

Canada disagrees with the U.S. decision to challenge this ruling by a binational FTA panel. This action seems to treat an Extraordinary Challenge Committee as an appellate court. That is not the purpose of those committees. The Extraordinary Challenge provision of the FTA allows for such a challenge only upon grounds of gross misconduct, serious violations of the fundamental rules of procedure, or manifest excess of jurisdiction. That is clearly not the case here. The U.S. resort to this provision is a response to protectionist pressures from Congress. The FTA, including the binational review panels, was designed to take political influences out of trade dispute decisions. This move attempts to put politics back in trade dispute decision-making and contravenes the intent of the FTA itself. We will make that argument to the Extraordinary Challenge Committee.

I have spoken of bilateral free trade and the challenge of leadership there. But there are other negotiations underway and beckoning. Here too, leadership is required.

I refer to the multilateral trade negotiations (MTN), the current round of the GATT. The stakes here are tremendous.

- Under current GATT rules, taxpayers from the 24 richest countries paid \$250 billion in 1989 to shelter farmers from competition;
- \$500 billion in annual trade in services is not covered by the GATT;
- US\$1.7 trillion annually in government procurement is not covered;
- If there were a one-third reduction in global trade barriers, the Canadian GNP would increase by about \$100 billion over 10 years, the U.S. GNP by over \$1 trillion.

The MTN negotiations have been re-engaged. But what continues to confound is the lack of leadership. The countries of Europe have yet to make the fundamental decisions required on agriculture if we are to succeed. Leadership must be forthcoming on those issues or the world trading system risks collapse into protectionist blocs. There seems to be a notion out there that as nations cut regional deals, they are immune from the damage protectionism can do. But erecting walls around blocs is no less dangerous than erecting walls around nations. The princes of protectionism must be convinced that if they win, they will all be paupers soon enough.

The way ahead will not be easy. But central to success is the extension by the American Congress of Fast Track Negotiating Authority for the MTN. Here too, leadership is required.