

PRAGMATISM AND REALISM HAVE LED US TO INITIATE A TWO-TRACK TRADE POLICY STRATEGY, MADE UP OF BILATERAL NEGOTIATIONS WITH THE UNITED STATES - BY FAR OUR MOST IMPORTANT CUSTOMER - REINFORCED BY MULTILATERAL NEGOTIATIONS UNDER THE AUSPICES OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE (THE GATT).

LET ME REVIEW SOME OF THE REALITIES BEHIND THIS TWO-TRACK APPROACH.

IN THE FORTY YEARS SINCE THE FORMATION OF THE GATT THE INTERNATIONAL TRADING SYSTEM HAS CHANGED. FOUR EVENTS STAND OUT:

- FIRST, THE FORMATION OF THE EUROPEAN COMMUNITY AND MANY OTHER SMALLER REGIONAL TRADING BLOCS, SUCH AS THE ASEAN BLOC, THE AUSTRALIA-NEW ZEALAND PACT AND THE EUROPEAN FREE TRADE ASSOCIATION;
- SECONDLY, THE DRAMATIC RISE OF JAPAN AS A MAJOR ECONOMIC POWER;
- THIRDLY, THE EMERGENCE OF CERTAIN NEWLY INDUSTRIALIZED NATIONS, SUCH AS SOUTH KOREA AND BRAZIL; AND
- FOURTHLY, THE PROLIFERATION OF INDEPENDENT NATION-STATES RESULTING FROM POST-WAR DECOLONIZATION.

THESE EVENTS HAVE CHANGED THE INTERNATIONAL ENVIRONMENT. IN TODAY'S WORLD THERE ARE MANY MORE COMPETITORS PRODUCING THE GOODS THAT WE PRODUCE. MOREOVER, THE EMERGENCE OF REGIONAL TRADING ARRANGEMENTS MEANS THAT SOME OF OUR TRADITIONAL MARKETS ARE NOT AS OPEN TO US AS THEY ONCE WERE. IN SHORT, COMPETITION IN WORLD MARKETS IS INCREASING. A CANADIAN TRADE POLICY THAT SEEKS TO SAFEGUARD OUR INTERESTS MUST REFLECT THESE REALITIES.

CERTAINLY, THESE FUNDAMENTAL CHANGES IN THE WORLD ECONOMY HAVE BEEN REFLECTED IN THE GATT. THE GATT HAS EVOLVED FROM A SMALL CLUB OF LIKE-MINDED COUNTRIES TO A MUCH MORE COMPLEX GROUP OF COUNTRIES HAVING VASTLY DIFFERENT COMPETITIVE STRENGTHS AND TRADING INTERESTS. THIS HAS LED TO MORE COMPLICATED AND LENGTHY MULTILATERAL TRADE NEGOTIATIONS. THE LAST ROUND, FOR INSTANCE, THE TOKYO ROUND, LASTED FROM 1973 to 1979.