

In agriculture, we have the prospect of creating a fairer, more predictable, trading environment for all of our agriculture export-oriented sectors as well as those oriented to our domestic market. For both of these agricultural sectors, the status quo is unacceptable. Improvements will come through a substantial reduction in export subsidies provided by the United States and the European Community which have been causing considerable damage to our farmers. Improvements will also come from new trade rules, which will bring agriculture fully into the GATT system, thus removing the inequities created by the fact that for almost 40 years, the United States and the EC have been operating their agricultural trade policies outside the GATT. We believe that we can achieve these benefits while maintaining the necessary flexibility to continue to operate supply management systems in Canada.

Regarding tariffs and non-tariff barriers facing resource and manufactured products, a substantial trade liberalization package is within reach with Europe, the Pacific Rim, and the Latin American countries. The results should also allow Canadian producers to build upon the competitiveness gains from free access to the U.S. market under the Canada-U.S. Free Trade Agreement. While the precise content of the market access results will not be available until the final days of the Uruguay Round expected early in the New Year, the overall tariff reductions will likely be about one-third, with some prospect of deeper cuts, including total tariff elimination for a wide range of product areas. We expect that the market access outcome will also result in newly industrializing countries accepting substantially equivalent market opening obligations and non-tariff measure disciplines. There is as well a major parallel effort under way to bring about major government procurement liberalization within the context of the GATT Code.