

The GATT in Brief

- The GATT is a multilateral trade agreement to which more than 100 countries now adhere. Headquartered in Geneva, Switzerland, it is Canada's main trade agreement with most of the world except for the United States.
- The GATT constitutes a contractual framework of rules stipulating the kinds of trade policies and practices that its members may pursue in regulating trade in goods. It is the main global forum for the progressive liberalization of trade.
- These rules, which cover a wide range of practices, are grounded in the principle of non-discrimination among members. The two most important rules provide for most-favoured-nation treatment (article I) and national treatment (article III).
- The GATT allows members to negotiate free trade areas and customs unions among themselves as long as such agreements provide for more liberal trade among member countries and do not raise barriers to non-members (article XXIV).
- Through its dispute-settlement provisions (articles XXII and XXIII), the GATT provides a forum for the settlement of conflicts among members based on the principles of law and conciliation rather than power and retaliation. Decisions by panels have gradually strengthened the legal foundations of the GATT.
- Through successive "rounds" of trade negotiations, GATT members have succeeded in eliminating some 80 per cent of the tariff protection in effect in industrialized countries at the GATT's founding in 1947, as well as most of the quantitative protection then in effect.
- The Uruguay Round, initiated at a Ministerial meeting of the GATT at Punta del Este, Uruguay, in September 1986, is the eighth and most ambitious round yet in the GATT's periodic negotiations. In keeping with the changing nature of international trade, it proposes to extend its disciplines to trade in services, trade-related investment measures and trade-related intellectual property matters.

Michael Hart, *Trade - Why Bother?*

ministers from the United States, Mexico and Canada met in Toronto to formally begin the negotiations.

The Objective: Open and Secure Access throughout North America

Canada had three basic goals in the negotiations, each of which was achieved in the NAFTA.

1. **Gain access to the Mexican market:** Canada sought to gain access for Canadian goods, services and capital to Mexico — one of the fastest growing and most promising economies in the world — on an equal footing with the United States.

This was achieved. The Agreement eliminates all Mexican tariffs and import-licensing requirements (except on some agricultural products), some immediately and the rest over the course of the transition period. Canadian firms will be able to participate in virtually the whole Mexican economy and significantly expand business opportunities