

By the mid-1970s, the GATT agreements had eliminated, reduced or frozen some 80 000 individual tariffs that had been in place since World War II. The result was a spectacular increase of 500 per cent in the overall volume of world trade between 1947 and 1975. There have been some very serious challenges to the world trading system since that time, including a sustained global recession and the rise of protectionism. However, the GATT has continued to make every effort to minimize the use of tariffs and other restrictive national measures.

Removing Barriers

In its fight against barriers to free trade, the GATT has upheld a number of universal principles. These include the mutual extension of preferential trade status among members, trade reciprocity, and the national treatment of foreign goods and services — in essence, all nations must deal with one another on an equal basis under GATT rules. To put these principles into practice, the GATT performs many legal and institutional functions. It settles trade conflicts among its members and watches over their trading practices. It reminds members of the obligations they have made to one another under GATT agreements, and provides a central legal structure through which nations can carry on trade negotiations and consultations.

The GATT's membership today includes more than two thirds of the world's countries. Taken together, these nations account for 80 per cent of all world trade.

Canada: A Trading Nation

The principles and objectives of the GATT coincide with long-standing Canadian interests. In Canada, trade accounts for roughly one quarter of the country's gross domestic product and creates 20 per cent of all jobs. This means that Canada has a large stake in making sure that a predictable international trading system exists. Canada also has an interest in maintaining and strengthening the GATT structure itself. Like other multilateral bodies, the GATT has given middle-sized countries such as Canada better opportunities to pursue trade strategies, and to influence global trade policy as it evolves. In addition, GATT rules protect Canada from the actions of economic giants such as the United States, the European Union and Japan.

Canada has been an enthusiastic supporter of the GATT system from the outset. Canadians were active in its creation, and more recently Canada was a key player in the Uruguay Round. Discussions launching the Round took place in Sault Ste. Marie, Ontario, in July 1985. Also, Canada hosted several important GATT-related meetings during the eight-year life span of the Round. There were the Toronto G-7 Summit and the Montreal Ministerial Mid-Term Meeting in 1988. In addition, there were a number of "Quad" meetings with the United States, the European Union and Japan — Canada's major trading partners.

The Uruguay Round

The new GATT agreements cover many outstanding trade issues left over from earlier rounds, as well as newer ones that have arisen as a result of the changing international economy. Existing tariffs on a wide range of goods will be cut by more than 30 per