

The WTO features a greatly expanded array of rules to open up global trade and, for the first time, a fast and effective dispute-settlement system. International Trade Minister Roy MacLaren sees the WTO growing to enhance co-operation among today's regional trading pacts, drawing together Europe, Asia, and North and South America.

*"The prosperity
of any commercial nation
is regulated
by the prosperity of the rest.
If they are poor,
she cannot be rich."*

Thomas Paine in *The Rights of Man* 1792

Canada has urged its G-7 partners to ensure that the WTO is strong enough to take the world into the 21st century and to counter protectionism. As well, a smoothly running WTO is essential to finish what the Uruguay Round left undone - negotiations in areas such as financial services, telecommunications, shipping, and the ways in which governments buy goods and services.

Some countries, led by the United States, want to include labour and environmental standards in trade rules. They argue that they face unfair competition from countries, mostly developing ones, where employers are not required to install pollution control equipment or provide safety measures in the workplace. This view tends to win support in rich countries, but it can be used as a backdoor form of protectionism. It will be a tough issue for the World Trade Organization to deal with.

There is also the issue of admitting new members to the WTO. Canada believes that countries must commit themselves to open, market-based economies; to the basic principles of the multilateral trading system; and to improved access to their own markets.

There are always new challenges facing the world trading system. One of them is what's called globalization. Modern communication and transportation links make it possible for companies to locate their operations almost anywhere. A Canadian insurance company, for example, processes claims in an office in the Caribbean. A company selling

CD-ROM databases has the information entered in India. So, Canadian workers are no longer just competing with their counterparts in the United States, they are in competition with workers everywhere — especially those in lower-wage, lower-tax environments.

This globalization has increased the need for international co-ordination and co-operation; the G-7 summits lead to better economic policy co-ordination (e.g.: consideration of inflation and interest rates; promotion of international trade and investment; creation of jobs) and also allow the leaders to set the international agenda and thus identify critical issues and global priorities.

THE URUGUAY ROUND

One observer who sat through the entire Uruguay Round of GATT negotiations said they should be renamed the General Agreement to Talk and Talk.

Originally negotiated in 1947, the GATT has always been intended to increase international trade and the free flow of goods among nations. This is to be achieved by reducing and policing the imposition of tariffs, quotas, and other barriers to trade. By the late 1980s, however, the existing GATT deal was in need of updating; several new trade challenges needed to be dealt with.

For seven years, negotiators from 117 countries hunkered down in locations ranging from Uruguay to Geneva in an effort to reach an agreement. For years however, the United States and the European Union had haggled over farm subsidies, and the deal came close to collapse many times. It must be remembered that disagreements and delays in such complex negotiations are inevitable, with participants using both as bargaining tactics. In the end, a recognition that there was more to be gained from co-operation than confrontation brought about a deal in December 1993. For the first time, areas such as services, farming, and intellectual property were brought under the GATT umbrella. Some economists say the agreement could increase world trade by as much as \$200 billion a year.

Canada's Trade Minister Roy MacLaren said: "What [the GATT] does is open markets to Canadian exports...and this is good news for Canada." Tariffs will be cut to zero on pulp and paper, pharmaceuticals, and chemicals and will be reduced on wood and non-ferrous metals, with the exception of aluminum. The Europeans scuttled tariff cuts on aluminum, an important Canadian export, in order to protect the industry in France.