

The lessons of postwar trade liberalization teach us that three basic principles are fundamental to a rules-based approach to trade: national treatment, non-discrimination and transparency. It is incumbent on all members of the GATT to seek to ensure that their trade practices respect these principles. I have no doubt that Japan and the United States are committed to these principles. But like many other observers, I am concerned that a results-based approach to trade policy could undermine the rules-based international trading system itself.

We are particularly concerned that any bilateral arrangements between our major trading partners genuinely serve to create new trade opportunities for all, not preferential conditions of access for one party, which may distort both trade and investment flows.

Quite aside from fears that bilateral deals will harm the trade interests of Japan's other trading partners, however, we are concerned about what they might do to damage the integrity of the multilateral trading system.

In this regard, we regret the revival of "Super 301" by the United States. The timing of its renewal, just before the signing of the final act of the Uruguay Round, is particularly disturbing.

I think it is fair to say, however, that there is a broad recognition, including by the Japanese government, that meaningful action to address Japan's chronic current account surpluses is essential.

In addition to additional measures designed to support domestic demand-led economic recovery, it has been made clear that there is a need for meaningful regulatory and administrative reform to increase transparency and competition in Japan's domestic market. This is particularly true in some important service sectors, such as distribution, transportation, communications and financial services.

We in Canada warmly welcome the initiatives that the Government of Prime Minister Hosokawa has taken to date in the area of deregulation, and we look forward to seeing this process continue at an accelerated pace. Deregulation would ensure a better pass-through of the higher value of the yen, resulting in lower consumer prices, and thus increasing domestic demand, including demand for imports.

For example, deregulatory measures currently under study to allow more efficient land use and the deployment of innovative foreign building technologies, promise to dramatically increase the affordability and quality of housing in Japan.