
New Round of Multilateral Trade Negotiations

In recent months important progress has been achieved towards establishing a new round of multilateral trade negotiations (MTN). The eventual results of these negotiations will be incorporated into the General Agreement on Tariffs and Trade (GATT), the international organization which oversees most world trade and to which more than 90 countries now belong as contracting parties. By helping to restrain protectionist forces and by facilitating further liberalization of international trade, the MTN has a crucial role to play in encouraging the broadly-based economic recovery required by all countries, including LDCs.

Canada has been urging substantive discussions on the objectives, content and procedures for negotiations and early forward movement in the preparatory process. A formal MTN Preparatory Committee was established last November without preconditions and with a mandate to make recommendations on an MTN agenda and negotiating modalities to a Ministerial meeting in September 1986. Most developing countries now support an early beginning of the MTN, although some LDCs remain hesitant about substantive consideration being given to trade in services in the Round. Canada has played a significant role in encouraging LDC participation in the new round.

Some developing countries have stressed that the trade work programme approved in the November 1982 GATT Ministerial meeting should be completed before a new Round begins. However, with the exception of one or two issues that specifically call for negotiations, the current GATT work programme is focused on the identification of trade problems and the development of recommendations to deal with them. The completion of the work and the implementation of the recommendations can best be achieved in the broader context of a multilateral trade negotiation. Moreover, if the GATT is to remain relevant in the context of current trade problems and if a balanced MTN negotiating package is to be developed, then it must provide for the negotiation among interested contracting parties of emerging issues, such as trade in services.

In the new MTN round, Canada will seek improved market access for agricultural products, fish, industrial resources (non-ferrous metals and forest-based products), and energy-based (petrochemical) industries and related equipment and services. Canada is also seeking liberalized trade in services and in a range of advanced technology products. There is a need for a more effective dispute settlement system, and improved disciplines on contingency protection measures and subsidies.

In the light of unprecedented trade deficits and increasing domestic protectionist pressures, the USA is a leading supporter of a new round. Japan has suggested the elimination of all tariffs by industrialized countries on all industrial products and supports negotiations on trade in service and high technology goods.

France and Italy have tended to be comparatively cautious vis-à-vis the possible scope of proposed negotiations on services in the MTN. The United Kingdom is a strong supporter of a new Round, as is the Federal Republic of Germany. As a unit, the European Communities (EC) support the view that a balanced package of topics, including trade in services, should form part of the new Round and that LDCs should accept a fuller share of GATT obligations. The EC's approach to agricultural and resource products is restrictive.