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STATEMENT BY CANADA ON
«STRENGTHENING THE RULES OF THE
GAME, ESPECIALLY IN THE FIELD
OF TRADE»

OECD MINISTERIAL MEETING
PARIS
APRIL 11, 1985

The countries represented here today account for almost three-quarters of world trade. We are faced with serious threats to the world trading system and it will be up to us to work together to meet the challenge this creates.

For almost four decades our nations have been building the open multilateral trading system based on the General Agreement on Tariffs and Trade (GATT). Each of us during these years has benefited from the fundamental principles of non-discrimination and transparency. The successive rounds of multilateral trade negotiations, which have reduced substantially and in some cases eliminated barriers to trade, have made possible the increases in world trade which we have witnessed over the years, and which cumulatively are of critical importance to our economic well-being. Soon we will have implemented all the trade liberalization measures to which we agreed during the Tokyo Round of multilateral trade negotiations.

However, we are now facing serious pressures for protectionist action which are exacerbated by continuing high levels of unemployment and major shifts in exchange rates. We must resist these pressures. Failure to do so will increase structural rigidities and jeopardize the prospects of our collective objective of sustained non-inflationary growth.

In this regard the public release of the Study on Costs and Benefits of Protection underlines the costly distortions protectionism entails.

Canada is fully committed to resisting protectionist pressures and to dismantling trade-restricting and trade-distorting measures. Over the next year OECD member countries should pursue efforts to identify trade liberalization possibilities.

Improving conditions of access to OECD markets for developing countries, particularly those most in need, should remain a high priority. The Canadian Government recently decided to extend its Generalized System of Preferences for a further 10-year period, and to improve its application.

Members of this organization recognized last year that a new round of multilateral trade negotiations (MTN) under the GATT would be of utmost importance to a strengthening of the multilateral trading system. Since that time we have all declared ourselves in favour of launching a new MTN round. Indeed only a clear commitment by OECD countries on a new round will provide the focus required to resist protectionist pressures, in line with commitments made at previous ministerial meetings.

Canada considers that an agreement among OECD member countries on a date for the formal launching of a new round of multilateral trade negotiations would contribute to the confidence of businessmen in the ability of governments to manage the trading system. It would also give impetus to the important preparatory work which needs to be done internationally as well as domestically. The task of rejuvenating the trading system is now urgent. We support the formal launching of a new round in early 1986.

OECD countries must be sensitive to the need to develop an international consensus of support for a new MTN round, which would include the developing countries. Canada has already begun a series of meetings with some developing nations to discuss the new MTN, during which we received clear indications of support and interest for a new round provided we can show understanding to their sensitivities.

The agenda for a new round will need to reflect the interests of all participants. Its timing, its objectives, and the procedures for the negotiations themselves, are all issues which should be addressed by a preparatory committee of the GATT contracting parties which we propose be formally established this summer.

We need to focus attention on the areas where agreement was not possible during the Tokyo Round, the areas of unfinished business, and those areas which are not yet covered adequately by GATT rules.

In the time leading up to the new round, work in the OECD in areas of direct concern should be intensified. Current problems in the field of agricultural trade are serious. Adopting and implementing the required policy changes will require political will. We should continue to emphasize the work being done in the organization on trade issues in the agricultural field.

We should complete the work on fisheries trade started in 1982 on further liberalization of trade in fisheries.

We welcome the organization's activities in the area of trade in high technology. Canada fully supports continuing work on market access for high technology products and on technology transfer.

Similarly, we would like to underscore the importance of OECD work on trade in services, and the need to strengthen our efforts in this area. We are of course pleased to endorse the Declaration on trans-border data flows. This Declaration will introduce a degree of certainty into an area of critical importance for the commercial exploitation of information technologies, and will provide a useful set of guidelines for governments as they formulate policy in this area.

Finally, Canada is encouraged by the progress made so far in improving transparency and discipline in the use of mixed credits and associated financing. Canada wishes to minimize and ultimately eliminate the trade distorting effects of subsidized financing. In particular, Canada strongly supports the package of measures to increase transparency and discipline which is being worked out and we hope this will be implemented as soon as possible. Canada feels that the package could have gone further in the area of discipline through a larger increase in the minimum grant element and we will continue to work towards that objective. Until that goal is achieved, we are committed to ensuring that our exporters have access to financing on terms that allow them to remain competitive in world markets.