

procedures be put in place to restore the balance of benefits in cases of failure to implement panel reports.

The issues related to adoption and implementation of panel findings are the subject of a separate Canadian paper.

3. World Trade Organization (WTO)

Developments in the substantive negotiations are now demonstrating that the Uruguay Round results cannot be effectively housed in a provisional shelter. It is also becoming clear that the post-Uruguay Round trade policy agenda will be complex and may not be adequately managed within the confines of the GATT system as it now exists.

Canada would propose to come forward with a draft of an umbrella framework around the time of the July TNC when the profile of the overall, substantive MTN package should have emerged from the detailed negotiations in the various negotiating groups.

The draft could provide a basis for examination through the fall of how the results of the Round could be incorporated into a new institutional structure. As part of a major and substantive result in the Uruguay Round, Ministers would decide in Brussels to create a World Trade Organization. Detailed administrative arrangements could be worked out in early 1991.

The substantive obligations of the GATT, other existing agreements and the Uruguay Round agreements would not be changed. The WTO would provide an institutional framework and formal legal status for the overall, multilateral trading system. It should be approved by the national legislative authorities as part of the approvals necessary to implement the overall, MTN trade agreements.

4. Strengthened Trade/Finance Linkages

A major contribution of a new WTO would be to provide the institutional capacity and credibility for the new GATT trading system to engage in more sustained and effective cooperation with the IMF and the IBRD. Indeed, the key to increased economic policy coherence lies in a successful MTN which would result in improved and expanded trade rules, an effective dispute settlement system and increased transparency in the development of national trade policies and practices.

In recognition of the need for increased coherence between monetary, trade and financial policies, governments should also agree on a number of concrete initiatives to be taken to enhance cooperation with the IMF and the IBRD.