

Prosperity through World Trade

The stakes are too high, the benefits are too great to give in to protectionism. We should seize upon this opportunity to reinforce the multilateral trading system on which the health of the global economy depends.

— The Rt. Hon. Brian Mulroney,
Prime Minister of Canada

With this clear message, Prime Minister Mulroney opened the mid-term review of the Uruguay Round of international trade negotiations under the General Agreement on Tariffs and Trade (GATT).

Held in Montreal's Palais de Congrès from December 5 to 9, the Montreal Ministerial Meeting brought together trade ministers and officials from 103 nations to review developments in the Uruguay Round, launched in September 1986, and to provide direction for the final two years of negotiations.

GATT

With most of the world's trading partners now members, the GATT has become the cornerstone of the world trading system. Founded in 1947 by a group of 23 nations, GATT membership has grown to include 96 countries, while several others adhere to its basic rules and principles.

The original objective of the GATT remains the same today as when a number of countries met in Havana right after the Second World War to lay the foundation for an international trade organization. That

goal is to lower trade barriers and improve market access through negotiation and accommodation as an important foundation for the world's prosperity.

The global economy in which the GATT was founded 41 years ago has changed markedly. And the GATT has attempted to keep pace with change through seven major rounds of multilateral trade negotiations since 1947.

As one of the founding members of the GATT, Canada has long been a staunch supporter of its objectives. It offered to host the first-ever mid-term meeting of the current round of negotiations because of the importance that this country places on multilateral liberalization of trade. Evidence of this commitment was further demonstrated by the Free Trade Agreement (FTA) recently forged with the United States which liberalized trade significantly between Canada and the U.S.

GATT and the Free Trade Agreement

"Bilaterals have never been considered a dirty word at GATT because they have always been considered a way to move things forward," said GATT Director General Arthur Dunkel, of the Free Trade Agreement. This view reflects the Canadian perspective that the GATT and FTA are complementary and reinforcing programs. "When we negotiated the Free Trade Agreement with



the United States, it was under the terms and conditions of GATT," said International Trade Minister John C. Crosbie in his opening statement in Montreal. "In many ways, the hard work done in the Canada-U.S. free trade negotiations, on investment and trade in services for example, has already covered some useful ground for these much larger and more complex negotiations under the GATT."

The Uruguay Round is the most ambitious and complex set of trade negotiations to date. The 15 negotiating groups set their agenda early in 1987 and have been hard at work on their approach to each issue since then. The negotiations are intended to further reduce or eliminate some present-day tariff or non-tariff trade barriers.

They also are to pursue the development of stronger and expanded trade rules and attempt to resolve such contentious issues as agricultural subsidies. Through the Uruguay Round, the GATT hopes to bring newer and increasingly important areas such as the trade in services, trade-related intellectual property and trade-related investment under a system of multilateral rules.

Montreal Meeting

In his opening remarks at Montreal, Prime Minister Mulroney emphasized the importance of trade not only to the well-being of Canada (it accounts for nearly one-third of all economic activity in Canada and some three million jobs here depend on