

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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CANADA

Statement by the Honourable Roy MacLaren
Minister for International Trade

We have waited a long time for today but it was certainly worth it.

We are marking, here in Marrakesh, the culmination of an undertaking that required immense creativity and political will on the part of all countries, large and small, which participated in the Uruguay Round. We have changed the world for the better by changing the world's trading system for the better. We have liberalized market access for most goods and services. We have improved international rules and will now apply them to more areas of our trade -- in fact, to the vast majority of total world trade.

Our common achievement is an eloquent answer to those prophets of doom who not long ago were trumpeting that "the GATT is dead", that the multilateral system was in the grip of terminal paralysis. More important, our success confirms the conviction of the drafters of the Punta del Este Declaration that nations could rise above their narrow parochial interests to create a trading system accessible and beneficial to all trading partners.

Canada is a country heavily dependent on trade. We are, and will remain, committed to developing a strong international trading system. The GATT has been the cornerstone of our trade policy. This remains the case even with our membership in NAFTA.

Over the past eight years, Canada played an active role in the Uruguay Round negotiations. It was honoured to host the mid-term review in Montreal in December of 1988. Events since Montreal forced us to add some flexibility to the definition of "mid-term", but the results of which are no less impressive because they have been long in coming.

The Final Act liberalizes trade in the traditional sense by lowering tariffs and removing barriers. In fact, we have exceeded the target set in Montreal of cutting industrial tariff rates by one-third.

However, the Agreement goes well beyond this. It strengthens existing rules. It defines the concept of subsidy for the first time in a multilateral trade agreement. Further, it sets out criteria exempting certain subsidies - - for regional development, R&D and the environment - - from countervailing measures. And it strengthens multilateral disciplines on subsidies that have adverse effects on other countries' trade interests. It outlaws the use of grey area measures and controls the use of safeguard protection. It improves on the agreements of the Tokyo Round results. It revamps the way we resolve the differences that can arise, even among the best of trading partners. It effectively precludes unilateral measures in responding to trade disputes covered by the World Trade Organization agreements. This new dispute-settlement system - - one with clearer rules, tighter deadlines, an appeal process and binding effect - - is one of the major enduring reforms in a list of many.

The Agreement also broadens the scope of our trade rules to include agriculture, textiles and clothing, which escaped GATT disciplines in previous rounds of negotiations. For textile and clothing products, this Agreement spells the end of the market sharing regime. In agriculture, we changed fundamentally the way governments think about support for and trade in agricultural products. Although the agreed market access commitments and reductions in domestic support and export subsidies may fall somewhat short of the ambitious targets set for the negotiations, they mark an irreversible turning point that can be improved upon. More importantly, we were successful in the main objective of having one set of rules apply to all products.

Rules will also apply for the first time to intellectual property and services, which account for an ever-growing portion of international trade. Those who began the negotiations in 1986 (and there are some here!) will understand better than most how far we have come. In services, not only have multilateral disciplines been agreed, to but over one hundred countries have undertaken commitments to open their services markets. More work is foreseen to expand the scope of future commitments to such major service sectors as maritime transport, telecommunications and financial services.

The decisions which countries had to take in all these areas, but perhaps especially to end the Multi-Fibre Agreement and to tariffify all agricultural measures were difficult ones indeed. But, acting in concert, governments did take the hard decisions, not for altruistic reasons but on the basis of the assessment that their economies would be better off embracing market liberalisation and halting the growth of debilitating and wasteful subsidies. This is a major breakthrough.

And there is more. Without a doubt, the crowning achievement of the Uruguay Round negotiations is the creation of the World Trade Organization. Such an organization is indispensable in overseeing the operation of the Agreements that make up the "single undertaking" we have all accepted. Establishing, and adhering to, the principle of the "single undertaking" is an essential ingredient in the successful conclusion of the Uruguay Round and the founding of the World Trade Organization.

The new World Trade Organization will finally put international trade on a firm institutional basis by becoming the third pillar of the world's economic and financial structure, along with the World Bank and the International Monetary Fund. In order to reap the benefits of the Uruguay Round, those who require approval by parliaments, or other such procedures, must act quickly to ensure that the World Trade Organization Agreement can be implemented fully and effectively by January of next year. The Government of Canada is committed to fulfilling our domestic requirements by the end of this year. It would be extremely unfair to keep the world waiting for the benefits of this hard won achievement. None of us can let the press of other domestic politics delay or interfere with early implementation.

Further, in the interim period, we must resist the temptation of protectionist measures that could undo what has already been agreed. We must all honour the commitments we make in this regard as part of the Ministerial Declaration.

We must also quickly turn our attention to the challenges that lie ahead to ensure a smooth transition from the GATT to the World Trade Organization. The Preparatory Committee will have to set up the administrative and financial framework for the World Trade Organization oversee the continued functioning of working parties, arrange for negotiations in areas where problems remain and organize the work programme to implement the Round.

Beyond these immediate tasks, we face even greater challenges. So far, I have concentrated on how much we have accomplished in the Uruguay Round and how difficult the effort proved to be.

In a very real way, our work has only just begun. With the all-important creation of the World Trade Organization, we have taken a first step. Now we must begin the effort of investing this institution with the commitment necessary to take us into the twenty-first century.

The establishment of the World Trade Organization is an expression of new realities in the economic and political relationships among nations. The trading system no longer operates as the exclusive domain of a powerful few. As the Uruguay Round negotiations unfolded over a seven-year period, we witnessed an evolution in the roles of key players. Most importantly, developing countries and "economies in transition" demanded, and won, an equal place at the table. Negotiating with impressive skill, they insisted that their needs be addressed and showed a willingness to assume a greater share of the responsibilities.

No one can predict all the implications of the changes we have seen. But of one thing I am sure. The multilateral system is taking on new meaning. Increasingly, what is the same among us is becoming more important, and more compelling, than what is different. Developed and developing alike, we are nations that share many of the same goals. We all aspire to improved standards of living through market growth and stability. And we demand the same opportunities to pursue those aspirations, including through secure access to world markets. We may differ in size and level of development but, more than ever, we are equal in our right to demand those opportunities.

This leads to two inescapable conclusions about the new multilateralism. First, we must give the principles of fairness and mutual advantage new meaning. As our interests and aspirations increasingly converge, cooperation will be the only way to proceed. Second, we must work harder to leave unilateralism and protectionism behind once and for all. Never before has the "beggar-thy-neighbour" approach been more bankrupt; never before has using economic might unilaterally to prevail over those who are smaller or weaker been more unacceptable to the international community. The World Trade Organization gives us a powerful new vehicle to steer away from these old ways and to move in a new direction.

In delivering such opportunities, the World Trade Organization is indeed an instrument with great potential. While it cannot shoulder all the problems of the world, it will be called upon to tackle new trade policy issues including such matters as the relationship of international trade and the environment, competition policy, investment, and labour standards.

It will be important, however, to proceed on these new issues in a manner consistent with the competence and mandate of the World Trade Organization. Although it has a role to play, there are limits to what the new organization should be expected to do. Most importantly, it is not for the World Trade Organization to decide environmental, labour or social policy itself. What it can provide is a model for exploring the possibility of a new organization -- or a new mandate for existing organizations -- to address such challenging issues at the international level. In this way international trade and environmental, labour and social policy objectives can advance co-operatively and in parallel.

In some areas, the work has begun. On trade and environment, we shall approve an expanded work programme for the World Trade Organisation that builds on our efforts in the GATT, carrying forward the issues already under consideration and incorporating additional dimensions that arise with the Uruguay Round agreements. Canada will contribute actively to these discussions. We will consult closely with experts in the trade and environment fields. We look forward to a continuation of good will and co-operative spirit that has characterized these discussions to date.

The international community urgently needs to find answers to problems that affect us all. Canada will always be at the table to work towards shared solutions. But for trade and environment issues and for those issues when trade and social policies interact, it must be a process based on mutual

consent or it simply will not work. The use of trade penalties to impose standards of conduct is not the answer. We must not allow the World Trade Organization to be recruited into such a misguided effort.

The risk of protectionist abuse is always lurking in the background. The globalization of world trade inevitably creates counter-pressures for protection or a harmonisation of practices in other policy areas. When examining new issues, we must, for example, be wary of being seduced by the argument that differing approaches to issues such as environmental protection constitute an unfair trading practice justifying some form of sanction. New issues can become a vehicle for new protectionism.

Instead, these issues must be viewed through the prism of the rules we have negotiated and not seen as an opportunity for backsliding or for opening loopholes. If harmonisation in some areas is desirable, then it must be negotiated in the appropriate forum. It is evident from the success we have had negotiating the "non-negotiable" in this Round that much can be done by the international community when the will is there. However, to fall victim in the World Trade Organization to the narrow interest groups who favour trade sanctions as the instrument of choice to force nations to comply with the policies of others would be to abandon some of the most fundamental gains we have made.

This gathering in Marrakesh marks the official end of the Uruguay Round. We have travelled a long and winding road from the first meeting in Punta del Este in 1986. Our actions this week will take us a major step closer to fulfilling our declared objective of strengthening international trade and, through it, economic conditions around the world.

We can all be proud of the role we have played in turning a hopeful idea into a reality for 118 countries. I offer my congratulations to you all.

It is my honour also to extend the appreciation of the Government of Canada to His Majesty King Hassan the Second for his personal interest in this Ministerial Conference, to the Government of Morocco for its support and organisational efforts, and to the people of Morocco for their generous welcome.