

## SERVICES

The General Agreement on Trade in Services (GATS) establishes, for the first time, international rules on the conduct of international trade in services, one of the fastest-growing sectors of the Canadian and the world economy.

The Agreement includes an obligation not to grant any special trading advantage to one country over another or to discriminate against any country; all countries are equal, and all share the benefits of any move toward lower trade barriers. However, under the GATS, countries may take exemptions from this obligation for a limited number of services that would end, in principle, after 10 years. There is also a provision for free trade agreements such as the North American Free Trade Agreement (NAFTA).

The Agreement includes the criteria for resolving trade disputes and for establishing a Services Council, which will be an integral part of the new World Trade Organization.

The GATS contains extensive commitments by signatories to secure more open markets for a broad range of services including financial services, professional services (such as engineering, legal and architectural) and telecommunications, computer, transportation and tourism services. Further negotiations on specific issues will continue over the next several years.

Canada's cultural industries remain untouched by the Uruguay Round agreement.

## TEXTILES AND APPAREL

A key objective of the Uruguay Round was to return the textiles and apparel sectors to the GATT under improved rules. The textiles and apparel sectors will gradually be brought under the rules of the GATT over a 10-year period.

Each country will be required to integrate, in three stages, textile and apparel products accounting for 51 percent of the total volume of its 1990 textile and apparel imports during the transition period. The remaining products will be integrated after the transition period has ended.

During the transition period, each country can retain existing quotas. However, these quotas will be subject to increases during that time. In addition, Canadian textile and apparel producers will benefit from the protection of improved rules and disciplines governing unfair trading practices, fraud and circumvention.