

International Trade and the Uruguay Round

Canada is an open economy. Over a quarter of its Gross Domestic Product (GDP) and some three million Canadian jobs depend directly on exports.

In 1984, the government adopted an agenda for economic renewal which aimed at the pursuit of economic efficiency through the reduction of distortions and barriers to the operation of markets at home and abroad. Major initiatives were undertaken in tax reform, deregulation, privatization, investment, and trade policy.

This economic strategy resulted in two major Canadian trade policy initiatives since 1986: the negotiation and implementation of a comprehensive free trade agreement with Canada's principal trading partner, the U.S.; and Canadian participation in GATT negotiations to reduce barriers to world trade and improve multilateral trade rules.

Both initiatives have at their root the orderly transformation of the Canadian economy through the progressive elimination of domestic and international impediments to competitiveness, so that the domestic economy will be able to adapt dynamically and competitively to the profound changes occurring in the patterns of world production, investment, technology and trade. The Free Trade Agreement was successfully negotiated between 1986 and 1988 and is now in its implementation stage.

Canada is simultaneously participating actively in the Uruguay Round negotiations in order to maintain and improve an open, well-functioning and up-to-date world trading system, crucial to sustaining trade, investment and economic expansion. The current trade talks, now in their final, intensive phase, represent the best opportunity until the next century to create the conditions for expanded trade and investment with Canada's key offshore partners. A successful conclusion of the multilateral trade talks will lower tariff and non-tariff trade barriers, and put Canada's firms — which will be more competitive than ever as a result of the Free Trade Agreement — in a position to take advantage of new export market opportunities.

Overall, Canada's objectives in the current round of negotiations are as follows:

- to foster a world trading environment with sufficient stability, predictability and transparency to inspire confidence on the part of both exporters and importers, thereby encouraging job-creating investment and dynamic economic growth;
- to achieve even better access for Canadian exports, particularly for our agriculture and

food products, resource-based products, a range of manufactured products (including advanced transportation and communications equipment), high technology and certain services;

- to create better and fairer trade rules, which will help Canadian producers against capricious behaviour abroad and injurious import competition at home;
- to strengthen multilateral dispute resolution procedures and the institutional framework for the new multilateral trade agreements, including a possible new world trade organization; and
- to seek to fully integrate the developing countries into the renewed world trading system.

Since this eighth Round of multilateral trade negotiations began in Punta del Este, Uruguay, in September 1986, Canada has played a leading role among the 97 GATT contracting parties. For example, Canada hosted a first-ever, mid-term ministerial meeting in Montréal in December 1988 to consolidate overall progress in the Round at that stage and to provide impetus for the current, detailed negotiating phase.

Canada continues to play a key role in the very difficult negotiations concerning the liberalization and reform of agricultural trade, including through its participation in the Cairns Group. It has made a major proposal concerning tariff and non-tariff barrier reductions, including a proposal for global free trade in forest products, fisheries, a range of chemicals and in high technology areas like telecommunications and data-processing equipment. Canada also attaches high priority to achieving comprehensive multilateral agreements governing subsidies and countervail, and tabled a comprehensive negotiating proposal on this subject in June 1989.

Canada also recently put forward a major initiative with respect to a new world trade organization premised on a comprehensive outcome of the Uruguay Round. The new organization would provide an institutional framework for the management of the new multilateral trade agreements, including the revised GATT, the codes covering trade rules and the new services agreements, as well as those on intellectual property and investment. It would be underpinned by a strengthened and more unified dispute settlement mechanism across the whole range of trade agreements and would place the new global trading system in a position where it will interact effectively with the IMF and World Bank to ensure a greater coherence of global trade, financial and monetary policies.