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MEDIA BACKGROUNDER

CANADA PROPOSES STRATEGY FOR ESTABLISHMENT OF A WORLD TRADE ORGANIZATION

The Government of Canada believes that the existing rules and institutions that govern international trade need to be significantly reformed. To this end, Canada is proposing a strategy within the Uruguay Round aimed at strengthening the open multilateral trading system. Canada is introducing a comprehensive package of institutional reforms based on the assumption that there will be a large, substantive outcome of the Round in all the key areas, including agriculture, market access, services, and trade rules including subsidies/countervailing duties. These institutional reforms would equip the GATT system to respond effectively to the trade, economic and political challenges of the 1990's and beyond.

THE GLOBAL TRADING ENVIRONMENT

When Ministers from 96 countries agreed to the Punta del Este Declaration in September, 1986 launching the Round, they agreed on the pressing need to strengthen the institutional framework and dispute settlement procedures of the GATT system.

Rapid and dynamic changes have been taking place in the world political and economic environment. These changes include:

a) Increased Membership in the GATT

The GATT has been evolving from a relatively small club of major traders towards a universal trade agreement. Since the end of the Tokyo Round in 1979, 14 countries (including Mexico) have joined the GATT, which now has 97 members. This expansion, while welcome, has put additional stress on the operation of the trading system itself.

b) Changes in Eastern Europe

The enormous political changes sweeping the countries of Eastern Europe are resulting in rapid adjustments to their economies. Ways must be found to assist these new market-oriented economies to become effectively incorporated into the world trading system.

c) Developing Countries

Virtually all major developing countries are now in the GATT. They are actively participating in all aspects of the Uruguay Round. They need a strong, open trading system in order to meet their development objectives by export-led growth. They also see an effective multilateral system as the only way to