

MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

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Trade Negotiations Committee
Meeting at Ministerial Level
Montreal (Canada), December 1988

ADDRESS BY THE RIGHT HONOURABLE BRIAN MULRONEY, P.C., M.P.,
PRIME MINISTER OF CANADA

On behalf of the Government and people of Canada, I am proud to welcome you to Montreal, one of the world's major trading centres.

Here on the St. Lawrence, headwaters of our nation, Montreal grew and prospered as a trading city. International trade, primarily in timber and fur, have been historical hallmarks of this city, which will celebrate its 350th anniversary in 1992.

In Canada we are deeply aware of the importance of trade to the well-being of our country:

- trade accounts for nearly one third of all the economic activity in Canada;
- some 3 million jobs in this country depend directly on international trade;
- Canada and the United States conduct the largest two-way trading relationship in world history, some \$200 billion a year of trade in goods and services.

And as you know, two weeks ago today, Canadians returned the Government with a clear and decisive mandate to implement the Canada-United States Free Trade Agreement. Canadians heard both sides of the argument, and boldly opted for the growth and change that this historic agreement will engender. Canadians chose for themselves a leadership rôle

in the great current of ideas and innovation that will mark our economies and enhance our prosperity.

Canada and the United States negotiated the Free Trade Agreement within the spirit and letter of Article XXIV of the General Agreement on Tariffs and Trade, and the Free Trade Agreement broke new ground in areas such as dispute settlement, investment and services, which may well serve as a model for the GATT.

The Canada-United States Free Trade Agreement will, I believe, stand in the history of international trade negotiations as a significant and beneficial contribution. Our faith in the GATT, as the prime instrument of international trade policy, is as strong today as it was forty years ago, when Canada joined, with twenty-two other countries, to create this institution for economic progress and order in the global economy. This is a challenging occasion, not only for the GATT, not only for the future of the international trading system, but also for the future health of the global economy.

We are at a crossroads. We can succumb to the destructive forces of protectionism or we can seek to build a more dynamic and more secure global economy on the foundations laid by our visionary predecessors who founded this indispensable organization. Where we can build, let us build. Let us improve. Let us reinforce.

The stakes are too high, the benefits are too great to give in to protectionism. Canadians realize that today, more than ever, it is a time for nations to build bridges, not barriers, to economic opportunity. That is why Canadians have opted for a global vision for the nation, as opposed to a narrow vision of the world. We believe that liberalized trade is a key to continued economic growth. We know that better and more secure access to markets means more economic dynamism, competitiveness and wealth.

We also know that this can bring some economic dislocation and employment change. The Government of Canada will work with our provinces, the private sector and the labour movement to ensure the existence of innovative retraining and adjustment programmes for Canadian workers.

Canada has always been at the forefront of those seeking trade liberalization and is deeply committed to the Uruguay Round of multilateral trade negotiations. That attitude is reflected in many of the policies which the Government of Canada has introduced over the past four years in energy, investment, banking, financial markets, as well as in matters related to foreign relations and development assistance. The hallmark of these policies has been openness and inclusion. We have sought to build a modern and a confident nation. That is the policy Canadians endorse.

We have also come to recognize the interdependence of economic and environmental issues. Indeed, we have strongly supported the key recommendation of the Brundtland Commission, that sustainable development is the way to both economic development and environmental protection.

Another vital public policy question of the 1990s will be the complementarity of economic objectives with social goals. In Canada, as elsewhere, we will need to generate new wealth if we are to sustain and enrich our social programmes. We can do that best through increased trade. The GATT is the centrepiece.

In the difficult post-war circumstances of the late 1940s, the primary challenge was to reconstruct the devastated economies of the world. The challenges we face today are different, but, in some ways, no less daunting. The technological revolution in communications and transportation, the ever-increasing international flows of trade and investment, the growing mobility of labour, capital, goods and services in the world, the value of intellectual property and the internationalization of financial markets have all combined to create, for the first time in history, a truly global economy.

What happens in Tokyo impacts seconds later in Montreal. Attitudes that develop in New York quickly find responses in Singapore. And a small businessman in South Korea is moved by the same entrepreneurial spark that ignites similar activity and hope in Zimbabwe and Peru. International institutions and rules need to meet contemporary challenges and adjust to new global realities.

As a trading nation, bordering on the North Atlantic and on the Pacific, and positioned between the world's two great superpowers, Canada

and its people are very sensitive to the new global realities. History shows us that barriers to trade are often inhibitions to harmonious international relations. It also shows us that trade promotes peace, as well as producing prosperity.

Trade is also a key to relations between developed and developing countries. All that developing countries ask is that the rules of international trade be fair and clear and that they have secure access to the major markets of the world. We are not saying that the developing countries can quickly trade their way out of debt, but they cannot pay down their debts if they are unable to trade fairly. We must enhance the trade prospects of developing countries so that, as stronger partners, they can increase their contribution to the open international trading system.

The countries of the developing world must trade their way to greater growth and prosperity and it is our responsibility to find the proper mechanism and discipline to enable them to reach this goal. As far as the newly industrialized countries are concerned, they are playing an important and growing rôle in international trade and the world economy.

Along with that rôle comes a progressive share of responsibility in the international trading system. That system owes much of its health and vigour to the GATT, where many battles against protectionism have been fought and won. We, the members of the GATT, are now engaged in an historic effort, not only to liberalize international trade, but also to free up the spirit of innovation and enterprise that exists in all our countries.

That is the double-barrelled challenge we face. Through seven previous Rounds of negotiations, the GATT has successfully reduced barriers among nations. We have fostered economic growth and development on a global scale.

We have also used trade, investment and development assistance to extend the benefits of economic growth to developing countries though we have not yet been successful to any significant degree. We now have an opportunity to make substantial improvements to the international economic environment. Our deliberations here in Montreal could be the springboard

to a healthier and more dynamic global economy, not only in the next decade, but well into the next century.

Let us seize this opportunity to reinforce the multilateral trading system on which the health of the global economy depends. We must lower barriers to trade. We must improve the rules which govern trade. We must improve dispute settlement mechanisms so that they will provide timely and effective solutions. We must have better co-ordination of GATT activities with those of other major international economic institutions, such as the International Monetary Fund and the World Bank so that developing nations receive fair opportunities of durable benefits for their people.

Such initiatives will improve the functioning and performance not only of the GATT, but also of the global economy itself. While strengthening the GATT and the trading system is important for larger nations, it is indispensable to the interests of smaller nations. To safeguard their interests, they must be able to rely on firm rules which are fairly monitored and predictably applied.

In the rarefied atmosphere of international trade negotiations, we can lose sight of the real impact which our decisions have on the working people of our countries. Think of our farmers. They must confront not only the challenges of nature, but also the devastating impact of short-sighted and trade-distorting agricultural subsidy policies. The livelihood of farmers all over the world depends on how successfully we, the members of the GATT, deal with the urgent problems of international trade in agricultural products.

Canada has pressed hard on agricultural issues and we will accept commitments if they are fair and equivalent to those accepted by other major participants in the trade negotiations. We believe that the commitments we make on agricultural trade should not prevent any of us from appropriately supporting our farmers, so long as that support does not distort trade. Farmers are looking for results in Montreal. They can no longer survive on a diet of promises.

I believe that now is the time to give some hope to our farmers and some relief to our taxpayers. The jobs, incomes and standard of living of all our citizens depend directly on the security, stability and growth of

the global economy. But we can only have a healthy global economy if we have a healthy multilateral trading system.

The task over the next few days in Montreal is far from simple. We are here to assess the progress achieved in the multilateral trade negotiations and to chart the future. In these discussions, let us be animated by a spirit of realism. Let us be motivated by a spirit of honourable compromise. Let us be guided by a sense of history, in the certain knowledge that greater prosperity for a larger number ensues from freer trade in more areas of international commerce.

And let us, above all, dare to succeed. For failure is not on our agenda, and success can be our only goal. It is given to few generations, as it has been given to us, to change the course of trading history. That opportunity has been given to the men and women in this room.

We all seek to serve our own countries. But we also seek to serve the larger cause of peace and prosperity in the world. And so we must, here in Montreal, lift our sights, and hold for a broader vision of a more generous world. We must give clear political direction and inject even greater political energy into the remaining multilateral trade negotiations. Our negotiators must leave Montreal more determined than ever to bring the negotiations to a timely and successful conclusion. They must leave with clear guidelines that will allow us to complete the Uruguay Round successfully by the end of 1990.

At the Toronto Economic Summit last June, I had the privilege of joining the other leaders in a firm commitment to providing political direction to the Uruguay Round at this meeting. We know what is at stake. Either we move ahead resolutely towards a freer and more effective multilateral trading system or we slip backward toward more insidious forms of protectionism.

I believe we are on the threshold of a decade of historic challenges and choices in world trade. With Europe of 1992, the Canada-United States Free Trade Agreement, the Australia-New Zealand Agreement and closer trade ties in the Asia-Pacific region, world-trading patterns will either become more open or more restrictive.

And the important work begins here, among Ministers and officials. The task is arduous, with little thanks, and less glory. But then we all know the motto of Jean Monnet, the father of modern Europe, who said that there were those men who would be someone, and those who would do something. Let us be inspired by his words, by his spirit, by his deeds. By freeing world trade from the bonds of protectionism and making its benefits available to all peoples we can lead the world to a future where greater social justice shall emerge and where the suffering of war will no longer be tolerated. By working together now we can take impressive strides towards a better world.

That is our task in Montreal, to achieve the goals we have set for ourselves, and for future generations.