

Statement

Secretary of
State for
External Affairs



Déclaration

Secrétaire
d'État aux
Affaires
extérieures

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NOTES FOR A STATEMENT BY THE
SECRETARY OF STATE FOR EXTERNAL AFFAIRS
THE RIGHT HONOURABLE JOE CLARK,
AT THE OPENING SESSION OF THE SECOND
MINISTERIAL MEETING ON ASIA PACIFIC
ECONOMIC COOPERATION

SINGAPORE
JULY 30, 1990
MORNING SESSION

Affaires extérieures et
Commerce extérieur Canada

External Affairs and
International Trade Canada

Canada

Minister Lee, Distinguished colleagues:

John Crosbie was going to introduce the discussion this afternoon on the Uruguay Round in his capacity as Chairman of the upcoming Vancouver meeting of APEC Ministers responsible for the MTN. I can't imitate John's accent, but we fully share a determination to have APEC make a success of the Uruguay Round.

It is fitting for us to review here in Singapore the progress made to date in the MTN. Our host country is one of the great success stories of the last thirty years in world trade. By 1978, it ranked 31st among exporters of goods, and continuing its impressive ascent, climbed to 18th spot in 1988. Singapore has also emerged as the 17th leading exporter of services. All that with a population smaller than our dynamic city of Toronto.

In fact, I could go around this table and give many similar examples. The Asia-Pacific region is one of the most dynamic in the world. It comprises an impressive diversity, but has shown remarkable economic and trade growth in recent years. These striking achievements highlight the importance of an open, multilateral trading system to countries at all levels of development. It is an example, and a lesson, that we should bear in mind as we work toward a successful conclusion of the Uruguay Round.

In these final critical months of the negotiations, it is timely for us, as APEC Ministers, to review the current state of the Multilateral Trade Negotiations. What happens in Brussels in December will have an enormous impact on each of our economies, and on what and how much we trade with each other, as well as with the rest of the world. This group of Asia-Pacific countries represents many of the key players in the Uruguay Round. Canada believes that APEC countries can have a real impact on the progress of the negotiations by setting out common concerns, common interests, and by clearly facing and discussing the differences among us.

Last week, the Trade Negotiations Committee met in Geneva. It provided a good snapshot of where we are in the negotiations, and of how far we have still have to go. Everyone realizes that the next few months are critical. We share the concern expressed by the Director-General of the GATT in his summation of the meeting. There has been some progress, and some groups are working on the basis of fairly advanced texts, but on many issues, negotiators face the same fundamental differences that they have been wrestling with almost from the beginning of the round. There are only four months left, and there has to be a sustained, committed effort to find compromise and consensus if we are to reach the ambitious goals that we set in Punta del Este.

Let me highlight some of the problem areas, from a Canadian perspective.

To begin with, even the traditional issue of tariff negotiations is not progressing as it should owing to two basic factors: the poor quality of many tariff offers and the fact that some countries have extended the exclusion of agriculture to include fisheries and forest products. Also, trade in these natural resource products is of considerable interest to this group, and yet the negotiations have not been substantively engaged.

We, therefore, welcome the decision of the Trade Negotiations Committee to consolidate the groups dealing with different elements of market access and hope that this will lead to an intensification of the negotiations.

One of the key access issues of particular interest to this group concerns trade in textiles and clothing. Important differences remain on the modality to be used in bringing this trade back to GATT rules. Perhaps the way ahead at this stage is to return to discussions on the fundamental elements governing the transition period-elements such as safeguard mechanisms, coverage, growth, and flexibility.

Fundamental reform of agriculture is central to the success of the round but deep divisions remain, especially with regard to the prohibition of export subsidies. Canada has some concerns with elements of the paper recently tabled by the Chairman of the Agriculture Negotiating Group. We have made these clear in Geneva, but we stand by our commitment in Houston and welcome the decision of the TNC to accept the paper as a means to intensify the negotiations. A great deal of work remains to be done in this area.

We have made some progress in the area of trade rules, with a number of detailed texts now on the table, but we have not settled several fundamental issues. We have made progress on services with the development of a draft framework agreement, but there is a lot of work yet to do on sectoral liberalization. We must also continue to press ahead in the negotiations on intellectual property and investment measures.

Finally, there is a growing sense of confrontation on some issues between developed and developing countries. This can only be destructive of our hopes for the round, and we must work to overcome it. The needs of developing countries must be recognized through special and differential treatment, but those countries must also recognize the tremendous contribution that an open multilateral trading system has made, and can make, to their economic development. Hence the importance of their fullest participation in not only the rights, but also the obligations of the system.

Liberalized trade is in the clear interest of all of us. Rising protectionism and unilateralism damage all our economies. Most recently, a report released by the confederation of Asia-Pacific Chambers of Commerce and Industry concluded that the elimination of tariffs alone between, for example, the USA and Japan would spark growth in those economies in the order of \$100 billion. A successful MTN would produce benefits many times that level and would be available to all of us. The proof is in the remarkable strength of international trade which is largely based on the success of previous GATT negotiating rounds. On the other hand, the same report reinforces the conclusion of studies which indicate that if current protectionist trends continue, the costs of lost opportunities will be enormous. We had this bitter experience in the years before the present multilateral trading system was established. History teaches us that the protectionism of each country hurts the protecting country itself, as well as its trading partners.

Much of our collective and individual effort over the past three years hangs in the balance. Of course, political reality is always more complex than economic theory. We all have our domestic special interest groups representing real concerns and real constituents. We all, consequently, have political bottom lines.

But have any of us reached that bottom line with respect to the MTN? I think not. I invite you to reflect on the enormous advantage of success, and the very high costs of failure. When APEC ministers responsible for the MTN meet again in Vancouver in September, they must come prepared to tackle the hard issues. We must all make a major contribution, so that the momentum toward a big package in Brussels is maintained.

We have before us an opportunity to reshape the world trading system, to institute new, equitable rules of trade in the old areas and the new. Canada hopes that we can build on that success to establish a new World Trade Organization that will protect our achievements through the decades to come. Canada has taken the initiative in this area, and there is a growing consensus in favour of such an organization. My colleague John Crosbie will continue to seek to develop Canada's proposal in cooperation with our trading partners. This is an issue that we will wish to address further at the Vancouver meeting.

Our collective and individual commitment to a comprehensive and substantial outcome must be unmistakable as we enter the last, critical phase of the Uruguay Round. APEC countries must, by our example, challenge other participants to commit themselves to a truly big package that adequately reflects the interests of all countries. Such a result is only too clearly in the economic self-interest of APEC participants. The consequences of failure are equally clear: weaker economies and greater reliance on unilateralism. We cannot afford to fail. Nor do I believe that we will. Clearly there is a strong sense of disappointment, and even pessimism concerning the stage of the negotiations. But a great deal of work has been done, the issues are clear and although the time is short, we can achieve a balanced substantive outcome. Let us be forward-looking and strong in our determination to work together.

Given the time available to complete the negotiations, and the tight work program set by the Director General of the GATT, we believe that the Vancouver APEC meeting on the Uruguay Round takes on a heightened importance. This will be the first of a series of multilateral meetings that will deal with the MTN through the fall, and by the time it occurs there will be only three months left to complete the round. We expect Ministers will come to the meeting prepared to engage substantively on the issues so that they can make a real contribution to advancing the negotiations.

I look forward to hearing your impressions of progress and prospects in the negotiations following the conclusion of the Trade Negotiations Committee. I hope that we can agree on a public declaration of our commitment to the Uruguay Round, and I understand that APEC officials in Geneva have already discussed the wording of such a Communiqué.