

GATT officials calculate that when the agreement is fully implemented in the year 2005 — there is a ten-year phasing-in period for many countries and in certain sectors — the world economy will have been boosted by more than \$500 billion U.S. annually, or by some 2 per cent of world GNP. The Department of Finance has estimated that Canada will see quantifiable gains of at least 0.4 per cent in real income, or \$3 billion annually, when the agreement is fully phased in. These quantifiable gains will only be a fraction of the actual gains that will almost certainly occur.

In the briefest summary, the Final Act implements the lowest trade barriers ever. Tariffs are removed on a wide variety of unprocessed and value-added products. The average level on tariffs that remain is reduced to about one-third. Non-tariff barriers such as import quotas are banned. Agricultural trade wars should decline as government subsidies for agricultural production are controlled. Trade in services will be brought under regulation for the first time. The present GATT agreements will be subsumed into what will now be designated as the World Trade Organization. The WTO will be a permanent organization with powers to adjudicate trade disputes, and with the right to permit countries to take trade measures against other countries found to be in breach of WTO rules.

Bill C-57, the legislation before us today, provides for the necessary changes in Canada's domestic law to ensure the implementation of the Final Act of April 15, 1994 to which Canada is a signatory. The Final Act, by its terms, is to come into force by January 1, 1995. The government seeks passage of this legislation at this time to permit Canada to be a charter member of the WTO on January 1, 1995. Honourable senators will know that the world's major trading powers, including the United States, Japan and the European Community members, have already approved the WTO agreement and will be bound by its measures as of January 1, 1995.

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Apart from amending Canada's existing laws and tariff schedules to bring them into conformity with our obligations under the Final Act, Bill C-57 provides for the appointment of representatives to the World Trade Organization and for the payment of Canada's share of its budget.

The Liberal Party made clear before taking office that it was a strong supporter of the multilateral trade process and that it would support the GATT and success of the Uruguay Round as the keystone of Canada's trade policy. In office, we focussed our efforts to break the deadlock in the Uruguay Round and to build the permanent World Trade Organization. Amongst the industrialized countries, Canada is second only to Germany in its dependence on world trade to maintain its standard of living. Some 30 per cent of our GDP is export dependent. By creating a more open and stable trading environment, the WTO agreement will generate increased Canadian exports and investments. Exports are crucial to the achievement of the government's job and growth agenda and to Canada's continuing prosperity. The successful conclusion of the WTO agreement is already having a positive effect in Canada and elsewhere through improving confidence in the world economy.

The Marrakesh World Trade Deal of April 1994 involves approximately 40 separate agreements collectively amounting to the greatest commercial agreement ever negotiated on a universal basis. The centerpiece of the new trade regime is the World Trade Organization. The WTO will provide the organizational framework within which the members will pursue rights and obligations contained in three main agreements; the amended GATT, a new general agreement on trade and services, and a new agreement on trade-related intellectual property rights, or TRIPS. The old GATT agreement and its revisions over approximately 47 years are now a part of the new WTO regime. Codes and schedules of the GATT period have been reviewed and revised, sometimes radically.

On the thorny issue of agriculture, a detailed agreement has been worked out involving tariffication of all border measures, minimum access commitments, reductions in export and production subsidies, and real discipline in domestic support measures.

The Final Act is to enter into force on an all-or-nothing basis with the exception of four plurilateral agreements; procurement, aircraft, dairy products and bovine meat products. Signature on the Final Act means acceptance of all the agreements.

From a trade policy perspective, the great area of success is in the development in international rule-making. The creation of a permanent trade policy review mechanism, or TPRM, will provide a basis for the design and implementation of a more ambitious set of rights and obligations based on the terms of the Final Act. Definitions of rules of origin, customs valuation, government procurement obligations and many more will add security to trade practices. There appears to be a genuine transition to a more law-like and less political approach to dispute settlement. What has been achieved is the revitalization of the multilateral trade system based on the principles of nondiscrimination, transparency, due process, consultation and cooperation.

Clearly the WTO agreement has not stemmed interest in the value of regional arrangements. However, it has channelled their development and provided a greater likelihood that regional agreements will be, in effect, negotiating rounds for the further development of the multilateral process. NAFTA, for example, may well be a role model for extending serious obligations in the trade field to developing countries around the world, beginning with the countries of Latin America. It is to be hoped that regionalization will provide a stimulus and forerunner to deeper and broader global integration, rather than a prelude to the developments of inward-looking trading blocs.

Although this agreement covers a wide array of issues affecting international trade relations, three areas stand out, both as a result of the leadership role Canada played in promoting progress and consensus and as a result of these elements representing for us the most important and beneficial achievements of the round. I refer to the market access package, to the agreement on subsidies and countervailing duties which grew out of the Canadian draft, and to the agreement to establish a new institution in the World Trade Organization with a greatly strengthened and integrated dispute settlement system.