Trade Policy Objectives

Multilateral: GATT/WTO and the Uruguay Round

As a trade-dependent country, Canada's continued growth and prosperity depends on secure access to foreign markets. Canadian interests are best served by a strong international trading system founded on stable, internationally agreed-upon rules and procedures. The General Agreement on Tariffs and Trade (GATT) has therefore been the cornerstone of Canadian trade policy. Indeed, the successful conclusion of the Uruguay Round and the signing of the World Trade Organization (WTO) agreements represent a major achievement of Canadian trade policies over the past four decades.

Legislation to implement the results of the Uruguay Round was considered by Parliament last fall, and approved by both Houses before the end of the year, thereby enabling Canada to announce its formal acceptance of the WTO agreement before the January 1, 1995 deadline.

With so many countries involved, the Uruguay Round negotiations were complex and difficult. The results, however, were substantial. Canada set out major objectives for the Round early on, including a significant and comprehensive market access package, the full incorporation of agriculture into international trade disciplines, a multilateral agreement on trade in services, the development of fairer and improved trade rules, particularly in the areas of subsidies and countervailing duties, and a stronger and more effective dispute settlement system. These goals, developed in close consultation with the provinces and the private sector through a process of formal and informal consultations, were met or surpassed as part of the final outcome of the Round. Further, and perhaps most importantly, the agreement to create a World Trade Organization to integrate all of the outcomes of the Round and to provide a central forum for the management of the world's trading system, was a major result of the Uruguay Round, from Canada's perspective.

The GATT Secretariat estimates that, over the next eight years, the agreement will cause global trade to expand by more than $1 trillion over and above that which would have been achieved otherwise. Canada's Department of Finance estimates that the benefits for this country will be in the order of at least $3 billion a year, when the agreement is fully phased in.

With the successful completion of the latest round of multilateral trade negotiations, Canada's most important multilateral trade objective will be to ensure the effective implementation of the Uruguay Round agreements and to turn gains in access to world markets into increased exports and job opportunities for Canadians. The overriding aim will be to maximize Canada's share of the projected $1 trillion growth in worldwide trade that the Agreement is expected to generate. *(See discussion of ACCESS '95. This new government initiative is designed to transform hard-won gains in access to foreign markets under the WTO into tangible business opportunities for Canadian SMEs.)*

The Government intends to pursue this objective on several fronts, building on many of the trade policy recommendations contained in the recent report of the Special Joint Committee on Canada's Foreign Policy.

- **World Trade Organization (WTO)** — The WTO will provide a solid institutional base from which to manage a strong, rules-based trading system, while facilitating the implementation of the new Uruguay Round agreements, administering the dispute settlement and the trade policy review mechanism processes, and providing a forum for further trade negotiations. As such, the WTO will put international trade on a firm institutional basis by becoming the third pillar of the world's economic and financial structure, along with the World Bank and the International Monetary Fund (IMF). It will also provide for greater political surveillance of the system by trade ministers in the coming years.