STATEMENT MADE BY THE CANADIAN DELEGATION AT THE MEETING OF THE TRADE NEGOTIATIONS COMMITTEE, 5 NOVEMBER 1976

My delegation is prepared to proceed on the basis of your proposal regarding the establishment and the work programme of the new Group.

I should like to record a few comments regarding proposed item 5 of the programme - i.e. that the Group examine existing GATT rules concerning the application of restrictions at the border that affect exports. It is the Canadian view that item 5 should have explicitly stated that the examination of export restrictions would take place only after satisfactory progress has been made in agreeing on solutions or arrangements regarding these issues (and, indeed, other measures affecting exports) in the Sector and Agriculture Groups.

Canada's position from the beginning of the negotiations has been that the "supply access" issue should be included in these negotiations. It was a Canadian Minister who first publicly suggested this course. It is also our view that these matters should be approached in a business-like and practical manner, and not in an abstract and legalistic fashion. To that end, they should first be examined in product-related groups where account can be taken of the whole range, the totality, of governmental actions which bear on the security of supply of a particular product or products. This view was outlined to meetings of this Committee in July 1975 and December 1975; in successive meetings of the Sector Group beginning in April 1975; and in the Grains Sub-Group.

The Canadian position is based on a number of closely related considerations.

Perhaps I might begin by noting that it seems quite evident that the aim of the major trading countries is to increase the security of supply of basic industrial raw materials and of primary agricultural products; these countries have not manifested any great concern over the access to supplies of more fully manufactured goods, such as textiles, footwear or electrical equipment. Accordingly, one might conclude that the most useful way to come to grips with the supply access issue
(of which potential export restrictions is one, but only one, important aspect) would be in groups examining the balance of rights and obligations regarding the trade in resource-based products and agricultural products, and not in some more general forum.

Our own study of so-called supply problems has suggested to us that a significant increase in the security of supplies could be realized by the major participants in this negotiation agreeing on the following measures:

First: Reducing and, in so far as possible, eliminating tariffs on certain resource-based products, both in their unprocessed and more processed forms.

Second: Putting into the GATT additional rights and obligations for related non-tariff measures, to ensure that the liberalized conditions of trade achieved by tariff reductions are not impaired by increasing recourse to other protective measures.

If the resource-exporting countries have the opportunity of exporting semi-manufactured and fully manufactured resource-based products, they will have a growing vested interest in continuing to be suppliers of these products, to the extent that their reserves permit.

Third: Putting into the GATT rights and obligations regarding security of supplies additional to those now in the GATT; the Canadian delegation has indicated in writing that it could envisage accepting such additional rights and obligations but only under conditions of substantial trade liberalization for resource-based products, reinforced by provisions to prevent impairment.

(I might observe that, for certain agriculture products, it is possible to contemplate rights and obligations on quantity and price similar to those contained in past international wheat and sugar agreements.)

Accordingly, it is our view that a discussion on security of supply, if it is to be meaningful, must take place in a framework where all measures taken at the border and having an effect on supply, including notably tariffs and non-tariff measures on imports of resource-based products and agricultural products by the major industrial countries, as well as those GATT provisions concerning export measures, can be taken into account. Any attempt to initiate a discussion in this new Group, limited to the present GATT provisions relating to export restrictions, is bound to be of limited value, perhaps even counterproductive. One should note, too, that no preparatory work has been done.
Finally, I should like to make clear that we attach importance to the provision in your proposal that the Group "shall not interfere with the work of other groups". A discussion of security of supply has been initiated in the Sector and Agriculture Groups and if other delegations are interested in progress, they can advance the pace of those discussions. After progress has been made in agreeing on solutions or arrangements in these product-related Groups, we for our part could envisage a more generalized discussion.