

# The Houston Economic Summit

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CANADA

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## Canada at the Uruguay Round

The successful completion of the Uruguay Round is the highest priority on the international trade agenda. Successful negotiations will establish the framework for international trade and investment into the 1990s. A stronger General Agreement on Tariffs and Trade (GATT) with updated, credible and expanded rules, and more effective dispute settlement procedures, will mean that trade among countries and trading blocs will be conducted on the basis of certainty and openness.

Without a successful conclusion to the Uruguay Round we can expect a turn to more protectionist, interventionist trade regimes where the strongest countries will seek to impose their will through unilateral trade actions. The Uruguay Round is crucial to averting that.

For Canada, success in the Uruguay Round will extend to the multilateral area the achievement gained in the free trade agreement with the United States: more open and secure access for Canadians to export markets. The Uruguay Round also offers an opportunity to pursue certain issues not completed in the free trade negotiations with the U.S., principally subsidies/countervail and improved access to government procurement.

Canada has high stakes in the Round and is one of its most active participants. Canada has submitted detailed proposals in almost all of the negotiating groups ranging from tariffs to subsidies/countervail, anti-dumping procedures, dispute settlement, trade in services, trade in intellectual property, textiles and clothing, and safeguards.

Canada is an active member of the Cairns Group of agricultural exporters, and of the key Quadrilateral Group (along with the U.S., the EC and Japan). Agriculture is one of the most contentious issues in the negotiations given the domestic sensitivities in all countries, but Canada continues to support major agricultural trade

reform in the Uruguay Round. Canada has four main objectives in these negotiations: 1) a substantial reduction of tariff and non-tariff import barriers; 2) a substantial reduction in trade-distorting subsidies, including the elimination of export subsidies; 3) effective GATT rules equally applicable to all GATT members; and 4) a system to minimize the adverse trade effects of health and sanitary measures.

Canada has recently launched an important initiative to develop a new world trade organization to strengthen the global trading system. The proposal calls for an organization which provides a final institutional framework integrating existing GATT mechanisms with the new multilateral arrangement that will emerge from the Uruguay Round. Its establishment is predicated on a substantive outcome to the negotiations, and a centrepiece of the proposal is reform of the GATT dispute settlement system. The aim is to develop a truly effective dispute settlement process that would encourage countries to rely on multilateral solutions to trade problems, rather than resorting to unilateral actions.

All the major participants in the Round remain committed to the timely and successful completion of negotiations at the concluding conference to be held in Brussels, in December of this year. However, the Round is at a critical stage, with substantial differences remaining on a number of major issues. These include agriculture, subsidies/countervail, safeguards, the new issues, and the role of developing countries across all of the negotiating groups. The status of each of the 15 negotiating groups will be reviewed in July in Geneva. Countries are working to develop negotiations as much as possible by that time, thus setting the stage for final consultations through the fall.