

# INTERNATIONAL TRADE

The issues of protectionism and world trade liberalization have been prominent at all economic summits. Thus discussions among leaders have served to demonstrate their commitment and will to resist protectionism, and to strengthen the multilateral trading framework. Summits have also provided stimulus to negotiations within GATT. In the late 1970s, leaders gave support and impetus to the Tokyo Round of Multilateral Trade Negotiations, which was successfully concluded in 1979. Following a commitment at the 1986 Tokyo Summit, the Ministers of the GATT Contracting Parties, including Canada's Secretary of State for External Affairs, Joe Clark, met in September 1986 at Punta del Este, Uruguay, to launch a new round of Multilateral Trade Negotiations. The negotiations of the Uruguay Round are the largest and most ambitious yet undertaken, and will establish the blueprint for international trade relations until the end of this century and beyond.

The Multilateral Trade Negotiations represent a challenge and an opportunity for Canada to help identify forward-looking solutions to the current and emerging problems facing the international trading system. Canada approaches the Uruguay Round with a sense of urgency, determined to fight protectionist threats, to enhance the rule of law in international trade and to restore the momentum towards further trade liberalization.

The ministerial declaration at Punta del Este demonstrated the participating countries' commitment to the process, and outlined the challenging negotiating agenda. The Declaration

- greatly strengthens the commitment to stop the introduction of new protectionist measures and to promote policies that will remove barriers to trade (standstill and rollback);
- includes for the first time specific objectives for across-the-board negotiations on agriculture that embrace not only improved market access but the application of multilateral disciplines to the use of all direct and indirect subsidies and other measures that distort trade;
- aims to reduce or eliminate tariff and non-tariff barriers, in order to improve market access conditions;
- includes new issues such as trade in services, intellectual property, trade-related investment measures;
- specifies a series of institution-building and rule-making measures to reinforce and extend the mandate of GATT.

When the Uruguay Round was launched in 1986, it was agreed that it would end in four years. The mid-term review conference of the MTN at the ministerial level in Montreal December 5-9, 1988, provided an opportunity to review and consolidate the achievements of the first two years of the talks and give added impetus for the decisive final phase. Following a break for informal negotiations, the discussions in Montreal were successfully concluded with the meeting in Geneva of the Trade Negotiating Committee in April 1989.

Canada, which derives 46 per cent of its gross domestic product from merchandise trade, is playing a constructive role in the MTN to help lower global trade barriers and create more transparent and effective rules of the game. It is important for Canada to have a strong GATT, credible both to trading countries and to business people involved in trade. To this end, Canada is working with its Summit partners to devise means of strengthening the GATT system and reinforcing its effectiveness.

Canada believes that all countries will benefit from global economic growth through liberalized trade. The Canadian government, which views the participation of developing countries as crucial to the success of the Uruguay Round, has strongly encouraged their full participation in the MTN. It has sought to help them to do so through projects funded by the Canadian International Development Agency (CIDA). These have included educational programs aimed at improving trade policy officials' abilities to develop policy positions and to defend their interests in the negotiations.

With the Uruguay Round now entering its final phase, other important unilateral, bilateral and plurilateral trade policy initiatives and developments are having a major impact on the international trade environment. Trade will remain an important issue for discussion at the Summit of the Arch.

Despite the successful conclusion of the Montreal MTN mid-term review and the generally healthy growth in trade and investment in recent years, large imbalances and structural difficulties persist. This situation has led some countries to respond by engaging in trade-restrictive practices. The Summit provides an opportunity for leaders to re-affirm their commitment to the open multilateral trading system, and to conduct their trade policies within, and in support of, international trade rules.