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HOCKIN PLEASED WITH PROGRESS ON URUGUAY ROUND

The Honourable Tom Hockin, Minister for International Trade, today released the market-access report submitted last week to G-7 leaders at the Tokyo Summit by ministers responsible for the Uruguay Round from the United States, the European Community (EC), Japan and Canada.

Returning from the July 6 meeting of trade ministers and the G-7 Summit in Tokyo, Mr. Hockin said that he was pleased that the basis had been achieved for a comprehensive market-opening package for goods and services.

"The report is a key stepping-stone to re-engaging the Uruguay Round in Geneva and sends a strong signal that the Round can be completed by the end of the year," said Mr. Hockin. "A strong market-access package will stimulate economic growth in Canada and worldwide, and will help strengthen the fight against protectionism."

Mr. Hockin emphasized that the report does not constitute the final Uruguay Round agreement on market access. Detailed negotiations among all members of the General Agreement on Tariffs and Trade (GATT) must be completed this fall in Geneva. He added that the large reduction or elimination of foreign barriers to Canada's resource-based sectors, including forest products, is essential for a far-reaching and balanced agreement.

The Minister also welcomed the progress made in a market-opening package for trade in services, particularly financial services.

The Minister noted that Canada had taken the lead in achieving this important step forward. "When my predecessor Michael Wilson invited his colleagues from the United States, the EC and Japan, to Toronto on May 14, it resulted in intensive negotiations among ministers and officials that led to the agreement in Tokyo last week."

Mr. Hockin stressed that a strong market-access result, covering both goods and services, is an important part of a large and balanced overall Uruguay Round deal, which would include more equitable rules covering agriculture, improved trade rules and stronger dispute mechanisms, and arrangements for a Multilateral Trade Organization.

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For further information, media representatives may contact:

Media Relations Office
External Affairs and International Trade Canada
(613) 995-1874

Backgrounder

REPORT ON THE URUGUAY ROUND

1. As ministers responsible for the Uruguay Round negotiations for the United States, Canada, the European Community and Japan, we believe we have within our reach a far-reaching and comprehensive market-opening package on goods and services that will help spur on worldwide economic growth, increase employment and strengthen our fight against protectionism. We look toward a prompt re-engagement of the multilateral negotiating process in Geneva to be concluded by the end of this year.

2. The realization of this objective will require a fair and equitable sharing of commitments by each of us. Our efforts must be matched by binding market-opening measures by other participants. Mutually agreed solutions will also need to be found to outstanding Draft Final Act issues. Of course, final agreement on a global and balanced package can only be concluded when everything is agreed.

A) INDUSTRIAL GOODS

3. In respect of trade in industrial goods, our negotiations have focused on the liberalization of tariffs and non-tariff measures and on market-access binding commitments. Subject to appropriate contributions by other major producers and exporters and satisfactory resolution of specific non-tariff measure issues, we want to build upon existing market-access offers contained in our draft schedules of concessions through a comprehensive and integrated approach, recognizing the desire of some participants to move further in various areas, such as wood, paper and pulp, and scientific equipment.

4. Specifically, we intend to build on the following minimum elements to achieve an overall balanced package in the market-access negotiations:

a) **Tariff and non-tariff measure elimination:** In the context of a far-reaching and balanced market-access package, we have thus far identified a common list of product sectors for complete elimination of tariff and non-tariff measures (pharmaceuticals, construction equipment, medical equipment, steel subject to the MSA [Multilateral Steel Agreement], beer, and subject to certain agreed exceptions, furniture, farm equipment and spirits). We shall seek to add to this list as many sectors as possible.

b) **Harmonization:** We have identified chemical products for a harmonization of tariffs at low rates, including, in some

cases, zero, and further negotiations may lead to the harmonization of tariffs in additional product areas.

c) For tariffs of 15 percent and above, we will negotiate the maximum achievable package of tariff reductions, recognizing the objective of reaching 50-percent reductions, subject to agreed exceptions and to other exporting countries agreeing to provide effective market access through tariff reductions and appropriate non-tariff disciplines.

d) Other tariff cuts: For products other than those subject to a) to c) above, we will negotiate tariff cuts by an average of at least one third. We have also identified a number of sectors where tariffs could be reduced substantially beyond this level, in some cases, possibly beyond 50 percent.

B) AGRICULTURE

5. We look forward to immediate re-engagement of the multilateral negotiations to complete expeditiously the agricultural market-access package, including processed products, as an essential component of the agriculture agreement and of a global and balanced Uruguay Round package.

C) SERVICES

6. We believe that achieving a substantial package of services trade-liberalization commitments is an essential part of a global and balanced Uruguay Round outcome. It is also necessary to ensure that the new multilateral framework (GATS) for services trade will be based on meaningful and concrete market-access commitments. We note the extensive list of existing offers, which covers a broad range of services sectors, such as insurance, banking, securities, construction, distribution, tourism, software and computer services, and professional and business services, including consulting, engineering, accounting and legal services. We have looked to ways to further expand our respective offers and to reduce limitations inscribed in our respective draft schedules.

7. Subject to appropriate contributions by other participants, we want to build upon existing market-access offers in order to successfully complete the services negotiations. Specifically:

a) In financial services, we made progress toward more open financial-services markets on the basis of liberalization commitments. We will continue our efforts. We are looking to a greater level of commitment from other participants, including commitments that offer a real prospect of liberalization.

b) In basic telecommunications services, we will pursue a multilateral liberalization of this sector within the framework of the draft GATS with the participation of other countries, including those with major telecommunications markets. These negotiations should go forward as soon as possible on the basis of a common detailed agenda we have developed. Questions of modalities to enable the negotiations to continue beyond the Uruguay Round, including the handling of MFN [most-favoured nation] exemption requests, should be resolved by the end of the Uruguay Round negotiations.

c) In maritime services, we will continue to work toward satisfactory solutions.

d) In audio-visual services, we will continue to work toward satisfactory solutions for all aspects of this sector.

e) As to the temporary movement of business persons, we look to substantial commitments, including on intracorporate transferees, in order to enhance the overall liberalization of trade in services.

D) GOVERNMENT PROCUREMENT

8. In respect of government procurement, we are looking to open further competitive contract opportunities for our goods and services suppliers through an expansion of the GATT Procurement Code.