

parency in national regulations. The eventual status of a new instrument to govern trade in services should not be prejudged at this time.

19. Canada does not have any firm view, at this stage, as to whether the development of a new international framework for trade in services should eventually be of a comprehensive nature, whether its scope and coverage should be applicable to a selected number of sectors or whether it should be applied differently to particular sectors. Canada is flexible as to the most appropriate and practical arrangements for eventually conducting negotiations in respect of trade in services. It can accept the notion that negotiations on trade in services be conducted in parallel with negotiations on trade in goods, provided they are conducive to achieving a reasonable mutual balance of overall benefits in the global MTN context, they can be properly coordinated and the negotiation process can be appropriately serviced by the GATT Secretariat.

E. Strengthening the Effectiveness of the Rule of Law and Non-discrimination

20. The cumulative impact of the proliferation of exceptions and deviations to the basic GATT rules over the years, and the stresses created by the strength and persistence of protectionist forces in major GATT countries are seriously undermining the credibility of the GATT itself. There are strong perceptions that the GATT is not equally respected by all its members and that it is becoming a constraint to, rather than a powerful instrument for, trade liberalization. There are also concerns that the inherent balance of rights and obligations under the GATT is being seriously altered and that it is running a serious risk of gradually becoming a less relevant instrument for dealing with new issues facing the international trading community and for managing trade relations.
21. This credibility challenge is of practical and fundamental importance for Canada because it affects the principal instrument available to Canada to preserve the achievement of past trade liberalization efforts and to manage Canada's trade relations with most other countries. It is also a