



news release

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CANADA TABLES TARIFF REDUCTION OFFER UNDER THE GATT

International Trade Minister John C. Crosbie and Finance Minister Michael Wilson today announced that Canada has tabled in Geneva its initial offer on tariff reductions in the Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade (GATT). This is Canada's opening position in the final phase of the negotiations on market access for goods traded internationally.

Mr. Crosbie said, "Canada is seeking global free trade in resource products such as forest products, fisheries, certain chemicals and petrochemicals and in the high-tech areas of telecommunications equipment and computers. The Uruguay Round should complement the gains made in the Canada-U.S. Free Trade Agreement. It also will build substantially on the progress made in the Tokyo Round of multilateral trade negotiations, by securing and enhancing our access to markets in Europe, the Pacific and Latin America.

"Tariffs are only one part of the trade deal. Our offer is also dependent on obtaining the reduction or elimination of a whole range of non-tariff barriers maintained by other countries against Canadian exports," Mr. Crosbie added. "In this regard, we are taking aim, initially, at the non-tariff barriers of some 30 countries."

Mr. Wilson emphasized that Canada's offer was a forthright one, designed to encourage other countries to reduce their barriers to Canadian exports. Mr. Wilson said: "Canada's offer covers some \$35 billion in imports from overseas countries." Canada and other countries committed themselves, when they met in December 1988, to achieving a result in the tariff negotiations that is at least as ambitious as that achieved in the Tokyo Round, i.e. a tariff cut of about one third.

Canada's offer is conditional on other countries matching it in terms of the overall scope and depth of cuts proposed and on overcoming non-tariff barriers. "Obviously," commented Mr. Wilson, "Canada can take this step only if other participants, particularly the European Community, Japan and the newly industrialized countries are willing to open up their markets similarly." Special conditions also apply to certain parts of the offer. In textiles, for example, the offer depends in part on the outcome of separate negotiations on the future of the Multi-fibre Arrangement. In agriculture, Canada is deferring specific offers until the overall negotiating package of agricultural trade reform is clearer.

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The Ministers expressed their appreciation for the contribution to the proposal made by individual companies and associations, the International Trade Advisory Group (ITAC), the Sectoral Advisory Groups for International Trade (SAGITs) and the provinces and territories. "All sectors and regions of Canada have a stake in these negotiations and we intend to continue our consultations with interested parties throughout the negotiations," the Ministers stated.

The GATT market access negotiations also complement the government's "Going Global" trade development strategy which is designed to help Canadian firms take advantage of trade and commercial opportunities in the U.S., Asia Pacific and the post-1992 European market (see annex for more details on Canada's trade interests in the context of the MTN process).

The GATT negotiations are scheduled to conclude in December 1990 when trade ministers from around the world will meet in Brussels.

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ANNEX TO MARKET ACCESS PRESS RELEASE

The MTN market access negotiations provide an opportunity to reduce trade barriers (tariff and non-tariff barriers) in Canada's overseas markets, particularly the EC, Japan and the newly industrialized countries. They also provide an opportunity to resolve with the USA a number of outstanding issues that were only partially addressed in the FTA such as government purchasing practices.

Reduced barriers will make it possible for Canadian firms to increase production and sales of their goods and services. There will also be greater opportunities to move into the production of more highly advanced goods, thereby increasing employment and production still further in Canada.

Canadian exports of goods outside North America amount to over \$37 billion (1988) or almost 27 per cent of our merchandise exports of \$137 billion. In certain sectors, Canada's exports to overseas markets as a percentage of total exports exceed the average figure of 27 per cent by significant amounts. For example, 61 per cent of Canada's agricultural exports, 44 per cent of fish and fisheries products, 38 per cent of chemicals, 34 per cent of metals and 31 per cent of forest products exports are shipped offshore.

SOME OF CANADA'S MARKET ACCESS OBJECTIVES

ASIA PACIFIC (e.g. Japan, Korea, Australia/New Zealand, Association of South East Asian Nations).

- substantial reduction of tariff and non-tariff barriers on resource products, such as agricultural, fish, wood and paper products, minerals and non-ferrous metals, and chemicals and petrochemicals.
- diversify toward exports of more highly processed resource products, as well as manufactured products such as machinery and telecommunications equipment.

EUROPE (EC and others).

- securing improved access to the EC (so that Canadian exporters will be treated no differently from Scandinavian and other preferred suppliers to Europe) for agricultural, fish, forest and other resource products, particularly in their more processed forms.
- reduce scope for discriminatory regional product standards, testing and certification and open up procurement markets (e.g. heavy electrical equipment, telecommunications and computer equipment).

LATIN AMERICA AND OTHERS (Africa and the Middle East)

- reducing and binding tariffs in Mexico, Brazil, India and many other developing countries on a wide range of resource and manufactured products.
- eliminating import prohibitions, quotas, discretionary import licensing and other non-tariff barriers which impede Canadian exports.

CANADIAN REGIONAL INTERESTS IN THE MTN

There follows a brief outline, by region, of some of the principal economic sectors with a stake in the MTN:

Ontario

Export interests in such products as metals and minerals, rubber and plastic products, chemicals, office and automatic data processing machines, telecommunications and electrical transmission equipment, motor vehicles and parts.

Quebec

Major export interests in agricultural and resource products, especially in their more processed forms e.g. forest products, metals and minerals such as aluminum and copper and fish products.

West

Major export interests in petrochemical, forestry and agricultural products to the Pacific Rim, particularly in their processed and semi-processed forms. Exports currently inhibited by progressively higher tariffs on processed products.

Atlantic

Major interests in fish and fisheries products, especially in their processed forms. Higher tariffs on processed products and some import quota systems restrict export opportunities. Additional interests in forest products and some metals and minerals. Significant interest in the elimination of preferential tariff rates which other countries enjoy in the EC.

MTN TARIFF NEGOTIATING TIMETABLE

March 15, 1990--Deadline for initial offers to the market access negotiations.

April 30, 1990--Requests for improvements to offers.

May--Fall 1990--Bilateral negotiations.

December 1990--Conclusion of negotiations in Brussels.