

- to improve existing rules on subsidies and the use of countervailing duty and safeguards actions, and
- to strengthen GATT institutions, especially for dispute settlement and surveillance of national policies, as well as creating a closer link with the IMF and the World Bank.

The mid-term review meeting, which I hosted in Montreal in December was disappointing for what it failed to achieve ... especially on the thorny issue of agriculture. But important progress was made on market access, trade rules, dispute settlement, the functioning of the GATT, trade in services and tropical products.

And, I am optimistic that the groundwork has been laid for progress on the thorniest issues in the months ahead. Most encouraging was the sense of on-going commitment to achieving success in the Uruguay Round that I felt on the part of all participants in the Montreal meeting.

After much hard bargaining over the next two years, I believe the ambitious objectives set in Punta del Este will be achieved. I say this because I believe there is a general recognition among trading nations that we must succeed. We will all be the poorer if those objectives are not achieved.

A second major focus for Canada's trade strategy is the creation of an integrated European market by 1992. Western Europe accounts for 36 percent of Canada's non-U.S. exports and, along with the Pacific Rim, is the principal focus of Canadian trade and investment initiatives outside North America.

We are confident that Europe will remain open and contribute positively to the establishment of new rules and disciplines in the Uruguay Round that will lead to a more open, dynamic world economy. European integration must not lead to new trade barriers. That would be a blow to an open international trading system. Even the threat of new barriers could have a chilling effect on international trade and investment and on progress in the Multilateral Trade Negotiations.