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ANNOUNCEMENT BY THE HONOURABLE ALLAN J. MACEACHEN,
DEPUTY PRIME MINISTER, ON THE RESULTS OF THE
MULTILATERAL TRADE NEGOTIATIONS IN GENEVA

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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.

Government policy and direction of the negotiations were coordinated 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.

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;

- 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.

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.

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