

January, 1989

URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS (MTN)

A SITUATION REPORT

1. The Uruguay Round is now at a crossroads. At its Montreal Ministerial Meeting, December 5-9, 1988, the Trade Negotiations Committee (TNC) decided to put "on hold" the results of its various negotiating groups until the impasse which developed primarily over agriculture is resolved in April, 1989. This outcome has left a shadow over the significant achievements of the meeting in the areas of services, market access, trade rules, and GATT institutional reform. International Trade Minister Crosbie, who hosted the Montreal meeting, said that Canada was "disappointed but not discouraged" by the results.

2. Although the current difficulties are centered over the question of how ambitious the negotiations about the reduction of trade distorting agricultural subsidies should be, they also extend to the issues of intellectual property, textiles and safeguards. These difficulties are a reminder that the Uruguay Round will be an increasingly complex and difficult process to move through its detailed negotiating phase, given the unprecedented and ambitious scope of its agenda, which reaches into uncharted territory and confronts issues not raised or not effectively dealt with in previous GATT Rounds. There is also a much greater diversity amongst its active participants. Somewhat paradoxically, however, the MTN negotiating process as a global undertaking may benefit from the refusal of participants at Montreal to paper over fundamental differences simply to create an impression of progress.

3. Canada's commitment to the Uruguay Round and its stake in the future of the GATT as "the prime instrument" of international trade policy was the major theme of the welcoming message by the Prime Minister to the 103 countries participating in the Montreal Meeting. The Prime Minister expressed his belief that "we are on a threshold of a decade of historic challenges and choices in world trade. With Europe of 1992, the Canada-U.S.A. Free Trade Agreement, the Australia-New Zealand Agreement and closer ties in the Asia-Pacific region, world trade will either become more open or more restrictive". In this regard, he highlighted the Canada-U.S.A. Free Trade Agreement as a significant contribution to a policy of freer trade and as a possible model for the GATT in the areas of dispute settlement, investment and services.