

A recent edition of the Economist described the GATT as follows:

For most of its 43 years, the GATT has worked remarkably well. That is surprising because the infant was four-fifths throttled at birth.

The GATT was originally conceived in 1944 at the Bretton Woods conference along with the World Bank and the International Monetary Fund.

However, from the very outset, governments were reluctant to surrender commercial sovereignty to an international trade body.

Unlike the other two Bretton Woods triplets, the charter of the International Trade Organization was never ratified after the war.

Instead, we ended up with the stop-gap interim arrangement called the General Agreement on Tariffs and Trade that is still in place more than four decades later.

Despite its difficult beginnings, the GATT has served the interests of Canadian exporters remarkably well up until now.

The first seven rounds of GATT negotiations reduced the average tariff on manufactured goods from 40% in 1947 to about 5% today.

This gradual tariff liberalization created increased market access for Canadian exporters and paved the way for rapid growth in world trade.

Notwithstanding its progress in lowering tariffs on manufactured goods, the GATT has, so far, been unable to come to grips with several pressing problems such as agricultural trade and trade in services.

And that's why we find ourselves at a crossroads today.

Four years ago, we launched the eighth round of GATT negotiations in Punta del Este, Uruguay. In ten weeks, the Uruguay Round is scheduled to conclude in Brussels.

The Government of Canada has played an active role in the Uruguay Round because we believe the future of the world trading order depends on its outcome. The GATT is important to Canada because the future prosperity of our medium sized economy depends on exports. Canada needs a world trading order that is based on the rule of law rather than pure economic strength.