

The creation of the World Trade Organization is largely the result of a joint initiative by Canada and the European Union. Under the Uruguay Round Agreement, access to markets for industrial products will be substantially improved with most tariffs being cut by at least one-third. Deeper cuts, including zero tariffs in some ten sectors, will also be made. Overall, Canadian exports to the European Union will benefit from tariff reductions of almost 60 per cent. Tariffs on our exports to Japan will be reduced by about 70 per cent. The impact of tariff escalation will be reduced as well. For example, the gaps between tariffs on finished products and raw materials will fall by as much as two-thirds for products of importance to Canada, such as copper, lead, zinc and other non-ferrous metals.

A major achievement of the Uruguay Round is that the agricultural sector is brought under the rules-based multilateral regime. Agricultural tariffs will be cut overall by 36 per cent with domestic support measures to be reduced by 20 per cent and export subsidies by 36 per cent in terms of budgetary expenditures over a six-year period. This represents a significant gain for our agricultural exporters. More generally, the agricultural reforms will contribute to improved efficiency in the world economy, providing a good start for future disciplines, particularly on agricultural export subsidies.

For the first time, trade in services and trade related intellectual property are brought within the framework of multilateral disciplines. The agreement on services covers trade and investment worth approximately \$2 trillion annually and will promote continuing liberalization in these sectors. Multilateral rules on intellectual property will provide a stronger basis for the development and transfer of technology. Agreements in areas as diverse as rules of origin, import licensing and pre-shipment inspection will improve conditions for all international traders.

The agreement strengthens trade remedy rules, thereby realizing one of Canada's priority objectives heading into the round. The agreement 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, research and development and the environment from countervailing measures.

In this era of fiscal constraint, Canada will benefit from the strengthening of multilateral disciplines on subsidies that can have such adverse effects on our competitive position in both the domestic and foreign markets.

Although the agreement does contain some improvements with respect to antidumping measures, we shall have to go further to ensure that such measures are not used as an instrument for continuing protectionism.

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The agreement effectively precludes unilateral measures in responding to trade disputes. The new integrated dispute settlement system — one with clearer rules, tighter deadlines and, for the first time, an appeal process and binding effect — is a major improvement over the existing GATT system. In the final analysis, rules are only as effective as the means of enforcing them. This wholesale reform of the multilateral trade dispute settlement system therefore represents an important, if

unquantifiable, benefit for small- and middle-sized players like Canada, which are inherently vulnerable to the threat of unilateralism by the economic giants.

The crowning achievement of the Uruguay Round is the creation of the new World Trade Organization. Such an organization is indispensable in overseeing the operation of the complex series of agreements and other instruments resulting from the round. It will also provide for greater political surveillance of the system by trade ministers in coming years.

The World Trade Organization will finally put international trade on a firm institutional footing by becoming the third pillar of the world's commerce and financial structure, along with the World Bank and the International Monetary Fund. As the successor to GATT, the World Trade Organization will provide the forum for future trade negotiations aimed at further trade liberalization worldwide and the development of new global rules.

As an aside, honourable senators will know that the 1947 agreements that set up trade rules under GATT also sought to create an international trade organization to supervise the application of those rules. Largely due to the objections of the United States, the ITO was not approved. I did my doctoral thesis at the University of California, Berkeley on the ITO and the attempt of the world community to create a judicial system for world trade dispute settlement. I little thought that there would be such an achievement and the beginning of a rule of law in international trade disputes.

Honourable senators, all parts of Canada and most sectors of our economy will reap substantial benefits from the Uruguay Round agreements. The business and agricultural communities, as well as the provinces, were closely consulted throughout the course of these negotiations. It is in no small part due to their contributions that these agreements will provide real tangible benefits for Canadian producers and consumers in all regions.

The elimination of tariffs on paper and allied products and lower tariffs on lumber will substantially improve access to the European Union and Japanese markets for our forest product industry, particularly in British Columbia, Quebec and the Atlantic provinces.

The reduction in tariffs and non-tariff barriers in Europe, Japan and Korea, although more limited than we would have wished, enhance the export competitiveness of the fish products industry in Atlantic Canada and British Columbia.

The agreement will produce a more market-oriented and global trading environment for our agricultural sector. Reductions in export subsidies and in the volume of subsidized exports will put our field crops, particularly grains and oilseeds from the prairies, on a more equal footing with those of our principal competitors.

At the same time, supply management will be able to continue operating as an effective Canadian approach to producing and marketing dairy and poultry products. The agreement allows for the continuation of supply management systems through high import tariffs that will maintain a real security for these sectors.