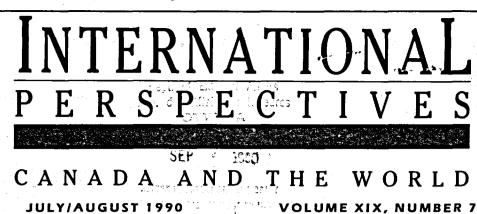
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General Disagreement on Tariffs & Trade

Arthur Dunkel, the Geneva-based director-general of the General Agreement on Tariffs and Trade has a right to be concerned. Hercules in the Augean Stables that are the GATT, and faced with a year-end deadline for successful conclusion of the Uruguay Round, he seems less likely of success than the hero of old. The task of dealing with the prodigious output of King Augeas' 3,000 robust oxen pales in comparison with the task of bringing real consensus out of the current Multilateral Trade Negotiations.

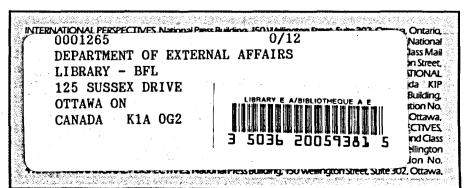
Accusing some MTN participants of "playing hide-and-seek with each other," Mr. Dunkel has warned them that they are courting failure. Although there are still more than a dozen problem areas, the principal sticking point remains agricultural export subsidies and Canada figures prominently. To give it its due, the current Progressive Conservative administration in Ottawa has pushed vigorously for elimination of the increasingly vexing subsidies. However, a considerable amount of Canada's concern results from the fact that the subsidy war between the European Community and the United States has driven down world commodity prices and impacted heavily on Canadian producers.

A showdown had been building between the EC and the U.S., a confrontation that could result in all-out trade warfare and the destruction of the GATT, but it has been averted for now with the release of a potential compromise. Drafted by the Agricultural Negotiating Group of the GATT, which is chaired by The Netherlands' Aart de Zeeuw, the compromise document is designed to put a fine edge on the discussions with a view to slice through the potentially cataclysmic impasse. "The deadlock has been overcome," Mr. Dunkel opined, only to reiterate his warning that the issue is far from settled.

Intransigence at Either End

The gulf between the U.S. and the EC cannot be ignored, for it threatens to swallow up what little progress there has been since the Uruguay Round began in Punta del Este three and a half years ago. Deputy U.S. Trade Representative Julius Katz insists that Washington will continue to press for elimination of the trade-distorting subsidies. But the senior EC negotiator on agricultural matters, Guy Legras, is on record that the 12 nations of the Community are equally committed to export assistance as they struggle to establish and expand world markets for their produce.

Can Canada fulfill its role as "honest broker" in such a situation? Not likely. As sug-... continued on page 74



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