOURABLE TO THE EFFICIENT AND, SO FAR AS POSSIBLE, INTERNATIONALLY COMPETITIVE FURTHER DEVELOPMENT OF CANADIAN INDUSTRY, AGRICULTURE AND FISHERIES. BROADER, MORE PROFITABLE AND MORE CERTAIN EXPORT OPPORTUNITIES WOULD CLEARLY BE IMPORTANT IN THIS CONTEXT. SO WOULD THE RETENTION OF AN APPROPRIATE LEVEL OF CANADIAN TARIFF PROTECTION AND THE ABILITY TO RESPOND PROMPTLY AND ADEQUATELY TO GENUINE INSTANCES OF UNFAIR AND INJURIOUS IMPORT COMPETITION. ALSO RECOGNIZED WAS THE DESIRABILITY OF WORKING WITH OTHERS TO ENSURE THE ELABORATION OF AN IMPROVED AND MORE CERTAIN WORLD TRADING FRAMEWORK - ONE WHICH WOULD TEND TO CONTAIN ANY BACKSLIDING INTO TRADE RESTRICTIONISM AND PROTECTIONIST POLICIES SO INIMICAL TO AN EXPORTING NATION SUCH AS CANADA WHICH MUST HOLD ITS OWN WITH LARGER TRADING ENTITIES.

IN MORE SPECIFIC TERMS, WE SOUGHT :

- FURTHER CUTS IN THE LEVEL OF FOREIGN TARIFFS CONFRONTING OUR CURRENT AND POTENTIAL EXPORTS;
- AN EXPANSION OF THE AREAS WHERE DUTY-FREE ENTRY WOULD BE AVAILABLE TO CANADIAN EXPORTS IN THEIR MAIN MARKETS, INCLUDING THE USA;

...5

- THE ELIMINATION OR REDUCTION OF NON-TARIFF BARRIERS AND A BETTER INTERNATIONAL DISCIPLINE OVER THEM IN FUTURE;
- ENHANCED OPPORTUNITIES FOR THE UPGRADING OF CANADIAN RESOURCE PRODUCTS PRIOR TO EXPORT.

CANADIAN PURSUIT OF THESE OBJECTIVES RECOGNIZED THAT THERE WOULD BE COINCIDENT REDUCTIONS IN CANADIAN TARIFFS ON END PRODUCTS, MATERIALS AND INTERMEDIATE GOODS AS APPROPRIATE TO THE MORE COMPETITIVE INTERNATIONAL ENVIRONMENT AND CONSISTENT WITH THE CONTINUED DEVELOPMENT OF VIABLE PRODUCTION OF EXISTING AND NEW PRODUCT LINES IN CANADA. BUT WE AND OTHER PARTICIPANTS SOUGHT ALSO TO ENSURE THAT THE GENERAL TARIFF-CUTTING RULES LEFT SCOPE FOR EXCEPTIONS AND LESSER REDUCTIONS IN SOME PARTICULARLY SENSITIVE AREAS (E.G. TEXTILES, CLOTHING, SHIPS, FOOTWEAR). AND WE INSISTED ON THE NEED FOR GRADUAL PHASING-IN OF TARIFF CUTS TO ALLOW FOR ORDERLY ADJUSTMENT TO THE NEW CONDITIONS OF TRADE. ALSO, AND LIKE OTHER MTN PARTICIPANTS, WE LOOKED FOR ELABORATION OF THE INTERNATIONAL TRADING RULES GOVERNING SUBSIDIZED, DUMPED OR OTHERWISE INJURIOUS IMPORTS WHICH WOULD ALLOW US ADEQUATELY TO DEAL WITH UNFAIR OR DISRUPTIVE IMPORT COMPETITION WHILE, AT THE SAME TIME, LIMITING THE SCOPE FOR ARBITRARY ACTIONS AGAINST CANADIAN EXPORTS. IN A SENSE, YOU COULD THINK OF CANADA AND OTHER COUNTRIES SAYING, "OK, WE MUST RESIST A BREAKDOWN OF THE TRADING SYSTEM AND REVERSION TO PROTECTIONISM AND A DOG-EAT-DOG TRADING WORLD; BUT THINGS ARE TOUGH AND IF WE ARE FURTHER TO OPEN COMPETITION BETWEEN COUNTRIES, THERE MUST BE GREATER ASSURANCE THAT THE RULES WILL BE FAIR AND ENFORCEABLE AND THAT WHAT WE PAY FOR IS REALIZED IN PRACTICE AND NOT TAKEN AWAY BY SOME OLD OR NEW PROTECTIVE GIMMICK WITHIN OR OUTSIDE THE LEGAL RULES."

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To put itself in a position to pursue these various objectives in what was accurately foreseen to be a very complex and difficult negotiation, the Government instituted a number of organizational arrangements. In addition to the small but highly skilled and experienced negotiating Delegation full-time in Geneva, the Canadian Trade and Tariffs Committee was set up soon after the 1973 Tokyo meeting to receive, analyze and discuss briefs from interested parties in Canada. By the time the negotiations had passed the preparatory stage and were moving towards the hard bargaining, such submissions had been received from roughly 500 organizations and individuals representing Canadian business, industry, agricultural, fisheries, mining, forestry, labour, consumer and a large range of other interests. This large figure is a measure of the extent of interest in the MTN which existed in the country throughout the negotiations and stands in some contrast to the lesser number of representations received in earlier GATT rounds.

And the Provinces played a much more active, interested, informed and professional role in these negotiations than on previous occasions. After my own appointment as Canadian Coordinator for the MTN, two years ago this past August, in-depth and confidential consultations with the provinces as well as with a cross-section of Canadian producers and manufacturers provided invaluable assistance to the Government in pulling together sensible negotiating positions which could be tailored to the needs, aspirations and sensitivities of the Canadian economy, nation-wide, region-by-region, sector-by-sector and, in some cases, company-by-company when unique but important interests were in play. It is my firm belief that the MTN results for Canada

...7

ARE SIGNIFICANTLY BETTER BY VIRTUE OF THAT PROCESS OF FRANK AND IN-DEPTH CONSULTATION, CHARACTERIZED BY A REAL TWO-WAY EXCHANGE.

WHAT ABOUT THOSE RESULTS? HOW DO THEY STACK UP?

BY ANY MEASURE, THE OVERALL MTN OUTCOME IS A LARGE AND COMPREHENSIVE ONE. AN IMPRESSIVE SERIES OF NON-TARIFF MEASURE CODES HAVE BEEN NEGOTIATED AND RECOMMENDED TO GOVERNMENTS FOR IMPLEMENTATION. IN ADDITION TO A SET OF REVISIONS TO THE 1967 ANTIDUMPING CODE, THEY COVER

- SUBSIDIES AND COUNTERVAILING DUTIES
- TECHNICAL BARRIERS TO TRADE (INCLUDING PRODUCT STANDARDS AND PACKAGING AND LABELLING REQUIREMENTS)
- GOVERNMENT PROCUREMENT PRACTICES
- IMPORT LICENSING PROCEDURES
- CUSTOMS VALUATION, AND
- TRADE IN CIVIL AIRCRAFT

IT DID NOT PROVE POSSIBLE TO CONCLUDE MTN NEGOTIATIONS ON EMERGENCY SAFEGUARD MEASURES, BUT EFFORTS ARE STILL BEING MADE TO RESOLVE OUTSTANDING ISSUES.

THE CODES ALREADY AGREED SHARPEN, UPDATE, INTERPRET AND EXTEND CERTAIN OF THE EXISTING TRADE RULES; IN OTHER CASES, THEY WILL BRING UNDER BETTER DISCIPLINE THE RESTRICTIVE TRADE EFFECTS OF A VARIETY OF NON-TARIFF MEASURES. ALMOST ALL THE CODES BREAK NEW GROUND. THEY BRING GREATER "TRANSPARENCY" RESPECTING THE PRACTICES OF GOVERNMENTS WHICH CAN INADVERTENTLY AND UNDESIRABLY IMPAIR MARKET ACCESS. THEY PROVIDE A MUCH CLEARER SET OF RULES FOR REACTING TO UNFAIR TRADING PRACTICES AND FOR ESTABLISHING THE RIGHTS AND OBLIGATIONS OF THE PARTIES CONCERNED. THEY INCORPORATE INTERNATIONAL SURVEILLANCE AND DISPUTE SETTLEMENT PROCEDURES TO HELP ENSURE THAT ANTICIPATED

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BENEFITS WILL ACCRUE. TO THE EXTENT THAT SUCH PROCEDURES ARE MADE USE OF, THERE IS THE PROSPECT THAT VALUABLE INTERNATIONAL CASE LAW WILL BUILD UP AS A BULWARK AGAINST CHEATING AND ANY INCLINATION TO FRUSTRATE WHAT HAS BEEN AGREED (AND THERE WERE ENCOURAGING SIGNS THAT ALL THE MAIN TRADING COUNTRIES WILL BE WATCHING EACH OTHER CLOSELY AND WILL WANT TO MAKE CERTAIN THAT ALL UNDERTAKINGS ARE OBSERVED).

I WON'T TAKE TIME IN THIS PRESENTATION TO GO THROUGH EACH OF THESE NON-TARIFF MEASURE AGREEMENTS AND THEIR POTENTIAL IMPLICATIONS FOR CANADA. I WILL BE PLEASED, OF COURSE, TO COME BACK TO MORE DETAILED COMMENTS ON ANY OF THEM IF PARTICULAR QUESTIONS ARISE DURING THE SECOND PART OF THIS MORNING'S SESSION. I MIGHT, HOWEVER, HIGHLIGHT A FEW PARTICULAR ACHIEVEMENTS.

- AN ACROSS-THE-BOARD INJURY TEST IS BEING BROUGHT INTO THE USA COUNTERVAILING DUTY REGIME WITH EFFECT FROM NEXT JANUARY 1; AND THERE IS SCOPE FOR A REVIEW OF EXISTING COUNTERVAIL FINDINGS AGAINST THAT TEST - FOR EXAMPLE, THE FINDINGS AGAINST NOVA SCOTIA RADIAL TIRES, SASKATCHEWAN GLASS BEADS, ONTARIO ELECTRONIC SENSORS AND WEST AND EAST COAST GROUNDFISH;
- A FIRST-EVER EFFORT ON GOVERNMENT PROCUREMENT PRACTICES HAS BEEN AGREED AND ALTHOUGH IT DOES NOT YET COVER SUCH KEY AREAS OF CANADIAN EXPORT INTEREST AS COMMUNICATIONS, TRANSPORT AND ELECTRICITY GENERATING AND TRANSMISSION EQUIPMENT, IT WILL BE UP FOR REVIEW AND POSSIBLE EXTENDED COVERAGE AFTER THREE YEARS OF OPERATION. EVEN WITH EXISTING COVERAGE LIMITATIONS, A VERY LARGE AREA OF PUBLIC PROCUREMENT WILL NOW BE OPEN TO CANADIAN BIDDERS IN THE AMERICAN, EUROPEAN AND JAPANESE MARKETS IN RETURN FOR ACCESS FOR THEIR PRODUCERS TO THE MUCH

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

...10

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

...11

USA TARIFF ON ALUMINUM INGOT WILL BE IMPORTANT TO OUR PRODUCTION IN BRITISH COLUMBIA AS WELL AS IN QUEBEC. THE REMOVAL OF USA TARIFFS ON MOST ASBESTOS PRODUCTS WILL ALSO BE IMPORTANT TO THE LATTER PROVINCE.

A NUMBER OF TARIFF CONCESSIONS ON AGRICULTURAL, FISHERIES AND RELATED PRODUCTS ARE ALSO WORTHY OF NOTE. THE AGRICULTURAL PACKAGE NEGOTIATED BY CANADA IN THE MTN IS THE LARGEST EVER ACHIEVED, AFFECTING OVER $1 BILLION IN CANADIAN EXPORTS. IN CASES SUCH AS CORN, BEEF CUTS, SOYABEANS AND POTATOES, SUBSTANTIAL USA TARIFF REDUCTIONS PHASE OUT OR SUBSTANTIALLY REDUCE EXISTING DISPARITIES BETWEEN CANADIAN AND USA RATES. AMERICAN AND CANADIAN TOBACCO WILL FACE MUCH LOWER TARIFF BARRIERS WHEN ENTERING EUROPEAN MARKETS. AND IN BOTH THE EC AND JAPAN, EXPORTS OF BEEF AND OTHER MEAT PRODUCTS, BERRIES AND PROCESSED VEGETABLES WILL BENEFIT FROM INTERESTING CONCESSIONS. ON WHISKEY, SIGNIFICANTLY IMPOROVED ACCESS HAS BEEN WON IN ALL THREE OF OUR MAIN MARKETS. AS FOR FISH, THE USA CONCESSION WHICH RESCINDS THE HIGHER, OVER-QUOTA RATE ON FISH FILLETS WHICH HAS FACED OUR EXPORTS IS TO BE PARTICULARLY WELCOMED, AND SOME INTERESTING BUT LIMITED CONCESSIONS WERE ALSO GAINED IN JAPAN AND THE EC ON FISH AND FISH PRODUCTS.

ALL THAT BEING SAID, IT WAS INEVITABLE THAT THERE WOULD BE SOME DISAPPOINTMENTS FOR US IN THE MTN. AND OF COURSE IN A MULTILATERAL TRADE NEGOTIATION, NO COUNTRY CAN EXPECT TO ACHIEVE 100% OF ITS NEGOTIATING OBJECTIVES. IF THERE WERE NO GIVE-AND-TAKE BETWEEN COUNTRIES, THERE COULD BE NO DEALS AND NO MUTUALLY-SATISFACTORY RESULTS. SOME OF THE THINGS WE SOUGHT WERE JUST NOT ON IN POLITICAL AND/OR ECONOMIC TERMS SO FAR AS OUR TRADING PARTNERS WERE CONCERNED, AND WE ADJUSTED OUR OFFERS ACCORDINGLY.

...12

IN SOME AREAS, IT MAY BE SOME TIME AND CIRCUMSTANCES INCLUDING RELATIVE BARGAINING POWER MAY HAVE TO CHANGE BEFORE WE CAN USEFULLY AGAIN RE-OPEN THE QUESTION OF IMPROVED ACCESS MULTILATERALLY OR BILATERALLY. IN OTHER AREAS, IT MAY BE POSSIBLE TO ADDRESS SUCH "UNFINISHED BUSINESS" MORE QUICKLY. AMONGST THE PRODUCT AREAS WHERE WE WOULD LIKE TO HAVE ACHIEVED MORE ARE PETROCHEMICALS (PARTICULARLY VIS-A-VIS THE USA MARKET), FINISHED SPRUCE/PINE/FIR LUMBER IN THE JAPANESE MARKET, FISH IN ALL THE MAIN MARKETS. LIKEWISE, WE WOULD LIKE TO HAVE MADE BETTER PROGRESS IN REDUCING THE LEVELS OF EFFECTIVE PROTECTION FOR COPPER, LEAD AND ZINC METALS IN THE USA, JAPAN AND THE EC. IN THIS REGARD, IT IS WORTH RECORDING, HOWEVER, THAT GOOD GAINS WERE REGISTERED IN THE USA MARKET FOR INORGANIC CHEMICALS AND THAT JAPAN'S CONCESSIONS ON MORE FULLY PROCESSED WOOD PRODUCTS SUCH AS PREFABRICATED HOUSES AND COMPONENTS SHOULD PROVE VERY WORTHWHILE. AND ON NON-FERROUS METALS, THERE ARE SOME CONSIDERABLE AND POTENTIALLY VERY BENEFICIAL CONCESSIONS IN PLAY ON SEMI-FABRICATED PRODUCTS.

THE TEST OF TIME WILL BE THE TRUE LITMUS OF THE RESULTS OF THE NEGOTIATIONS FOR CANADA. BUT EVEN THEN, IT WILL BE DIFFICULT TO SORT OUT WHETHER OTHER ECONOMIC FACTORS PROVED DOMINANT RELATIVE TO THE IMPACT OF TARIFF AND NON-TARIFF CHANGES AGREED IN THE MTN. BUT PERHAPS SOME TENTATIVE COMMENTS WOULD BE IN ORDER, EVEN AT THIS EARLY STAGE.

THERE ARE A NUMBER OF WAYS OF LOOKING AT THE RESULTS OF ANY NEGOTIATION - AND, IN THIS AS OTHER AREAS, BEAUTY IS OFTEN IN THE EYE OF THE BEHOLDER. THE MOST NARROW AND SIMPLISTIC ROUTE - BUT ONE USED BY PROFESSIONAL NEGOTIATORS WHEN IT IS TO THEIR ADVANTAGE - INVOLVES RELATIVELY SIMPLE ARITHMETIC. BY ADDING TOGETHER WHAT YOU GOT AND SUBTRACTING WHAT YOU HAD TO GIVE AWAY, A MEASURE OF APPARENT SUCCESS OR FAILURE CAN BE ARRIVED AT.

...13

BUT IF THE INITIAL BALANCE IS NOT TO YOUR LIKING, YOU CAN ALWAYS CHANGE THE UNIT OF MEASUREMENT TO ARRIVE AT A MORE ACCEPTABLE RESULT - IF REVENUE FOREGONE DOESN'T DO THE TRICK, TRY PERCENTAGE POINTS GIVEN UP TIMES VALUE OF TRADE OR TAKE COMPARATIVE LEVELS OF REMAINING TARIFFS OR SUBTRACT CONCESSIONS GIVEN WHICH REPRESENT CHANGES YOU WISHED TO MAKE IN ANY EVENT IN YOUR OWN INTEREST - OR WHATEVER! FORTUNATELY, MATH OF THIS KIND WAS HARDLY APPLICABLE TO THE RECENT MTN OUTCOME BECAUSE COVERAGE WAS TOO BROAD AND THE SUBJECT MATTER TOO COMPLEX FOR THE RESULTS TO BE REDUCED TO EASY NUMBERS. AND, IN ANY EVENT, NO MATHEMATICAL ANALYSIS CAN TAKE ADEQUATE ACCOUNT OF QUALITATIVE CONSIDERATIONS OR TRULY MEASURE FUTURE POTENTIAL.

ANOTHER APPROACH WOULD BE TO WEIGH THE RESULTS AGAINST ORIGINAL NEGOTIATING OBJECTIVES VIS-A-VIS TRADING PARTNERS AND THE CONSISTENCY OF WHAT HAD TO BE CONTRIBUTED WITH WHAT WAS CONSIDERED DESIRABLE IN TERMS OF THE DIRECTION TO BE GIVEN TO THE DOMESTIC ECONOMY. THOSE OF US DIRECTLY INVOLVED IN THE NEGOTIATIONS HOPE THAT WE HAVE DONE A REASONABLE JOB WHEN MEASURED AGAINST SUCH CRITERIA. WE CERTAINLY VIEW THE RESULT AS HAVING BEEN TAILORED AS CLOSELY AS POSSIBLE TO MEET THE SENSITIVITIES, ASPIRATIONS AND NEEDS OF THE CANADIAN ECONOMY, AS THEY BECAME APPARENT THROUGH THE PROCESS OF CLOSE CONSULTATIONS WITH INTERESTED PARTIES IN CANADA. BUT THOSE MOST DIRECTLY INVOLVED ARE PROBABLY NOT WELL PLACED TO MAKE THE IMMEDIATE JUDGEMENTS OF THE PRODUCT OF THEIR LABOURS. HOWEVER, IF I AM TO JUDGE BY WHAT I HAVE SEEN TO DATE, OVERALL REACTIONS TO THE MTN OUTCOME HAVE NOT BEEN TOO BAD ... IN FACT, "NOT TOO BAD AT ALL" MIGHT IN A NUTSHELL SUMMARIZE MOST REACTIONS TO DATE. PRESS REPORTS, TELEPHONE CALLS, PERSONAL VISITS AND LETTERS INDICATE THAT REACTIONS ACROSS THE COUNTRY ARE, ON BALANCE, FAVOURABLE.

THERE SEEMS, IN FACT, AN ENCOURAGING SENSE OF OPTIMISM THAT REAL BENEFITS WILL ACCRUE TO CANADIANS AND THAT A FRAMEWORK HAS BEEN ESTABLISHED WHICH SHOULD FAVOUR THE DEVELOPMENT OF OUR ECONOMIC INTERESTS.

MANY BUSINESSMEN HAVE, NOT SURPRISINGLY, RESERVED THEIR DETAILED JUDGEMENT ON THE GROUNDS THAT MANY IMPLICATIONS, DIRECT OR INDIRECT, WILL TAKE TIME TO SURFACE. BUT THERE SEEMS TO BE GENERAL AGREEMENT THAT THE GENEVA RESULTS REPRESENT A MAJOR INTERNATIONAL ACCOMPLISHMENT IN THE CIRCUMSTANCES. MANY HAVE ALSO COMMENTED ON THE VALUE OF THE CONSULTATIVE PROCESS THROUGHOUT THE MTN, INCLUDING ITS CONFIDENTIAL ASPECTS, AND HAVE EXPRESSED THE HOPE THAT THE PRECEDENT WILL BE FOLLOWED IN THE FUTURE WHEN SIGNIFICANT ASPECTS OF TRADE AND INDUSTRIAL POLICY ARE UNDER CONSIDERATION OR NEGOTIATION.

NOT SURPRISINGLY ALSO, THERE HAVE BEEN COMMENTS TO THE EFFECT THAT CANADA WENT OR MAY HAVE GONE TOO FAR IN MAKING PARTICULAR TARIFF OR NON-TARIFF CONCESSIONS (FOR EXAMPLE RESPECTING TARIFF REDUCTIONS ON CERTAIN PAPER PRODUCTS, MEATS, AUTOMOTIVE PARTS AND PARTS FOR CERTAIN APPLIANCES). BUT SO FAR AT LEAST THESE REACTIONS HAVE BEEN VERY MUCH IN THE MINORITY. MORE COMMON EXPRESSIONS OF DISAPPOINTMENT RELATE TO OUR TRADING PARTNERS NOT HAVING BEEN PREPARED TO GO FURTHER IN MAKING CONCESSIONS OF INTEREST TO CANADA. I HAVE MENTIONED EARLIER A NUMBER OF SUCH AREAS.

MORE POSITIVE REACTIONS TO DATE SEEM PARTICULARLY CURRENT AMONG PRODUCERS OF INORGANIC CHEMICALS, PAINT MANUFACTURERS, TEXTILE AND APPAREL FIRMS, DISTILLERS, PLASTIC FABRICATORS AND, ESPECIALLY, THE AEROSPACE INDUSTRY WHICH SEES THE AGREEMENT ON TRADE IN CIVIL AIRCRAFT AS A REAL PLUS WHICH SHOULD STRENGTHEN ALREADY STRONG EXPORT MARKETS. AND WITH FEW EXCEPTIONS THE RESPONSE HAS BEEN VERY POSITIVE FROM OUR AGRICULTURAL PRODUCERS.

...15

THE RESULTS OF A MAJOR TRADE NEGOTIATION INVARIABLY INVOLVE, OF COURSE, NOT ONLY OPPORTUNITIES BUT CHALLENGES AND ADJUSTMENTS. SOME OF THE CHALLENGES ARE, OF COURSE, FOR GOVERNMENT IN TERMS OF RESPONSIBILITY FOR OVERALL MANAGEMENT OF THE ECONOMY. BUT INDIVIDUAL FIRMS AND INDUSTRIES MUST ALSO DEMONSTRATE CAPACITY FOR POSITIVE CHANGE, THE CAPACITY TO "ADJUST IN" TO NEW OPPORTUNITIES AND TO "ADJUST OUT" OF AREAS WHERE OUR COMPETITIVE EDGE IS NOT SUSTAINABLE IN A CHANGING WORLD. THIS, I APPRECIATE, IS NOT A NEW EXPERIENCE FOR MOST MANUFACTURERS WHO FIND THEMSELVES ADAPTING CONSTANTLY TO VARIOUS ELEMENTS OF THEIR BUSINESS ENVIRONMENT. THE STATUS QUO, ALTHOUGH THEORETICALLY THE MOST COMFORTABLE AND PREFERRED OPTION, IS NEVER REALLY OPEN. OUR ECONOMY, PARTICULARLY OUR GOODS PRODUCING SECTOR, AS A RESULT OF IMPORT COMPETITION, HAS ALWAYS HAD TO BE SENSITIVE TO CHANGING WORLD TRADING CONDITIONS. IF THE REST OF THE WORLD IS MOVING WE MUST DO SO TOO. TO STAND STILL IS TO BE LEFT BEHIND. TO SEEK TO SWIM UPSTREAM IS FUTILE AND DOOMED TO FAILURE IF THE CURRENT IS MOVING FASTER THAN WE. AT THE END OF THE DAY, WE WOULD ONLY BE MORE EXHAUSTED AND MORE VULNERABLE.

THE PROCESS OF POST-WAR TRADE LIBERALIZATION HAS BEEN ACCOMPANIED BY A MASSIVE INCREASE IN WORLD TRADE AND IN REAL TERMS ALL COUNTRIES HAVE BEEN THE RICHER AS A RESULT. INDUSTRIAL ADJUSTMENT WORLD-WIDE HAS TAKEN THE FORM OF INCREASED SPECIALIZATION OF PRODUCTION AND THE MORE EFFICIENT INTERNATIONAL DIVISION OF LABOUR; INTERNATIONAL TRADE HAS EXPANDED MORE RAPIDLY THAN THE GROWTH OF GOODS PRODUCTION. IT SEEMS TO ME THAT, IN THE CANADIAN CONTEXT, THE MTN RESULTS WILL REINFORCE SOME OF THOSE EXISTING TRENDS. THE LINE BETWEEN PRODUCING FOR THE DOMESTIC MARKET AND PRODUCING FOR EXPORT IS BECOMING MORE AND MORE BLURRED FOR MANY COMPANIES AND PRODUCERS. THAT TOO MAY BE REINFORCED IN THE POST MTN ENVIRONMENT.

...16

THE NEW ENVIRONMENT WILL NATURALLY POSE A NUMBER OF SUPPLEMENTARY CHALLENGES TO THE ENTREPRENEURAL SKILLS AND MANAGERIAL TALENTS OF CANADIAN INDUSTRY. INDEPENDENT CANADIAN MANUFACTURERS MAY HAVE TO BECOME MORE OUTWARD-LOOKING; LARGE INTERNATIONAL CORPORATIONS WITH BRANCH PLANTS IN CANADA WILL, I TRUST, TAKE ADVANTAGE OF THE COST REDUCTIONS IMPLICIT IN TARIFF CUTS AND NEW EXPORT OPPORTUNITIES TO BECOME MORE SPECIALIZED IN THEIR CANADIAN PRODUCTION, AND TO INTEGRATE THEIR CANADIAN OPERATIONS MORE EFFECTIVELY INTO THEIR GLOBAL PRODUCTION AND MARKETING ACTIVITIES.

THE INTERNATIONAL SIDE, THOUGH IMPORTANT, IS HOWEVER ONLY ONE FEATURE OF THE FRAMEWORK WITHIN WHICH CANADIAN BUSINESS HAS TO OPERATE AND IN WHICH INVESTMENT DECISIONS HAVE TO BE MADE. AN EQUALLY AND PROBABLY MORE IMPORTANT DIMENSION IS THE REGULATORY, TAX AND GOVERNMENT POLICY ENVIRONMENT GENERALLY HERE IN CANADA. IN THIS CONTEXT, GOVERNMENTS, AT BOTH FEDERAL AND PROVINCIAL LEVELS, SEEM TO BE RECOGNIZING MORE AND MORE THE NEED TO ENSURE THAT THE BURDENS THEY MAY HAVE TO IMPOSE ON THE PRIVATE SECTOR ARE NOT SUCH AS UNNECESSARILY TO INHIBIT THE PROCESS OF WEALTH CREATION.

CLIMATE AND GEOGRAPHY ARE THINGS THAT CANNOT BE CHANGED BY GOVERNMENT, BUT CAN CREATE PROBLEMS AND ADDITIONAL COSTS WHICH, ALTHOUGH SIGNIFICANT, ARE NOT NECESSARILY UNIQUE TO CANADA. IT SHOULD BE REMEMBERED THAT NOT ALL THE GEOGRAPHIC FEATURES OF OUR ECONOMY ARE NEGATIVE. MOST CANADIAN INDUSTRY IS ADJACENT TO THE RICHEST, MOST PROSPEROUS, MOST CONSUMER ORIENTED AND OPEN MARKET IN THE WORLD. THE RICHNESS OF OUR ENERGY BASE IS ENVIED; WE HAVE SPECIAL EXPERIENCE AND EXPERTISE IN MEETING THE NEEDS OF A SMALL POPULATION SPREAD OVER A LARGE AREA IN DIFFICULT CLIMATIC CONDITIONS. ALL THESE ARE POSITIVE FACTORS, AND THERE ARE MANY OTHERS. IN THE PAST, WE

...17

HAVE SHOWN OURSELVES TO BE RESOURCEFUL, INVENTIVE, ADAPTABLE AND HARD WORKING - ALL QUALITIES ESSENTIAL TO THE MORE COMPETITIVE WORLD WE FACE, TO TAKE FULL ADVANTAGE OF MTN AND TO MEET THE CHALLENGES OF THE 1980's. HOW WE ACTUALLY PERFORM IS UP TO US.

IN TERMS OF THE MORE IMMEDIATE FUTURE, I SHOULD PERHAPS SAY A WORD ABOUT IMPLEMENTATION OF THE MTN, BOTH FROM THE POINT OF VIEW OF THE DATES ON WHICH THE VARIOUS AGREEMENTS ARE TO TAKE EFFECT INTERNATIONALLY AND THE TIMEFRAME FOR NECESSARY LEGAL AND ADMINISTRATIVE STEPS TO IMPLEMENT THEM DOMESTICALLY.

CONCERNING THE LATTER, MINISTERS HAVE ALREADY ANNOUNCED THAT LEGISLATION WILL BE INTRODUCED AS NECESSARY TO ENSURE THAT CANADIAN LAW CONFORMS TO AND TAKES FULL ADVANTAGE OF THE VARIOUS NON-TARIFF AGREEMENTS. EXTENSIVE LEGISLATIVE CHANGES WILL NOT, HOWEVER, APPEAR TO BE REQUIRED TO PERMIT CANADA TO MEET ITS OBLIGATIONS UNDER THE CODES, OTHER THAN THAT ON VALUATION. NEVERTHELESS, THE OCCASION SEEMS PROPITIOUS TO STREAMLINE AND MODERNIZE OUR EXISTING LEGISLATION WITH RESPECT TO IMPORTS. THE PRIVATE SECTOR WILL BE CONSULTED PRIOR TO THE INTRODUCTION OF ANY NEW LEGISLATION IN THIS REGARD.

AS FOR THE IMPLEMENTATION OF CANADIAN TARIFF CHANGES, APPROPRIATE PROCEDURES WILL BE FOLLOWED TO PERMIT US TO COMMENCE TARIFF REDUCTIONS ON JANUARY 1, 1980, IN LINE WITH OUR TRADING PARTNERS. AS A GENERAL RULE, TARIFF REDUCTIONS WILL BE PHASED OVER A SEVEN YEAR PERIOD ENDING 1ST JANUARY 1987. A NUMBER OF THE NON-TARIFF AGREEMENTS, NOTABLY THOSE ON SUBSIDIES/ COUNTERVAIL, TECHNICAL BARRIERS, AIRCRAFT, AND LICENSING ARE ALSO SCHEDULED TO TAKE EFFECT AS FROM JANUARY 1, 1980. THE AGREEMENT ON GOVERNMENT PROCUREMENT WILL NOT COME INTO FORCE UNTIL JANUARY 1, 1981, AND THAT ON

... 18

CUSTOMS VALUATION WOULD REQUIRE IMPLEMENTATION BY CANADA WITHIN THE FOLLOWING FOUR YEARS, ASSUMING THAT OUR TRADING PARTNERS HAVE AGREED TO CANADA'S NECESSARY PRE-CONDITIONS.

CANADA'S CONTRIBUTIONS TO THE MTN RESULTS WERE TAILORED TO MINIMIZE DIFFICULTIES SO FAR AS POSSIBLE AND STAGED IMPLEMENTATION OF THE TARIFF REDUCTIONS WILL IN MANY CASES EASE PROBLEMS WHICH MIGHT OTHERWISE ARISE. BUT IN ANY EVENT THE GOVERNMENT HAS RECOGNIZED THE NEED FOR MEASURES OF ASSISTANCE TO BE AVAILABLE TO EASE POSSIBLE TRANSITIONAL DIFFICULTIES AS WELL AS TO TAKE ADVANTAGE OF NEW OPPORTUNITIES. THE HONOURABLE BOB DE COTRET HAS ALREADY STATED PUBLICLY THAT THERE IS A REVIEW UNDERWAY OF THE ADEQUACY OF OUR ADJUSTMENT ASSISTANCE PROGRAMS TO MAKE SURE THEY ADDRESS THE MTN RESULTS IN THE MOST SATISFACTORY MANNER POSSIBLE. HE ALSO MENTIONED THAT GOVERNMENT WILL BE SEEKING THE ADVICE OF THE PROVINCES, LABOUR AND THE BUSINESS COMMUNITY IN THIS REGARD AND THAT THE GOVERNMENT WILL MAKE AN ANNOUNCEMENT IN TIME FOR IT TO BE TAKEN INTO ACCOUNT IN CORPORATE AND MANPOWER PLANNING, IN ADVANCE OF IMPLEMENTATION OF THE MTN TARIFF RESULTS.

ON THE PRIVATE SIDE IT SEEMS TO ME ESSENTIAL THAT ALL OUR PRODUCERS AND MANUFACTURERS TAKE THE TIME TO INFORM THEMSELVES OF PROSPECTIVE CHANGES IN THE TRADING ENVIRONMENT AND ACT TO ADAPT TO AND TAKE FULL ADVANTAGE OF THE CHANGING CIRCUMSTANCES. ORGANIZATIONS SUCH AS THE CONFERENCE BOARD, CHAMBERS OF COMMERCE, THE CMA, THE CEA, AND THE CIA, VARIOUS TRADE ASSOCIATIONS AND SIMILAR GROUPS ARE HELPING TO MAKE SURE THIS MESSAGE IS TRANSMITTED AND UNDERSTOOD BY THEIR MEMBERS. AND THE HONOURABLE MICHAEL WILSON HAS INDICATED THAT FURTHER MEETINGS AND SEMINARS TO INFORM BUSINESSES OF THE DETAILED RESULTS OF THE MTN ARE TO BE ORGANIZED. FIRMS SHOULD ALSO BE MADE AWARE THAT THE FEDERAL GOVERNMENT IS ALREADY GEARED UP TO PROVIDE INDIVIDUAL COMPANIES WITH

...19

THE DETAILS THEY MAY REQUIRE. ON CANADIAN TARIFF MATTERS, THE OTTAWA SOURCE IS THE TARIFFS DIVISION OF THE DEPARTMENT OF FINANCE. FOR EXPORT MARKETS, IT IS THE APPROPRIATE INTERNATIONAL BUREAU OF THE DEPARTMENT OF INDUSTRY TRADE AND COMMERCE.

GENTLEMEN, IT HAS BEEN FOR ME A GREAT PLEASURE TO HAVE HAD OVER THE PAST MORE THAN TWO YEARS THE JOB OF COORDINATOR FOR CANADA FOR THE MULTILATERAL TRADE NEGOTIATIONS. AFTER SIX YEARS SERVING ABROAD IT WAS GOOD TO GET BACK TO CANADA AND ESPECIALLY TO HAVE THE CHANCE TO WORK SO CLOSELY WITH GOVERNMENTS, BOTH FEDERAL AND PROVINCIAL, WITH BUSINESS AND LABOUR AND OTHER ASSOCIATIONS AND WITH SO MANY BUSINESSMEN WITH DIRECT AND IMPORTANT STAKES IN THE FUTURE OF OUR COUNTRY.

LOOKING BACK OVER THE CLOSING YEARS OF THE MTN, ROD GREY AND I WILL HAVE MANY VIVID MEMORIES OF "CRUNCH" MEETINGS AND THE LIKE WITH OUR CHIEF TRADING PARTNERS - MOMENTS OF HIGH TENSION OCCASIONALLY OFFSET BY COMIC RELIEF. BUT IF THERE IS ONE MEMORY WHICH I SHALL HOLD PARTICULARLY DEAR IT WILL NOT BE OF THE FRONT LINE, RATHER IT WILL BE OF THE CAPACITIES WE FOUND WITHIN OURSELVES HERE IN CANADA TO PUT TOGETHER THE CANADIAN POSITIONS AND ADAPT THEM AS THE NEGOTIATIONS EVOLVED. SOMEHOW THROUGH THE CONSULTATIVE PROCESS WITH THE PROVINCES, WITH THE PRIVATE SECTOR AND WITH THE HELP OF ALL GOVERNMENT DEPARTMENTS CONCERNED, WE WERE ABLE TO KNIT TOGETHER A PACKAGE WHICH SEEMS BY AND LARGE TO HAVE BEEN WITHIN THE NARROW MARGINS OF ACCEPTABILITY IN A COUNTRY WHICH ENCOMPASSES AS MANY DIVERGENT REGIONAL AND SECTORAL INTERESTS AS OUR OWN. IF SUCH COMMON GROUND CAN BE FOUND IN AN OPERATION OF THE COMPLEXITY AND IMMEDIATE ECONOMIC RELEVANCE TO CANADA AS WAS THE CASE WITH THE MTN, THEN

...20

SURELY THERE IS THE HOPE THAT WE CAN FIND CONCENSUS IN OTHER IMPORTANT AREAS. IT IS WITH THIS HOPE AND CONFIDENCE IN MIND THAT I WISH FAIR SAILING AND GOOD FORTUNE TO ALL THOSE WHOSE RESPONSIBILITY IT WILL BE TO SEE THAT THE MTN HARVEST FOR CANADA IS IN FACT GATHERED IN.

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News Release | Communiqué

Office of the Coordinator Multilateral Trade Negotiations | Bureau du Coordonnateur Négociations commerciales multilatérales

Subject/Sujet Notes for an address by Amabassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, to the Canadian Institute of International Affairs (Quebec Section), Quebec City.

For release/Pour publication
1330 Hrs. (E.S.T.)
October 2, 1979

Attached are notes for an address to be made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, to the Canadian Institute of International Affairs (Quebec Section), Quebec City, October 2, 1979

TO BE CHECKED AGAINST DELIVERY

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NOTES FOR AN ADDRESS BY

AMBASSADOR J.H. WARREN

CANADIAN COORDINATOR FOR THE MULTILATERAL TRADE NEGOTIATIONS

TO THE CANADIAN INSTITUTE OF INTERNATIONAL AFFAIRS (QUEBEC SECTION)

QUEBEC CITY, OCTOBER 2, 1979

Mr. President:

It is with great pleasure that I accepted the invitation extended to me a few months ago by the Canadian Institute of International Affairs (Quebec Section). I must confess that, at the time, I felt somewhat uneasy at the prospect, not because the subject of the Tokyo Round of Negotiations is unfamiliar to me but rather because when I accepted the invitation to speak I was determined to do it in French! Here was a golden opportunity to put to the test once again the French I had learned in Trois-Pistoles, Quebec, not to mention Tours and Besançon in France! To be totally candid, I must admit that over the past few months I have had an opportunity to rehearse for the task via interviews granted in French to the press, radio and television. With this experience behind me, I am now delivering my first address in French on the outcome of the Tokyo Round.

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The hallmark of the Tokyo Round of Negotiations just completed was consultation with the provinces and with all the private interest groups concerned, consultation which, in my view, because of its ongoing and in-depth nature, explains to a large degree the positive outcome which we were able to obtain for the country as a whole and for this province.

Particularly noteworthy is the fact that in setting up the Canadian Trade and Tariffs Committee under the direction of my good friend Louis Couillard and in deciding to create the position of Canadian Coordinator for the Multilateral Trade Negotiations, the Canadian Government spared no effort to produce an environment conducive to consultations. I hasten to add, however, that all of these efforts would have been in vain had it not been for the participation of the provincial governments and private enterprise.

Quebec's contribution in this connection has by no means been the least important. I would like to take the opportunity afforded me today to thank all those in Quebec who played a part in the consultative process and to stress the active role played by Quebec Government authorities, particularly by Bernard Landry, Minister of

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State for Economic Development, Rodrigue Tremblay, former Quebec Minister of Industry and Commerce and Claude Descôteaux, Deputy Minister of Industry and Commerce, as well as by Yvon Pomerleau and Jacques Lacroix.

Since the publication of the Non-Tariff Agreements and Tariff Schedules of the Tokyo Round of Negotiations last April and July respectively, the public and private sectors and the media have abundantly commented on, summarized and analysed the results.

The outcome has been generally perceived as positive for Canada, not only in regional and sectoral but also in import and export terms. This is not to say that everyone is satisfied with the foreign concessions obtained or with those we made ourselves. Quebec, for its part, through its Ministers, made a number of highly relevant comments indicative of a thorough understanding of the Tokyo Round results.

It is not my intention today to rehash for you the detailed MTN results; rather, I would like to elucidate somewhat the negotiating process itself and show how we obtained these results, thus contributing to a better understanding of the potential and limitations of multilateral negotiations for a country the size of Canada.

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In order to appreciate fully the nature and scope of the Tokyo Round, it is especially important, in my view, to place them in their appropriate context relative to the circumstances which, since their initiation in 1973, have directly or indirectly influenced their progress. The energy crisis, inflation and unemployment, and monetary disruptions are only a few of the key factors which have tended to increase pressure on national governments to take protectionist trading action against imports. Then too, one can hardly overlook the fact that many countries have experienced successive general elections during the period of Tokyo Round negotiations. All these factors, whether they individually delayed or sped up negotiations, combined to add to their complexity and to influence not only the national priorities identified at the outset but the results themselves.

It should be recalled here that, initially, the Tokyo Round sought not only greater liberalization of trade or increased competition internationally but also the review and improvement of the rules governing international trade both as regards industrial and agricultural products. The objective was

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also to reexamine the rules of the game governing practices having a disruptive effect on the market. This was also the first broad effort to address systematically non-tariff barriers.

Protectionist pressures which manifested themselves in various parts of the world made this review and improvement of the rules of international trade an increasingly urgent priority. At the same time, however, governments placed great emphasis on the Tokyo Round's efforts at trade liberalization, thus making it easier to stave off strong protectionist pressures.

In negotiations aimed at improving international trading rules on non-tariff measures, the interplay of national interests and of the positions of the various participants bears little resemblance to the normal concept one might have of the process of trade negotiations confined to purely tariff matters. The give-and-take is much more complex: trade policy and other issues going beyond the level of industrial tariffs are at stake; existing national laws and regulations stand to be changed, by various amounts from one country to another; previously protected areas of production have to be opened up to international competition; elements of the framework basic to the GATT come under review; finally, highly divergent initial negotiating

positions have to be reconciled in the course of negotiations.

For example, when discussions turned to an issue as crucial and sensitive as government subsidies to national producers and countervailing duties, the main goal was to define, in the light and within the restrictions of existing GATT rules, the specific circumstances in which a government can reasonably and equitably protect the interests of its own exporters and producers affected by foreign subsidies. In order to resolve problems such as these, a rather complex set of provisions were drawn up respecting (a) inter-governmental consultation, (b) the establishment of an injury test demonstrating serious adverse effects on national producers and (c) the international settlement of disputes. The object of these provisions is to enable governments to take effective countervail action against injurious subsidized imports while, at the same time, safeguarding non injurious exports against arbitrary and unwarranted protectionist action.

Canada played a creative role in this area of the negotiations, which illustrates well the complexity of the interplay of forces in a multilateral non-tariff

negotiation, and also how Canada was able to enhance its own bargaining power so as to achieve its own goals more completely. Allow me to elaborate a bit on this last point. In the area of subsidies and countervailing duties, Canada and the EEC both had an interest in the United States' agreeing to cease levying countervailing duties on subsidized imports until evidence had first been shown, in accordance with GATT requirements, that its industry had suffered injury. The fact that the EEC and Canada were able to exert combined pressure on the U.S. went a long way towards achieving this priority goal for Canada - a goal also shared by Japan and the developing countries. On the other hand, Canada and the U.S. also had some common interests with respect to this area of the negotiations, since both sought greater discipline relative to export subsidies, especially as concerns agricultural products.

There are dozens of other examples in the non-tariff negotiations which one could cite to illustrate the fact that we were able to join forces with various countries to achieve the results sought despite resistance from one or other of the participants. It was indeed rare that we were faced with a situation where the Big Three, the United States, the EEC and Japan, worked in monolithic fashion in directions contrary to our interests. And when

.../8

they did so - for example when they sought to impose new GATT obligations with respect to the use of export restrictions in the context of security of supply of raw materials - Canada was able to resist, initially alone, but later with the support of the developing countries and other participants such as Australia.

If you were to decide to analyse the various non-tariff agreements, and you had the time and the patience to do so, you would no doubt find them highly complex. It is perhaps worth noting, however, that this complexity simply reflects that of economic and commercial reality itself. National laws and regulations are highly complex in themselves, often the result of the sheer scope of government intervention in the market economics of the various nations, and there are not necessarily any protectionist motives behind them. It is, therefore, inevitable that international agreements seeking solutions to the adverse trade effects of such governmental actions would be equally complex.

Continuing your analysis, you would discover in the agreements an entire set of provisions aimed at ensuring what is technically referred to as "transparency". Put in other words, what this means is that both formal legislation and regulations and government procedures and practices must be sufficiently clear that all parties concerned can be assured of genuine observance of

undertakings made respecting non-discrimination between domestic and foreign producers and products. It will be immediately apparent that such "transparency" of government measures, whether in government procurement, technical product standards, import licensing procedures or countervailing and antidumping duties, is imperative for effective monitoring of the implementation of the international agreements and also to ensure that the market access obtained through negotiation, whether in the form of tariff reductions or the elimination or reduction of non-tariff barriers, is not impaired. You will, I trust, agree with me that, in light of the above, the give-and-take on these issues is quite unlike that on tariff matters.

Before broaching the issue of tariffs, there is one important aspect of the non-tariff negotiations which, in the case of Canada, is unique and which I would like to bring to your attention. I am referring, of course, to the direct and positive contribution of the provinces to certain Canadian export objectives. Quebec and the other provinces, for example, submitted a Statement of Intention regarding certain future practices in the marketing of alcoholic beverages, a field which falls under provincial jurisdiction. The fact that the provinces authorized federal negotiators to communicate these assurances to our trading partners

during the negotiations helped our MTN negotiators to obtain better overall results and improved access for certain exports, particularly whisky, to the U.S. and European markets.

On the tariff side, it should be noted that the industrial tariff negotiations were conducted in accordance with a formula which was rather complex but general in scope. Basically, it aimed at a weighted average cut of 40% and included a harmonization factor by virtue of which higher tariffs would be reduced more than lower tariffs, the purpose being to bring tariff structures among industrialized countries more into line with one another. For this formula to be acceptable to Canada, there had to be scope for full or partial exceptions with regard to imports, and the possibility of elimination of tariffs altogether on several of our key exports. On these two points, we enjoyed some measure of success. In respect of agricultural and fisheries products, negotiations were conducted on the basis of requests and offers. Much of the give-and-take relative to particular products was bilateral initially with the results subsequently being extended multilaterally to all participants, as during the previous negotiations held under the auspices of the GATT.

It should be noted that the increased number of Canadian products which will be able to enter the U.S. duty-free

as a result of the Tokyo Round is mainly attributable to the special interest taken by Canada in these products. For example, we managed to obtain elimination of U.S. tariffs on aluminum ingot, almost all asbestos products, several important types of papers, birch and maple veneers, a wide range of machinery used in the pulp, paper and paper board industries, and ingot moulding and casting machines, as well as agricultural machinery and related equipment. For an exhaustive list, we would have to add to these tariff items a number of other products, mainly agricultural, as well as all the products covered by the Civil Aircraft Agreement. These results mean that, if trade under the Automobile Pact is included, 80% of Canada's exports to the U.S. will enter that country duty-free.

Our tariff negotiations with the EEC and Japan on industrial products were largely conducted in accordance with the previously mentioned formula. In fact, in addition to agricultural and fisheries products, Canada placed greatest emphasis on finished and semi-finished natural resource-based products. This does not mean that our interest in manufactured products on these markets was a lesser priority; on the contrary, in a perspective of diversification of our economic and trade relations with the EEC and Japan, these markets will provide major outlets for Canadian manufactured products. This goes not only for

.../12

certain existing products but also for several new products which I am confident we will be producing in the future. The fact that other participants seek and grant concessions on products that Canada does not market at the time of negotiating, constitutes an advantage of a multilateral approach. Such results take on importance as our economy diversifies and grows. In multilateral negotiations as comprehensive as these, there is some logic in preferring to concentrate one's efforts on certain products or issues, while remaining mindful of the benefits which accrue to us as a matter of right via the bargaining power of our partners.

While we are forced to admit that the concessions wrung from the EEC and Japan on industrial products, as well as on some agricultural and fisheries products, are less than what was originally hoped for, the fact remains that they are significant. As I see it, the question whether we obtained these concessions directly in the course of bilateral negotiation or indirectly via the bargaining power of the U.S. or others may be a tempting subject of discussion among negotiators but, in the final analysis, what counts are the actual conditions of market access on a product-by-product basis for each producer and region in Canada.

I would now like to turn to a consideration of two sectors of special concern to Quebec, namely the pulp and paper and aircraft industries.

With respect to pulp and paper, most significant is the fact that the duty-free entry into the U.S. currently enjoyed by newsprint will be extended to key Canadian fine paper exports such as book and printing papers, wallpaper, and a certain number of other products such as test or container boards and shoeboard. The 4% U.S. duty imposed on kraft paper, not cut to shape, will be eliminated. The current 10% American tariff on miscellaneous other papers will be reduced to 4%. Canada, meanwhile, will reduce its tariff rates from 12.5 or 15% to 6.5% on most bulk paper grades, to free on unbleached wrapping papers and to 4% on corrugating medium. The rates of 15% or 17.5% on most converted paper products will be reduced to 9.2% or 10.2%, i.e. a formula cut. Linerboard and boxboard tariffs will be cut from 15% to 9.2% (also a formula cut).

In view of the size (approximately 80%) and variety of these American tariff reductions, the Canadian concessions in exchange on fine papers, paperboard and boxboard can no doubt be better understood. The diversified access to the American market thus provided should promote the rationalization and restructuring of the Canadian industry with a view to making it more profitable and stable in future in terms of employment. The tariff changes on the Canadian side may require adjustment in respect of certain lines of paper products within Canada as a whole and perhaps within certain individual firms. However, it seems to me that such an adjustment could

.../14

be by and large carried out within the normal course of investment and production planning by Canadian firms. Needless to say, such planning would have to take into account the availability of adjustment assistance federally, as well as of provincial and joint programs for the development and modernizatio of this major Quebec industry. The Federal Government, as already announced by Mr. de Cotret, is reviewing the adequacy of its adjustment assistance programs to make sure they address the Tokyo Round results in the most satisfactory manner possible. The Minister also mentioned that the Government will be seeking the advice of the Provinces, labour and business in this regard.

The tariff cuts will be progressive and staged over a period of seven years commencing January 1, 1980 so as to facilitate any adjustment that may be required to the new circumstances. On this point, it is interesting that we managed to secure agreement from the United States that the duty-free entry on bulk printing papers produced in Canada will come into force in a single step next January first. By way of follow-up, Canada and the U.S. have agreed to review the situation in the forest product trade in 1984. Also significant is the fact that Canadian paper exports to the EEC and Japan will benefit from certain advantageous concessions which were obtained through the combined "muscle" of Canada and the U.S.

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The Aircraft Agreement, which provides for the total elimination, effective January 1, 1980, of tariffs on all civil aircraft, their engines, spares, in-flight avionics, ground flight simulators and repair and overhaul services, in addition to ensuring stricter discipline regarding non-tariff measures in this area, is a particularly significant result of the negotiations. It is a first in the history of post-war multilateral trade policy in that total duty-free entry in an important industrial sector will be introduced simultaneously in the United States, the EEC, Japan, Canada and several other West European countries. Substantial benefits should accrue to Canada and Quebec because of the many companies in the sector which are located here and have a firmly established export market interest.

I have already alluded to the formula which aimed essentially at an average weighted cut of 40% for industrial products. It is worth recording that, in effect, for both exports and imports, the outcome of the negotiations for Canada is of this order of magnitude. It is not clear that Canada could have gone farther, in view of our desire to maintain an adequate level of tariff protection for Canadian industry, particularly in the more sensitive and less competitive sectors internationally. It goes without saying that Canada was not the only country wishing to protect such vulnerable sectors as textiles, clothing and footwear. It is nonetheless

.../16

interesting to observe that within the framework of the MTN negotiations, the desire to provide these sectors with adequate protection against reduced import tariffs did not prevent us from benefitting from reductions granted by the U.S., as a result of EEC pressure, particularly on clothing. It should be clearly understood, however, that at the conclusion of the tariff negotiations, each country had its own "bottom lines" for various sectors and for each product beyond which it was not prepared to go. In the final analysis, this is what determined the extent of cuts. In other words, the various national "bottom lines" determined what was negotiable and feasible.

Petrochemicals are one sector where Canada was unable to achieve its goals, which were to obtain the best possible access to the American market for a variety of products manufactured in Canada, or for which certain manufacturing opportunities presented themselves at internationally competitive prices. But U.S. industry pressure to maintain a relatively high level of protection, given the energy situation, proved to be too strong: the Americans' "bottom line " was much higher than we had hoped. The fact that the EEC was not prepared to go very far in this sector did not, of course, help in the attainment of our objectives. Be that as it may, I would regard this

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subject as an item of "unfinished business" which will be discussed further after the conclusion of the Tokyo Round.

On the subject of agricultural products, I would merely say that the concessions obtained from Japan, the EEC and the U.S. are in large measure the result of efforts by Canada itself on products of special interest to us such as lobster, frozen cod fillets, frozen mackerel, fresh and frozen blueberries, maple syrup, apples, pasta, cheddar cheese, pork meat, rapeseed and so on. On others, such as tobacco and bovine meat, we have also reaped the benefits of U.S. bargaining power vis-à-vis the EEC and Japan.

Canadian ministers have already announced that legislation will be passed, as required, to ensure that Canadian law conforms to the Non-Tariff Agreements and that we can exercise our rights to the fullest. Canada will not have to amend its legislation substantially in order to live up to its obligations under the non-tariff agreements, except for that on Customs Valuation. This seems, however, a propitious occasion to streamline and modernize existing import legislation. In-depth consultations with the provinces and with the private sector will precede the passage of any new legislation in this area. With regard to tariff changes in Canada, the usual Parliamentary procedure will be followed so as to enable us, like our trading partners, to commence tariff reductions on January 1st, 1980.

.../18

As you undoubtedly already know, the United States Congress has already passed all of the legal provisions required for the full and complete implementation of the agreements negotiated in Geneva. This is a crucial step in ensuring the coming into force of these agreements internationally. However, the true worth of the agreements will hinge essentially on the determination demonstrated by the signatories in their effective and equitable implementation, and on the concrete action taken to that end. For our part, we will in this regard, be watching closely the actions of our trading partners (including, of course, the USA). We can take for granted that others will be doing the same thing vis-à-vis Canada. Taken together this will help ensure a climate for full and efficient application of these accords at the international level. In this task we will be counting on inputs from all interested parties, including the private sector and the provinces.

If I may speak personally for a moment, the role I have been called upon to play over the past few years as the Canadian Co-ordinator for the MTN negotiations has been an extremely enriching experience, because it has enabled me to come into direct and continuing contact with governments, both at the federal and provincial levels, as well as with business and labour. I have also had the

pleasure of working side by side with men and women of exceptional ability who gave their all throughout the negotiations in order to ensure the economic welfare of our country.

My present task is nearing completion and, as some of you may already know, I will be moving on to take up a new challenge, this time in the private sector, as Vice-Chairman of the Board of Directors of the Bank of Montreal. It goes without saying that I look forward to my new responsibilities in Montreal.

I leave a better man for the experience I have been so fortunate to have had, and am confident that there will be others after me to take up where I have left off, individuals who will spare no effort to ensure that implementation of the negotiations produces lasting results for the benefit of Canada as a whole.

Government of Canada / Gouvernement du Canada

Office of the Coordinator Multilateral Trade Negotiations / Bureau du Coordonnateur Négociations commerciales multilatérales

News Release Communiqué

Subject/Sujet Notes for an address by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations to the Canadian Export Association, Ottawa.

For release/Pour publication
1000 Hrs. (E.S.T.)
October 22, 1979

Attached are notes for an address to be made by Ambassador J.H. Warren, Canadian Coordinator for the Multilateral Trade Negotiations, to the Canadian Export Association, Ottawa, October 22, 1979.

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NOTES FOR AN ADDRESS BY AMBASSADOR J.H. WARREN
CANADIAN EXPORT ASSOCIATION, OTTAWA
OCTOBER 22, 1979

I WAS DELIGHTED TO ACCEPT TOM BURN'S INVITATION OF LAST SPRING TO LEAD OFF TODAY'S DISCUSSION OF THE RESULTS OF THE MULTILATERAL TRADE NEGOTIATIONS AS THEY MAY AFFECT CANADIAN EXPORT OPPORTUNITIES. LITTLE DID WE KNOW AT THE TIME THAT THIS WOULD TURN OUT TO BE MY MTN SWAN SONG; THERE IS A HINT OF WINTER IN THE AIR; THE GEESE HAVE FLOWN SOUTH AND NOW IT IS MY TIME TO GO. TO ALL INTENTS AND PURPOSES, THE DOORS OF THE OFFICE OF THE CANADIAN COORDINATOR CLOSE TODAY. I AM GLAD THAT THIS, MY LAST ADDRESS, SHOULD BE BEFORE THE CANADIAN EXPORT ASSOCIATION WITH WHOSE MEMBERS I HAVE HAD THE PRIVILEGE TO WORK OVER SO MANY YEARS.

THE PAST TWO-AND-A-QUARTER YEARS HAVE NOT BEEN WITHAL "ALARUMS AND EXCURSIONS". MIDNIGHT OIL AND ELBOW GREASE HAVE BOTH BEEN CALLED FOR. THERE HAVE BEEN TOUGH MOMENTS - NOT ONLY IN GENEVA, BUT ALSO HERE IN OTTAWA AS DIFFICULT CHOICES HAD TO BE MADE ABOUT CANADIAN MTN POSITIONS. BUT LOOKING BACK AND CONSIDERING THE RESULTS, I SENSE ON BALANCE

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A GOOD MEASURE OF SATISFACTION ... SATISFACTION AT SEEING A DIFFICULT TASK THROUGH TO A SUCCESSFUL CONCLUSION - PERHAPS A SURPRISINGLY SUCCESSFUL CONCLUSION IN THE CIRCUMSTANCES. AND A GOOD PART OF THAT SATISFACTION RELATES TO THE PROCESS OF CONSULTATION WHICH HELPED US TO FORMULATE AND FURTHER CANADIAN OBJECTIVES - A CONSULTATION PROCESS WHICH INVOLVED ALL CANADIAN GOVERNMENTS, FEDERAL AND PROVINCIAL, AND THE REPRESENTATIVES OF PRIVATE SECTOR GROUPINGS CONCERNED WITH PRETTY WELL EVERY ASPECT OF CANADIAN PRODUCTION AND TRADE. MUCH OF VALUE EMERGED FROM THESE CONSULTATIONS AND, ALTHOUGH OF COURSE THE PROCESS COULD BE IMPROVED UPON, THE DEMONSTRATED CAPACITY OF CANADIANS TO WORK TOGETHER, OFTEN IN CONFIDENCE AND, WHEN NECESSARY, TO FIND THE REQUISITE DEGREE OF COMMON GROUND, NEEDS TO BE REMEMBERED AND CHERISHED IN THE FUTURE.

AND IT HAS BEEN A GREAT PLEASURE FOR ME TO HAVE WORKED SIDE BY SIDE WITH THE MANY ABLE MEN AND WOMEN BOTH OUTSIDE AND WITHIN GOVERNMENT WHO GAVE SO GENEROUSLY OF THEIR TIME AND EFFORTS TO HELP ENSURE THE FUTURE WELFARE OF OUR COUNTRY.

MANY WHO HELPED ARE PRESENT TODAY. IT WOULD BE UNFAIR TO MENTION THE NAMES OF SOME AT THE EXPENSE OF OTHERS, BUT PERHAPS I WILL BE PERMITTED TO OFFER A PARTICULAR WORD OF

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THANKS TO THE ELECTED AND PERMANENT OFFICERS OF THE CANADIAN EXPORT ASSOCIATION WHO PLAYED SUCH AN INFORMED, BALANCED AND CONSTRUCTIVE ROLE IN OUR DELIBERATIONS TOGETHER.

THE CANVAS OF THE MTN IS SO VAST THAT ONE COULD SPEAK FOR MORE THAN TWENTY MINUTES ON ANY ONE OF DOZENS OF AREAS OF INTEREST TO CANADA. THIS MORNING, I SHALL BE FOCUSSING IN PARTICULAR ON THE OUTWARD SIDE OF THE EQUATION, NOT TO EXCLUDE HOWEVER SOME COMMENT ON THE HOME MARKET GROUND. I SHALL BE FLAGGING SOME GAINS OF PARTICULAR IMPORTANCE TO CANADA, BOTH AS REGARDS TARIFFS AND NON-TARIFF BARRIERS.

I WISH ALSO TO GIVE YOU SOME FLAVOUR OF HOW THOSE CONCESSIONS WERE SECURED AND TO EXPLAIN WHY SOME OTHERS DID NOT PROVE TO BE AVAILABLE. INEVITABLY, YOU WILL FIND ME FOCUSSING MORE ON THE USA MARKET THAN ON OTHERS. THAT IS ONLY TO BE EXPECTED GIVEN THE CONCENTRATION OF OUR INTERNATIONAL TRADE IN THAT NORTH-SOUTH DIRECTION. BUT I SHALL ALSO SPEAK OF SIGNIFICANT CONCESSIONS IN OTHER MAIN MARKETS. AND I INTEND TO EMPHASIZE THAT, ALTHOUGH DOORS HAVE BEEN FURTHER OPENED, IT WILL STILL REQUIRE EFFORT - IN SOME CASES, DETERMINED EFFORT - FOR YOU IN THE CANADIAN EXPORT COMMUNITY TO GO THROUGH THEM TO NEW LEVELS OF ACHIEVEMENT.

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LET'S BEGIN BY REVIEWING THE MAJOR ACHIEVEMENTS OF THE NEGOTIATIONS.

ON TARIFFS, DESPITE THE LEAST HOSPITABLE INTERNATIONAL ECONOMIC ENVIRONMENT OF THE POST-WAR PERIOD, AVERAGE REDUCTIONS IN THIS ROUND APPROXIMATE THOSE ACHIEVED IN THE KENNEDY ROUND - THEMSELVES THE LARGEST REDUCTIONS IN MFN TARIFFS SINCE THE CREATION OF THE GATT IN 1947. AVERAGES ARE, ADMITTEDLY, MEANINGLESS WHEN CONSIDERING RESULTS APPLICABLE TO ANY INDIVIDUAL PRODUCT BUT THEY CAN BE SOME HELP IN PROVIDING AN OVERVIEW OF THE OUTCOME.

ON CANADIAN EXPORTS OF INDUSTRIAL PRODUCTS, USA TARIFFS WILL BE CUT BY SOMEWHAT MORE THAN 41 PERCENT, WITH THE FINAL USA RATE ON DUTIABLE IMPORTS FROM CANADA BEING BETWEEN 2 AND 3 PERCENT AT THE CONCLUSION OF THE STAGING PERIOD. COMPARABLE CUTS BY THE EC AND JAPAN ARE IN THE AREA OF 30 PERCENT AND THE FINAL RATES WHICH WILL APPLY TO DUTIABLE IMPORTS FROM CANADA WILL BE ABOUT 6 PERCENT AND 5 PERCENT RESPECTIVELY. AS YOU WILL ALREADY KNOW, THE COMPARABLE CANADIAN FINAL RATE WILL BE BETWEEN 9 AND 10 PERCENT, DOWN FROM ITS CURRENT AVERAGE 15 PERCENT LEVEL. IN THE CASE OF CANADA-USA TRADE, THESE RESULTS MEAN THAT, WHEN AUTO AGREEMENT TRADE IS COUNTED IN, 80 PERCENT OF OUR EXPORTS ACROSS THE BORDER WILL IN DUE COURSE ENTER DUTY-FREE. THE COMPARABLE FIGURE FOR TRADE IN THE OPPOSITE DIRECTION WILL BE 65 PERCENT.

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WHAT EXPLAINS THE MAGNITUDE OF THIS RESULT ON INDUSTRIAL TARIFFS? FIRST, IN TERMS OF COMPREHENSIVENESS, IT IS IMPORTANT TO APPRECIATE THAT THE INDUSTRIAL TARIFF NEGOTIATIONS WERE CONDUCTED ON THE BASIS OF BROAD TARIFF CUTTING RULES, THE MAIN ELEMENT OF WHICH CAME TO BE KNOWN AS THE "SWISS FORMULA". THIS APPROACH TO TARIFF CUTTING - EVENTUALLY ENDORSED IN ONE FORM OR ANOTHER BY ALL THE MAIN INDUSTRIALIZED PARTICIPANTS - AIMED AT A WEIGHTED AVERAGE CUT OF 40 PERCENT AND INCLUDED A HARMONIZATION FACTOR WHEREBY HIGHER RATES WERE TO BE CUT BY MORE THAN LOWER ONES. CANADA AND OTHERS MADE CLEAR, HOWEVER, THAT AS PART OF THE AGREED APPROACH THERE HAD TO BE SCOPE FOR FULL OR PARTIAL EXCEPTIONS TO DEAL WITH PARTICULARLY SENSITIVE PRODUCT AREAS, ALONG WITH THE POSSIBILITY OF COUNTERBALANCING GREATER-THAN-FORMULA CUTS (INCLUDING TARIFF ELIMINATION) IN OTHER AREAS. THESE TWO ELEMENTS WERE IMPORTANT CONDITIONS FOR CANADA'S ACCEPTANCE OF THE GENERAL TARIFF CUTTING RULES. AND IT WAS THE LATTER THAT PERMITTED US TO PUSH FOR THE GREATEST NEGOTIABLE USE OF THE USA AUTHORITY WHICH PERMITTED 60 PERCENT TARIFF REDUCTIONS AND THE REMOVAL OF USA TARIFFS OF 5 PERCENT OR LESS. THE FACT THAT THE USA WAS AUTHORIZED TO CUT ITS TARIFFS SO EXTENSIVELY PERMITTED THE BARGAINING ABOUT THE AMOUNT OF TARIFF CUTTING TO CENTRE ON A MUCH HIGHER AVERAGE LEVEL THAN THE MUCH

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LESS LIBERAL OBJECTIVES ORIGINALLY FAVOURED BY JAPAN AND THE EC. IN THE END, THE TARGET OF A 40 PERCENT WEIGHTED AVERAGE CUT ON INDUSTRIAL TARIFFS PROBABLY CAME PRETTY CLOSE TO OUR OWN "BOTTOM LINE".

FROM A CANADIAN EXPORT PERSPECTIVE, A BONUS VALUE FROM A GENERAL TARIFF CUTTING APPROACH WAS THAT IT YIELDED REDUCTIONS ON ITEMS OF INTEREST WHERE CANADA WAS NOT THE MAIN SUPPLIER OR LEAD NEGOTIATOR. AND THE POINT IS OF GREAT IMPORTANCE ALSO IN TERMS OF GOODS WE DO NOT NOW PRODUCE BUT MAY PRODUCE IN FUTURE. THIS MORE OR LESS ACROSS-THE-BOARD APPROACH MEANT FOR INSTANCE THAT, IN THE ABSENCE OF CONSCIOUS DECISIONS TO DO EITHER MORE OR LESS THAN CALLED FOR UNDER THE FORMULA, THE EC WOULD REDUCE RATES OF 7 PERCENT AND 10 PERCENT TO 4.9 PERCENT AND 6.2 PERCENT, RESPECTIVELY. AND JAPAN AND THE USA WOULD CUT THEIR CURRENT RATES OF 7.5 PERCENT AND 12.5 PERCENT TO 4.2 PERCENT AND 6.6 PERCENT, RESPECTIVELY.

IN EUROPE, SUCH "FORMULA" REDUCTIONS WILL BE IMPORTANT TO CANADIAN EXPORTERS OF SPORTING GOODS, FABRICATED ASBESTOS PRODUCTS, PLANED LUMBER AND CERTAIN GEOLOGICAL AND OTHER INSTRUMENTS. AS FOR JAPAN, "FORMULA" CUTS ARE AVAILABLE ON PRE-FABRICATED HOUSING AND PARTS, A RANGE OF CHEMICALS (INCLUDING METHANOL, PHENOL AND SOME PLASTIC RESINS) AS WELL AS ON SEMI-FABRICATED METAL PRODUCTS. AND IN THE USA, SIGNIFICANT "FORMULA" CUTS WILL BE OF PARTICULAR BENEFIT TO CANADIAN

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EXPORTERS OF STYRENE, ETHYLENE DICHLORIDE AND A FEW OTHER PETROCHEMICALS, AS WELL AS FLOAT GLASS, SEMI-FABRICATED METAL PRODUCTS, MAGNESIUM, PLASTIC FABRICATIONS AND A VERY BROAD RANGE OF MACHINERY AND EQUIPMENT.

GREATER-THAN-FORMULA TARIFF REDUCTIONS AND TARIFF ELIMINATION WERE, AS I HAVE MENTIONED, PARTICULARLY RELEVANT AND VALUABLE IN THE CASE OF OUR NEGOTIATIONS WITH THE UNITED STATES. WE WERE ABLE TO NEGOTIATE DUTY ELIMINATION FOR SEVERAL VERY IMPORTANT INORGANIC CHEMICALS (SUCH AS CHLORINE, CAUSTIC SODA, SODIUM CHLORATE AND AMMONIUM NITRATE); ON A BROAD RANGE OF FOREST PRODUCTS (FOR EXAMPLE, BOOK AND PRINTING PAPER, CONTAINER BOARD, SHOEBOARD, WRAPPING PAPER, BIRCH, MAPLE AND SOFTWOOD VENEERS, TREATED LUMBER); AND ON ALUMINUM INGOT, ALMOST ALL ASBESTOS PRODUCTS, PULP PAPER AND PAPERBOARD MACHINERY AND PARTS, AS WELL AS AGRICULTURAL MACHINERY EQUIPMENT AND PARTS, SUBJECT TO AN "ACTUAL USE" REQUIREMENT. THE LATTER CONCESSION IS SCHEDULED FOR CONFIRMATION IN 1984 WHEN CANADA WILL HAVE COMPLETED ITS UNDERTAKING WITH RESPECT TO THE REVIEW OF "MADE/NOT MADE" CANADIAN TARIFF ITEMS OF PRIORITY INTEREST TO THE USA.

THE EXAMPLES I HAVE GIVEN ARE FAR FROM EXHAUSTIVE BUT GIVE THE FLAVOUR OF THE SCOPE OF THE NEW DUTY-FREE ENTR Y WHICH WILL BE AVAILABLE IN THE USA MARKET. THERE ARE ALSO A FEW INSTANCES OF GREATER-THAN-FORMULA CONCESSIONS IN PLAY IN JAPAN AND THE EC. ONE JAPANESE EXAMPLE IS AUTOMOTIVE PARTS,

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WHERE AN MTN CONCESSION RATE OF 3 PERCENT WAS NEGOTIATED, DOWN FROM PREVIOUSLY GATT BOUND LEVELS RANGING UP TO 15 OR 20 PERCENT (AND APPLIED RATES OF 6 PERCENT). SO FAR AS THE EC IS CONCERNED, GREATER-THAN-FORMULA CUTS WERE VERY MUCH THE EXCEPTION, BUT NONETHELESS A NUMBER OF SUCH CONCESSIONS OF INTEREST TO CANADA WERE MADE - EG ON CHAIN SAW CHAIN, PRINTING MACHINERY AND LARGE-SIZE REFRIGERATORS.

THE FOREGOING IS NOT TO IMPLY THAT, IN THE NEGOTIATIONS ON INDUSTRIAL PRODUCTS, WE GOT EVERYTHING WE WANTED - JUST AS IT IS TRUE THAT OUR TRADE PARTNERS DID NOT GET EVERYTHING THEY WANTED IN TARIFF TERMS FROM CANADA. IN THE CASE OF OUR EXPORT INTERESTS, LESS WAS AVAILABLE ON KEY PETROCHEMICALS AND PLASTIC RESINS THAN WE HAD HOPED - ESPECIALLY IN THE USA MARKET WHICH IS OF SO MUCH INTEREST TO COMPANIES IN ALL THREE MAIN PRODUCING REGIONS OF CANADA - SARNIA, MONTREAL AND ALBERTA. NOR WERE WE SUCCESSFUL IN CONVINCING THE JAPANESE THAT THE MTN WAS THE OCCASION FOR THEM TO BEGIN A SIGNIFICANT SCALING DOWN OF THE PROTECTION THEY APPLY TO INEFFICIENT BUT SOCIALLY SIGNIFICANT SAWMILLS, PLANING MILLS, TANNERIES AND NON-FERROUS METAL SMELTERS. IN RESPECT OF NON-FERROUS METALS SUCH AS LEAD AND ZINC, THE RESULTS FROM THE EC AND THE USA MUST ALSO BE CATEGORIZED AS DISAPPOINTING BUT, AGAIN, THE PRESENCE OF WORRIED BUT POLITICALLY STRONG LOBBIES MADE IT IMPOSSIBLE TO OBTAIN THE KIND OF MARKET ACCESS WE WERE SEEKING. AN EXCEPTION, OF COURSE,

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WAS USA AGREEMENT RECIPROCALLY TO REMOVE TARIFFS ON ALUMINUM INGOT.

IT WOULD HOWEVER BE WRONG TO CONCLUDE ON THE BASIS OF THESE DISAPPOINTMENTS THAT THE OUTCOME WAS NEGATIVE OR NOT WORTH THE EFFORT. BY ANY MEASURE - HISTORICAL, QUANTITATIVE OR QUALITATIVE - THE MTN RESULTS ON INDUSTRIAL TARIFFS ARE SELF-EVIDENTLY IMPORTANT AND MERIT THE CLOSE ATTENTION OF CANADIAN EXPORTERS TO DETERMINE WHERE AND HOW NEW AND PROFITABLE OPPORTUNITIES CAN BE EXPLOITED.

OPPORTUNITIES WILL ALSO ARISE FOR THE OUTPUT OF OUR FARMING AND FISHING COMMUNITIES AND THOSE INVOLVED IN CANNING, BOTTLING, FREEZING AND OTHERWISE PROCESSING THEIR HARVESTS. IN THESE AREAS, THE NEGOTIATIONS DID NOT FOLLOW A FORMULA OR PRECISE SET OF RULES BUT WERE, AS YOU KNOW, CONDUCTED ON THE BASIS OF SPECIFIC REQUESTS AND OFFERS. ALTHOUGH MUCH OF THE GIVE-AND-TAKE WAS INITIALLY BILATERAL, THE RESULTS WERE EXTENDED MULTILATERALLY TO ALL PARTICIPANTS AS DURING THE PREVIOUS ROUNDS OF GATT NEGOTIATIONS. IN THIS WAY, CANADA IS BEING EXTENDED THE BENEFITS OF USA NEGOTIATING EFFORTS TO ATTAIN EC CONCESSIONS ON TOBACCO AND MEAT PRODUCTS. THE SAME IS TRUE OF SOME OF THE JAPANESE CONCESSIONS ON MEAT AND SOYABEAN PRODUCTS. IN OTHER AREAS, THE CONCESSIONS AGREED BY OUR TRADING PARTNERS ARE THE RESULT OF CANADA'S DIRECT NEGOTIATIONS WITH THEM. EXAMPLES INCLUDE JAPANESE, EUROPEAN AND USA TARIFF CUTS ON YELLOW PERCH FILLETS AND EX-QUOTA GROUNDFISH FILLETS; EC AND JAPANESE

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CONCESSIONS ON CANNED CORN AND FROZEN COD AND LOBSTER; AND THE EC ARRANGEMENT ON AGED CHEDDAR CHEESE. OVERALL - TAKING INTO ACCOUNT ONLY PURELY AGRICULTURAL PRODUCTS AND LEAVING FISHERIES AND BEVERAGE PRODUCTS ASIDE - MTN CONCESSIONS BY OUR TRADING PARTNERS COVER ABOUT $1 BILLION OF CANADIAN EXPORTS. THIS IS A NOT INCONSIDERABLE ACCOMPLISHMENT IN THIS MOST DIFFICULT OF ALL AREAS OF NEGOTIATION THROUGHOUT ALL ROUNDS IN THE POST-WAR ERA.

ON NON-TARIFF MEASURES, THE NEGOTIATING GIVE-AND-TAKE WAS OF A QUITE DIFFERENT ORDER FROM THAT ON TARIFFS. BROAD TRADE AND INDUSTRIAL POLICY ISSUES GOING WELL BEYOND TARIFF LEVELS WERE AT STAKE. AND NATIONAL LAWS AND REGULATIONS WERE AT ISSUE. CONSIDERATION HAD TO BE GIVEN TO OPENING UP TO A MEASURE OF INTERNATIONAL COMPETITION A NUMBER OF PREVIOUSLY PROTECTED AREAS OF PRODUCTION. ELEMENTS OF THE BASIC GATT TRADING FRAMEWORK ITSELF CAME UNDER REVIEW. AND, AS WITH TARIFFS, WIDELY DIVERGENT INITIAL NEGOTIATING POSITIONS HAD TO BE RECONCILED.

IN THE CASE OF EMERGENCY SAFEGUARD RULES (THAT IS, THE RIGHT TO RESTRICT IMPORTS CAUSING OR THREATENING TO CAUSE SERIOUS INJURY TO DOMESTIC PRODUCERS), THIS PROCESS IS STILL INCOMPLETE. THERE REMAINS A FAIRLY WIDE GAP BETWEEN THOSE (ESPECIALLY WITHIN THE EC) WHO WISH TO BE ABLE TO ACT SELECTIVELY, AGAINST ONLY THOSE SOURCES OF HIGHLY COMPETITIVE IMPORTS DEEMED

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TO BE CAUSING INJURY, AND THOSE (MAINLY AMONG THE DEVELOPING COUNTRIES BUT WITH SOME SUPPORT FROM, FOR EXAMPLE, CANADA AND JAPAN) WHO FEAR ANY SUCH RELAXATION OF THE RULES (WHICH NOW CALL FOR ACTION AGAINST SUCH IMPORTS FROM ALL SOURCES) WOULD BE ALMOST CONTINUOUSLY AIMED AT THEM. THE JURY IS STILL OUT ON WHETHER THE GAP BETWEEN THESE POSITIONS CAN BE SPANNED AND A FURTHER EFFORT IS ABOUT TO BE MADE IN GENEVA TO DETERMINE IF AGREEMENT CAN BE REACHED. OTHERWISE, THIS PIECE OF "UNFINISHED BUSINESS" SEEMS CERTAIN TO BE CARRIED OVER FOR PRIORITY ATTENTION IN GATT'S POST-MTN WORK SCHEDULE.

EXCEPT FOR ANTI-DUMPING WHERE LIMITED MODIFICATIONS TO THE EXISTING 1967 CODE WERE AGREED, THE NON-TARIFF MEASURE AGREEMENTS BROKE NEW AND POTENTIALLY VERY FERTILE GROUND. IN MANY CASES, IN ORDER TO ADDRESS THE COMPLEX TRADE IMPLICATIONS OF NON-TARIFF MEASURES, THE SOLUTIONS PROPOSED PROVED, NOT SURPRISINGLY, ALSO TO BE COMPLICATED.

CANADA AND THE CANADIAN NEGOTIATORS PLAYED A CREATIVE ROLE IN THIS AREA OF THE NEGOTIATIONS. ON SUBSIDIES AND COUNTERVAILING DUTIES, CANADA AND THE EEC HAD A JOINT INTEREST IN THE UNITED STATES AGREEING TO CEASE LEVYING COUNTERVAILING DUTIES ON SUBSIDIZED DUTIABLE IMPORTS UNTIL IT HAD FIRST BEEN DEMONSTRATED, IN ACCORDANCE WITH GATT REQUIREMENTS, THAT ITS INDUSTRY HAD SUFFERED INJURY. THE FACT THAT THE EEC AND CANADA WERE ABLE TO EXERT THIS COMBINED PRESSURE WENT A LONG WAY TOWARDS

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ACHIEVING THIS PRIORITY GOAL FOR CANADA - A GOAL ALSO SHARED BY JAPAN AND THE DEVELOPING COUNTRIES. ON THE OTHER HAND, CANADA AND THE U.S. HAD A NUMBER OF COMMON INTERESTS, SINCE BOTH SOUGHT GREATER DISCIPLINE RELATIVE TO EXPORT SUBSIDIES, ESPECIALLY AS CONCERNS AGRICULTURAL PRODUCTS. A MEASURE OF SUCCESS, ADMITTEDLY LIMITED, WAS ALSO ACHIEVED IN THIS REGARD.

ON THE GOVERNMENT PROCUREMENT CODE AND THAT ON TECHNICAL BARRIERS TO TRADE, VERY IMPORTANT FIRST STEPS HAVE BEEN TAKEN INTERNATIONALLY. CANADA MADE IMPORTANT CONTRIBUTIONS TO THE OVERALL QUALITY OF THESE TWO AGREEMENTS, ESPECIALLY WITH RESPECT TO THEIR DISPUTE SETTLEMENT PROVISIONS WHERE IMPORTANT NEW MECHANISMS FOR SURVEILLANCE AND ENFORCEMENT PROVED, AFTER MUCH HARD WORK, TO BE NEGOTIABLE. CANADA'S PARTICULAR INTEREST IN THESE PROVISIONS STEMS IN MAJOR PART FROM OUR SELF-INTEREST AS A MEDIUM PLAYER ON THE INTERNATIONAL TRADE SCENE AND, HENCE, OUR CONCERN THAT THERE BE READILY AVAILABLE CHANNELS TO ENSURE THAT, BE THEY LARGE OR SMALL, ALL SIGNATORIES HAVE AN EQUAL EXPECTATION THAT THE CODES WILL WORK FOR THEM. IF, AS HAS BEEN SUGGESTED, POWER MAY INCREASINGLY BE THE NAME OF THE GAME, IT SEEMS TO ME THAT IT BECOMES MORE, NOT LESS, IMPORTANT THAT THE RULES BE CLOSELY DEFINED AND REASONABLY COMPREHENSIVE EVEN IF, IN LIMITING THE POSSIBILITIES OF ARBITRARY ACTION, SOME PRICE HAS TO BE PAID IN TERMS OF GREATER LEGAL AND PROCEDURAL COMPLEXITY.

...13

In yet another code - in this case, the agreement on trade in civil aircraft - the overall quality and coverage of the final product owes a considerable amount to Canada's active participation throughout the negotiations. The parts coverage of this agreement is broader - reaching as far as in-flight avionics and flight simulators - mainly because of Canadian pressure. Canada was also a major voice in ensuring that the free entry exchanged under the agreement was made subject to GATT bindings against increase. We were also successful in ensuring that the agreement's provisions on subsidization, limited as they are, nonetheless can reach back in a country like the USA to take into account benefits accruing to civil aircraft from R&D support initially extended for military versions of the same or similar aircraft.

In all of the foregoing contexts, as in the case of the industrial tariff negotiations, I find it difficult to share the view that, because of the undeniably great weight of the Big Three in the trading world, Canada had little or no influence in the MTN and, therefore, can expect to have little or no influence on the future course of international trade policy initiatives.

It is true that the USA, EC and Japan have gained dominant positions in the trading world. But this was always true of the USA, in terms of its economic power, and must now

...14

BE ACCEPTED AS A FACT OF LIFE RELATIVE TO THE EC AND JAPAN WHETHER OTHER, SMALLER TRADING COUNTRIES LIKE IT OR NOT.

IT BECOMES THEN A QUESTION OF HOW BEST TO ADVANCE CANADIAN INTERESTS IN THE NEW CIRCUMSTANCES. WHERE THERE IS A DEGREE OF TENSION AND DIFFERENCE OF INTEREST CHARACTERISTIC OF TRADE RELATIONS BETWEEN THE BIG THREE, THERE IS ROOM FOR CREATIVE USE OF CANADIAN INITIATIVE AND BARGAINING POWER - JUST AS THERE WAS IN EARLIER DAYS WHEN NUMBERS WERE SMALLER AND DISPARITY OF POWER LESS MARKED. AND IT CAN BE ARGUED THAT ONCE YOU HAVE ONE OR MORE OF THE BIG THREE ON YOUR SIDE, YOU ARE FURTHER AHEAD THAN YOU MIGHT BE IF YOU WERE TRYING ON YOUR OWN TO CONVINCE A WIDER IF LESS DISPARATE GROUP. AS TO THE OCCASIONS WHEN THE BIG THREE MAY COMBINE AGAINST YOU, THERE ARE ALSO SOME HOPEFUL LESSONS TO BE LEARNED FROM THE RECENT MTN. WHEN IT CAME TO PRESSURE ON US WITH RESPECT TO NEW OBLIGATIONS ON EXPORT RESTRICTIONS, WE PROVED QUITE CAPABLE OF DIGGING IN OUR HEELS AND MAKING OUR REFUSAL STICK. AND WE ALSO LEARNED IN THIS AREA HOW TO WORK WITH OTHER ALLIES, IN THIS CASE THE DEVELOPING COUNTRIES, IN BRINGING THE BIG THREE BANDWAGON TO A HALT. SO FAR AS THE VALUATION CODE WAS CONCERNED, THE PRICE OF OUR WILLINGNESS TO COME ON BOARD - AND WE HAVE A SUBSTANTIAL POSITIVE INTEREST IN THE UNIVERSAL APPLICATION OF THE NEW CODE - WAS AND REMAINS AGREEMENT OF THE BIG THREE AND OTHERS TO MEET THE PARTICULAR CONDITIONS WE SET FOR SO DOING

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(INCLUDING A FOUR YEAR GRACE PERIOD AND THE RIGHT TO ADJUST OUR TARIFF LEVELS FOR ANY SIGNIFICANT LOSS OF BASE PROTECTION WHICH THE CHANGEOVER MAY INVOLVE).

WHILE ON THIS THEME, I MIGHT MENTION THE SUGGESTION WHICH HAS BEEN MADE THAT CANADIAN INTERESTS ARE, AS A MATTER OF NEGOTIATING TECHNIQUE, UNLIKELY NOW TO BE SERVED BY ANY BROAD MULTILATERAL TRADE NEGOTIATIONS AND THAT, PERHAPS, BILATERAL NEGOTIATIONS COULD PROVE MORE PROFITABLE IN OUR CASE. I DO NOT EXCLUDE POSSIBLE BILATERAL APPROACHES TO SPECIFIC PROBLEM AREAS AND, INDEED, CONSIDER THAT SUCH POSSIBILITIES SHOULD BE EXPLORED, PARTICULARLY VIS-A-VIS THE UNITED STATES IN, FOR EXAMPLE, PETROCHEMICALS AND PERHAPS A RANGE OF METAL AND FOREST PRODUCTS WHERE A GOOD DEAL OF PROGRESS HAS ALREADY BEEN MADE. BUT TO MY MIND, THIS SHOULD NOT EXCLUDE FURTHER MULTILATERAL EFFORTS TO IMPROVE THE TRADING RULES, EXPAND AND REFINE AGREEMENTS ON NON-TARIFF BARRIERS OR NEGOTIATE IN NEW NON-TARIFF AREAS. I DO NOT SEE THE PROSPECT OF A BROAD COMPREHENSIVE TOKYO-TYPE TRADE NEGOTIATION, AT LEAST FOR MANY YEARS AHEAD. BUT SHOULD CIRCUMSTANCES PERMIT, FURTHER TARIFF NEGOTIATIONS - PERHAPS IN PARTICULAR AREAS WHERE TARIFF LEVELS REMAIN RELATIVELY HIGH - COULD BE ENVISAGED.

MY OWN VIEW IS THAT THERE ARE MANY SUBJECTS OF IMPORTANCE TO INTERNATIONAL COMMERCIAL RELATIONS WHICH WILL ONLY YIELD TO A MULTILATERAL APPROACH PRECISELY BECAUSE THE INTEREST

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OF THE MAIN TRADING COUNTRIES THEREIN IS, ESSENTIALLY, MULTILATERAL RATHER THAN BILATERAL. TO PUT THE POINT ANOTHER WAY, EVEN IF ONE WERE IN A FREE-TRADE ENVIRONMENT WITH ONE OR MORE TRADING PARTNERS, THERE WOULD STILL BE TRADING PROBLEMS TO BE DEALT WITH WITH OTHERS AND, INDEED, WORLD TRADE. I THINK THE RECENT MTN IS REVEALING IN THIS RESPECT. IT IS CLEAR THAT THE AGREEMENT ON TRADE IN CIVIL AIRCRAFT WOULD NOT HAVE BEEN A STARTER (FAR LESS A WINNER) UNLESS ALL THE KEY PLAYERS WERE AT THE TABLE AND READY TO PLAY. SIMILARLY, USA CONCURRENCE IN ELIMINATING ASP VALUATION FOR BENZENOID CHEMICALS, "FINAL LIST" VALUATION FOR A WIDE RANGE OF OTHER PRODUCTS AND THE WINE GALLON METHOD OF ASSESSMENT FOR DISTILLED SPIRITS WOULD NOT HAVE BEEN NEGOTIABLE EXCEPT IN A MULTILATERAL CONTEXT. AND IT HAD BEEN MADE ABUNDANTLY CLEAR BY THE USA, WELL IN ADVANCE OF THE MTN, THAT AN INJURY TEST IN THE U.S. COUNTERVAILING DUTY STATUTE WAS ONLY CONCEIVABLE IN THE CONTEXT OF CONTRIBUTIONS AND COMMITMENTS WITH RESPECT TO THE RULES ON SUBSIDIES FROM ALL MAIN TRADING PARTNERS. AND, OF COURSE, THE USA WOULD NOT HAVE BEEN PREPARED TO OPEN UP ITS GOVERNMENT PROCUREMENT OF CIVIL GOODS ON THE BASIS OF RECIPROCITY FROM CANADA ALONE.

BEFORE CLOSING AND WITHOUT, I HOPE, TRESPASSING ON THE GROUND TO BE COVERED BY MR. GHERSON, MAY I SAY A WORD ABOUT USA IMPLEMENTATION OF THE NEW MTN AGREEMENTS AND THE IMPLICATIONS OF THIS PROCESS FOR CANADA. WHILE I YIELD TO NO ONE IN THE VIEW THAT ETERNAL VIGILANCE IS NECESSARY IN OUR TRADE AND

...17

COMMERCIAL POLICY DEALINGS WITH USA CUSTOMS AND THE USA AUTHORITIES GENERALLY, I AM NOT PREPARED TO ACCEPT THAT THE UNITED STATES DID NOT NEGOTIATE IN GOOD FAITH WITH US AND OTHER TRADING PARTNERS IN THE TOKYO ROUND. IT FOLLOWS FROM THIS, AND WHAT I HAVE ALREADY SAID ABOUT THE USA TARIFF AND NON-TARIFF CONCESSIONS OF INTEREST TO CANADA, THAT I DO NOT ACCEPT THAT, AS SUGGESTED BY FORMER AMBASSADOR GREY, "THE UNITED STATES HAS NOT, AS A RESULT OF THE MTN, LOWERED ITS BARRIERS TO IMPORTS". THE CASE MADE TO THIS EFFECT SEEMS TO REST ON THE PROPOSITION THAT ANY PROSPECTIVE GAINS IN THE USA MARKET WILL BE FRUSTRATED OR NULLIFIED BY THE FURTHER REFINEMENT AND ARTICULATION OF VARIOUS COMPLEX USA LEGAL AND REGULATORY MECHANISMS FOR DEALING WITH IMPORT COMPETITION. WITHOUT ENTERING INTO LENGTHY DEBATE ON THIS SUBJECT, I WOULD LIKE TO LEAVE WITH YOU THE FOLLOWING OBSERVATIONS:

1. ALL THE MAIN INDUSTRIAL COUNTRIES IN THE MTN, INCLUDING CANADA, SHARED THE VIEW THAT THE COUNTERPART OF TRADE LIBERALIZING ACTION TO BE AGREED IN THE NEGOTIATIONS WOULD BE AGREEMENT ON A CLEARER AND MORE ARTICULATED SET OF RULES FOR DEALING WITH UNFAIR OR INJURIOUS IMPORTS.

2. THE PROVISIONS OF THE NEW NON-TARIFF AGREEMENTS BEARING ON DEFENSIVE MEASURES AGAINST DUMPED OR SUBSIDIZED IMPORTS WERE AGREED IN GENEVA BY ALL PARTICIPATING INDUSTRIALIZED COUNTRIES, INCLUDING CANADA.

...18

3. There was fear that the USA would not be able to secure Congressional approval for these agreements. But in fact, Congress has acted affirmatively and carried the obligations of the new agreements into USA law. Canada expects to take full advantage of the provisions of these agreements in its own legislation, just as has been the case in the USA.

4. It should not be surprising that affected USA producers will have access to the USA defensive system against injurious imports. The systems are there to give such protection in legitimate cases and this will also be the case in Canada, the EC, Japan and elsewhere.

5. The USA system, legalistic as it may be, provides ample opportunity for interests other than those of the affected producers to be heard and taken into account. This will also be the case in Canada. The USA procedures, while complex, legalistic and seemingly open to harassment of foreign exporters via frivolous or unsustainable complaints, also limit the arbitrary and unjustified use of import restrictive measures by the USA authorities. And so far as harassment is concerned, our exports to the USA market seem always to have been open to it because of the heavy dedication of our export

...19

FLOWS TO THAT MARKET. BUT IN TERMS OF POTENTIAL HARASSMENT, IT SEEMS TO ME BETTER TO HAVE AN AGREED SET OF RULES AGAINST WHICH TO OPERATE (AND AGAINST WHICH TO LAUNCH CHALLENGES WHEN APPROPRIATE), THAN TO ACCEPT A SITUATION IN WHICH THE EXPORTER IS WHOLLY AT THE MERCY OF WHATEVER THE LATEST PET PROJECT OF A PROTECTIONIST LOBBY MIGHT BE.

6. THE UNITED STATES WHICH WAS THE DOMINANT ECONOMIC POWER THROUGHOUT SO MANY OF THE POST WORLD WAR II YEARS CAN NO LONGER ALONE CALL THE SHOTS IN INTERNATIONAL TRADE MATTERS. THIS WAS AMPLY DEMONSTRATED IN THE MTN, PARTICULARLY IN USA NEGOTIATIONS WITH EUROPE BUT ALSO IN THOSE WITH JAPAN AND CANADA. CANADA WILL NOT BE ALONE IN WATCHING HOW THE USA AUTHORITIES HANDLE COMPLAINTS AGAINST IMPORTS UNDER THEIR LAW. THE RULES FOR DISPUTE SETTLEMENT ARE SUCH - AND THE INTENTIONS OF ALL COUNTRIES AS THEY LEFT THE BARGAINING TABLE WERE SUCH - THAT NO COUNTRY, INCLUDING THE USA, CAN EXPECT TO ESCAPE UNSCATHED - IN TERMS OF RETALIATION IF NECESSARY - SHOULD IT ATTEMPT TO IGNORE ITS OBLIGATIONS OR RIDE ROUGHSHOD OVER THE LEGITIMATE INTERESTS OF ITS TRADING PARTNERS.

IN CONCLUSION, MR. PRESIDENT, MY VIEW IS THAT IN THE MTN MORE WAS DONE THAN TO REPAIR AND SHORE UP THE EXISTING LIBERAL COMMERCIAL POLICY SYSTEM. A MAJOR ACCOMPLISHMENT WAS,

...20

OF COURSE, THAT THE NEGOTIATIONS WERE BROUGHT TO A SUCCESSFUL CONCLUSION, THAT THE FORCES OF RESTRICTION AND PROTECTION WERE CONTAINED, AND THAT A BREAKDOWN OF THE WORLD TRADING SYSTEM WAS AVOIDED. BUT THIS WAS NOT THE LIMIT OF THE ACCOMPLISHMENTS - GENUINE ADVANCES WERE ALSO REGISTERED IN TERMS OF THE FURTHER LIBERALIZATION OF BOTH TARIFF AND NON-TARIFF BARRIERS AND, IN A NUMBER OF IMPORTANT AREAS, NEW GROUND WAS BROKEN AND GOOD BEGINNINGS MADE.

IN ESSENCE, HOWEVER, THE ISSUE IS NOT THE SUPERFICIAL DEBATE BETWEEN PROTECTIONISTS AND FREE TRADERS. WHAT IS AT STAKE IS HOW CANADA CAN MEET THE CHALLENGES OF THE 1980's. WE ARE FACED WITH THE PROSPECT OF A TOUGH, INTERNATIONALLY COMPETITIVE ENVIRONMENT. THIS IS NOT A CONSEQUENCE OF THE MTN, IT IS THE NATURE OF THE INTERNATIONAL ECONOMIC ENVIRONMENT. I BELIEVE THAT THE MTN OUTCOME CAN SUBSTANTIALLY HELP CANADA IN MEETING THESE CHALLENGES BOTH IN TERMS OF DEVELOPING COMPETITIVE EXPORTS AND MEETING IMPORT COMPETITION AT HOME.

IN MY VIEW, THE SUCCESS OR FAILURE OF THE MTN CANNOT BE JUDGED ON WHETHER CANADA OR ANY OTHER COUNTRY WAS OR WAS NOT ABLE TO SECURE 100 PERCENT OF ITS OBJECTIVES, NOR ON WHETHER ALL THE COMMERCIAL POLICY ILLS OF THE WORLD COULD BE CURED AT ONE STROKE, NOR WHETHER ALL THE ASPIRATIONS OF THE DEVELOPING COUNTRIES AND RELATED PROBLEMS OF INDUSTRIAL ADJUSTMENT COULD BE ACCOMMODATED. RATHER, I THINK THAT THE TOUCHSTONE SHOULD

...21

BE WHETHER, ON BALANCE AND IN THE ECONOMIC CIRCUMSTANCES PREVAILING, A USEFUL RESULT WAS ACHIEVED - ONE WHICH AVOIDED REGRESSION AND CONTINUED TO SHAPE AND MOVE THE WORLD TRADING ENVIRONMENT IN CONSTRUCTIVE, TRADE AND WEALTH CREATING DIRECTIONS. BY SUCH STANDARDS AND TAKING INTO ACCOUNT THE PERCEIVED NEED TO REACH CLEARER AGREEMENT ON THE HANDLING OF UNFAIR AND INJURIOUS COMPETITION, I BELIEVE THAT THE WORLD AND CANADA CAN BE REASONABLY CONTENT THAT THINGS TURNED OUT AS THEY DID. MUCH OF COURSE REMAINS TO BE DONE, BUT THIS IS ALWAYS TRUE IN AN IMPERFECT WORLD AND NOT LEAST IN THE SENSITIVE AREA OF COMMERCIAL POLICY.

OVER THE YEARS AHEAD, IT WILL TAKE THE COMBINED EFFORTS OF PRODUCERS AND EXPORTERS, OF GOVERNMENTS AND THOSE WHO WORK FOR GOVERNMENTS IN THE FIELD OF INTERNATIONAL TRADE, TO SEE THAT CANADIAN INTERESTS ARE SAFEGUARDED AND ADVANCED AND THAT CANADIAN EXPORTS ARE ABLE TO MAKE THEIR CRITICAL CONTRIBUTION TO OUR ECONOMIC WELL-BEING.

REINFORCED AND REFRESHED BY MY EXPERIENCES AS MTN COORDINATOR, I LEAVE THE PUBLIC SECTOR CONFIDENT THAT, DESPITE A GOOD DEAL OF SUPERFICIAL EVIDENCE TO THE CONTRARY, CANADIANS CAN AND WILL WORK TOGETHER WHEN THE CHIPS ARE DOWN. MY HOPE IS THAT, INCREASINGLY, WE WILL BE PREPARED TO DO SO IN ADVANCE OF THE CRITICAL HOUR.

...22

IN MY NEW WORK, I EXPECT THERE WILL BE MANY AREAS OF SHARED INTEREST WITH CANADIAN EXPORTERS. I LOOK FORWARD TO THAT FURTHER COLLABORATION. FOR THE MOMENT, AND IN BIDDING YOU AU REVOIR, MAY I SAY HOW MUCH I HAVE APPRECIATED THE CONTRIBUTION MADE BY THE ASSOCIATION TO THE ACHIEVEMENT OF CANADIAN EXPORT OBJECTIVES OVER THE YEARS, INCLUDING IN THE MTN. AND MAY I ADD HOW PERSONALLY TOUCHED I HAVE ALWAYS BEEN BY THE WARMTH OF THE WELCOME AND THE FRIENDSHIP SHOWN TO ME WHEN, AS TODAY, I HAVE HAD THE PRIVILEGE OF BEING WITH YOU AND WORKING WITH YOU.

SAYONARA.

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