

The Importance of GATT

The GATT is the principal multilateral instrument that sets out the rules for international trade. Its basic aim is to promote international trade by reducing or eliminating tariff and non-tariff barriers. It is also a forum in which countries can discuss and resolve their trade problems and negotiate expanded trading opportunities.

The enormous growth in the volume of international trade since the Second World War is evidence of GATT's success.

The GATT has evolved along with changes in the world economic scene, including shifts in the relative economic strengths of nations, the growing influence of developing countries in international affairs and the creation of regional economic groupings.

Seven rounds of negotiations have taken place under GATT auspices since 1947, each a milestone in the liberalization of world trade. The most recent, the Tokyo Round, ran from 1973 to 1979 and resulted in several important international agreements. In addition to significant tariff cuts, the Tokyo Round brought greater discipline to the use of non-tariff barriers such as import licensing, government subsidies, counter-vailing duties, customs valuation, technical standards and government purchasing policies.

The Uruguay Round

As early as 1981, with the world in the worst economic recession since the 1930s, Canada and a group of other countries began thinking about a new round of negotiations. This, they agreed, was needed to counter severe and growing protectionist pressures, and to move forward with trade liberalization. They also believed that it was necessary to strengthen the GATT, because of the proliferation of bilateral and plurilateral agreements outside the GATT and the increasing use of unilateral actions by GATT members.