

the tariff. These differences all contribute to "system friction."

These developments over the past decade or so drew together countries of the world in a concerted effort to update the rules, and thereby to check the unilateral exercise of power. The seven-year trade negotiation marathon known as the Uruguay Round of the GATT proved arduous. Issues previously viewed as relating solely to the domestic sphere had been raised to the international level. No longer were countries only concerned about measures imposed at the border. Now, domestic measures affecting competition, for example, were also on the table.

The member countries of the GATT responded admirably to these challenges in the Uruguay Round. The Uruguay Round Agreement demonstrates a qualitatively different and novel role for the institutions it has created and the subagreements it incorporates. This is evident when one compares the new World Trade Organization (WTO) with the limited and passive list of tasks assigned in 1948 to the proposed International Trade Organization and subsequently to the GATT.

Trade lawyers have moved from dealing with a 70-page GATT Agreement to a 560-page World Trade Organization Agreement. Although Sir Winston Churchill once said that "if you have ten thousand regulations, you destroy all respect for the law," our expectations remain high nevertheless. We are calling on the World Trade Organization to resolve far more complex issues. Over the coming months, dispute settlement panels could address such questions as the extent to which a country may regulate internal competition and involve itself in a domestic market. We now accept this as a matter for international scrutiny. The rules of the WTO represent a paradigm shift, a far cry from the transformer and shock absorber of yesterday. Today, the WTO's rules have become a regulator, increasingly dictating the permissible power currents in trade.

These international trade rules, like all forms of regulation, are not static in nature; rather, they foster progress and direct the course it may follow. They provide an orderly means for peaceful, and profitable, change.

Trade rules will also serve as a benchmark - the WTO as regulator must also have a performance meter. Through devices such as the new Trade Policy Review Mechanism, we can observe how far each of us has come and what work remains to be done. We need to measure our performance, just as we measure trade flows themselves.

As governments have increasingly demonstrated their willingness to accept the disciplines of agreed trade rules, so have these rules become more precise, covering more areas of activity. The zone of government action free from international disciplines is