



Photo: Laurie Storsater

**Prime Minister Brian Mulroney addressing GATT negotiators at the Montreal ministerial mid-term review of the Uruguay Round.**

Photo: Palais des Congrès de Montréal

international trade) but also "the key to relations between developed and developing countries."

Mr. Mulroney also addressed the subject of agriculture, one of the central issues on the negotiating table. He called for the fair and equitable liberalization of agricultural trade and the elimination of trade-distorting subsidies that have proved costly to Canadian farmers. "Canada has pressed hard on agricultural issues and we will accept commitments if they are fair and equivalent to those accepted by other major participants in the trade negotiations," said the prime minister.

The issue of agricultural trade has proved a difficult one to resolve to date. Most agricultural trade measures are directly linked to national

agricultural policies. As a consequence, agriculture in past GATT rounds was put to one side as being too politically sensitive to negotiate.

A week of negotiations involving both ministers and officials produced no compromise on this issue in Montreal.

"Canada has placed a high priority on long-term reform of agricultural trade," said Minister Crosbie at the close of the meeting. "Despite the concerted efforts of Canada and other countries to forge a consensus on the goal of long-term agricultural reform, the gap between the European Community and the U.S. was just too great to bridge this week."

The Montreal meeting wound up with a decision to reconvene at the senior official level in Geneva in April to deal with the four issues on which agreement was not reached: agriculture, trade-related intellectual property, textiles and safeguards. Of the Geneva meeting, Mr. Crosbie said: "The decision to extend this phase of the negotiations is a rational

response to developments over the past week. It preserves the best of what we achieved this week and gives us time for cool re-examination of the problem areas. Most importantly, it prevents a stalemate which might have jeopardized the not insignificant gains we made here."

## The Road Ahead

Important headway was made in 11 of the 15 working groups. The most significant gains were achieved in the areas of market access, dispute settlement, functioning of the GATT system, trade in services, tropical products, and more effective GATT rules, many of which are of high priority to Canada.

**Market Access.** A framework was developed for negotiating a substantial reduction in tariff and non-tariff barriers, including those affecting exports of resource-based products at all stages of processing.

**Dispute Settlement.** A provisional agreement which will improve the establishment and functioning of GATT panels and reduce the possibility of dispute-settlement delays was achieved. Greater flexibility will be provided by expanded use of arbitration, conciliation and mediation procedures.

**Trade in Services.** Agreement was reached that substantive negotiations should intensify on a multilateral framework to be applied to the broadest range of service industries possible, and that the process should involve progressive liberalization of trade impediments.

**Tropical Products.** Canada contributed to an important package of measures designed to liberalize trade in products of particular importance to developing countries. With the new offer in place, most

of Canada's imports of tropical products, worth some \$1.2 billion annually, would enter Canada duty-free or at a special preferential rate.

**Functioning of the GATT System.** A provisional agreement was struck that allows for the establishment of a new trade policy review mechanism to carry out periodic reviews of trade policies and practices of GATT contracting parties, greater ministerial involvement to provide stronger political direction to GATT activities, and greater co-operation among GATT members and other major international economic institutions.

**More Effective GATT Rules.** Agreement was achieved on a balanced and comprehensive negotiating framework to improve current GATT rules on both trade-distorting subsidies and the application of countervailing measures. This framework includes the need to define subsidies, elaborate new disciplines on trade remedies, and specify conditions for non-countervailability of subsidies. Negotiations now will begin on ways of reducing the distorting impact of trade-related investment measures such as local content and export performance requirements.

The task facing the participants of the Montreal meeting was far from simple. And although the results were not entirely what Canada and many other countries had hoped for, they were, nonetheless, encouraging. "The GATT is alive and well, albeit with some aches and pains," Mr. Crosbie stressed in his closing remarks. "However, Canada and every other participant is committed to the successful conclusion of the multilateral trade negotiations by the end of 1990. We have a difficult task ahead, but not an impossible one."