

Bilateral agreement may expand world trade

International Trade Minister James Kelleher, in a speech in Los Angeles on January 16 to the Canada-California Chamber of Commerce and the California Council for International Trade, said that a new bilateral trade agreement between Canada and the United States could bring world trade barriers down and expand the multilateral trading system.



James Kelleher

Mr. Kelleher said that the principles of the 1935 bilateral agreement lowering trade barriers between the two countries became the foundation for the current world trading system. He added that "if Canada and the United States could lead the way, if we could show the rest of the world that trade liberalization is to everyone's advantage, I believe the multilateral negotiations might yield better results: more barriers would come down faster throughout the world".

Progress slow

Emphasizing the importance of the General Agreement on Tariffs and Trade (GATT) for maintaining an orderly trading system and lowering trade barriers throughout the world, Mr. Kelleher pointed out that as the needs of a hundred nations must be considered, progress was often slow.

He added that GATT, "by itself, is not equipped to address the needs of a bilateral trading relationship as extensive, dynamic and complex as the one between Canada and the United States".

Canada-US trade goals

Mr. Kelleher said Canada has three main objectives in bilateral trade negotiations with the United States. These are:

- assured and stable access to each other's markets to create employment in both countries and stimulate balanced economic development;
- the reduction and elimination of other tariff and non-tariff barriers; and
- the creation of a better framework of rules to settle disputes.

Quadrilateral trade meeting

Following his visit to Los Angeles, Mr. Kelleher attended the Quadrilateral Trade Ministers Meeting, January 16-18, hosted by US trade representative Clayton Yeutter in San Diego, California.

The "quadrilateral representatives" are the ministers responsible for international trade from Canada, the US and Japan and the commissioner from the Commission of the European Community. Together these countries account for 65 per cent of world trade and the representatives have met two or three times a year since 1982 to informally discuss their views on issues concerning international trade. The Canadian minister hosted the last meeting in Sault Ste-Marie, July 11-14, 1985.

Major agenda

The meeting in San Diego focused on the new round of GATT negotiations scheduled to begin in September.

The delegations agreed that there was an

urgent need to streamline the process for settling international trade disputes.

"There's a great deal of concern amongst the business community both in Canada and the United States that the GATT agreement is fine, but if you can't settle disputes when they arise, what good is the agreement," said Mr. Kelleher.

Other issues discussed at the meeting included trade in agriculture and natural resource products; discriminatory tariffs; trade in services such as banking, insurance and services; intellectual property such as patents and trade marks; and temporary trade barriers set up to protect a specific industry in special circumstances.

Mr. Kelleher re-emphasized the invitation made by Prime Minister Brian Mulroney late last year to hold the ministerial conference inaugurating the multilateral trade talks in Montreal, Quebec.

Merchandise trade surplus decline

Preliminary estimates from Statistics Canada indicate that in November Canada's exports declined and imports rose resulting in a decline in the merchandise trade surplus to \$500 million from \$2.2 billion in October. Exports for November, which amounted to \$10 billion, declined 8.4 per cent from the record \$10.9 billion in October. Imports rose 8.9 per cent or \$781 million to a record level of \$9.5 billion.

