



**STATEMENT**

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AS DELIVERED

**STATEMENT BY**

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**MINISTER FOR INTERNATIONAL TRADE,**

**AT THE OECD MINISTERIAL COUNCIL MEETING**

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If there is a key to growth and employment in the interdependent world of the late 20th century it rests with our collective ability to build a fundamentally open, rules-based global economy — the cornerstone of the new world order which we have all been seeking. The new World Trade Organization [WTO] has the potential to be just that — a powerful, independent body to guide the global trading system and to serve as a counter-weight to the pressures created by economic uncertainty and insecurity. Our challenge is to give this new body the credibility, legitimacy and purpose necessary to take us into the next century.

First, we all must commit ourselves to full and effective implementation of the Uruguay Round agreement so that its achievements can be put into force on January 1, 1995. This means that we must all conclude expeditiously domestic ratification procedures. For its part, the Canadian government intends, this year, to provide for Canada's membership in the World Trade Organization and to give full effect to the results of the negotiations. We urge our trading partners to resist strenuously domestic pressures for any change in trade legislation which would go beyond what is required to implement the new additional obligations, which could lead to the imposition of more, rather than fewer, barriers to trade.

We must also recognize that the WTO should not and cannot operate in isolation. The world is increasingly globalized with trade, capital and technology crossing borders 24 hours a day. Close co-operation among the Bretton Woods institutions, as called for in the final act of the WTO agreement, is essential to a more coherent approach to the world economy. To advance the objective of sustained global economic growth and employment, and to continue the momentum of trade and payments liberalization, ways must be designed to ensure further coherence in the work of the WTO, IMF [International Monetary Fund], World Bank and the OECD [Organization for Economic Co-operation and Development].

The OECD, for its part, is a valuable forum for analysis of the many issues that lie ahead as a result of rapid global economic integration and that might — in part or in whole — be placed on the WTO agenda.

The OECD has the capacity to help design what the international trade system might look like a decade or so hence.

For example, on trade and the environment, an area now on the agenda of the WTO and on which much useful work has already been done in both the OECD and in the GATT [General Agreement on Tariffs and Trade], we look forward to the joint experts' report next June. The OECD is also well placed to examine the emerging issue of trade and labour standards. Further liberalization of trade is critical to the longer-term growth of the global economy — a process that can only have a salutary effect on wages and employment. Yet globalization can also raise concerns about potential comparative advantages based upon lower labour

standards, intensifying the insecurities that workers in the industrialized world already feel in the face of technological and economic change.

We must define the problem. We must find a common language, knowledge and understanding — work that should take place in appropriate fora such as the OECD and the ILO [International Labour Organization]. Most importantly, in this area, as with trade and environment, we must make progress only on the basis of mutual consent. Canada does not support the use of trade sanctions to impose standards of conduct. Quite apart from the question of fairness, in a world that is becoming increasingly interdependent, where the one common denominator is adherence to a market-based system, the costs of authorizing any one country to use its economic muscle to impose its own standards are too high for all.

Equally important is the OECD's work on trade and competition policy. It should be possible over the next year to outline those aspects of competition policy of significance to the cross-border flow of goods and services which are ripe for inclusion in a future international agreement. There is already a considerable international agreement with respect to the treatment of hard-core cartels and on the need for information exchange among jurisdictions in order to facilitate enforcement against them. This work may in time also provide the key to dealing with unfair pricing practices of firms without some of the distortions and costs associated with the blunt instrument of anti-dumping.

Likewise, international trade and investment are key elements in the contemporary world economy in which North and South clearly have mutual interests and an increasingly shared responsibility. Canada strongly supports the OECD initiative for a new international investment agreement and intends to participate actively in its development. This work must progress quickly in the working groups which will be established.

But perhaps the most difficult challenge facing the OECD is to help construct an international dialogue and a consensus. A relevant, active OECD can play a major role in facilitating shared discussion, analysis and co-operation. It can also provide member governments with the intellectual ballast needed to help resist domestic pressures for short-term solutions. And it can build bridges, not only among the main industrial economies, but with the newly independent states of Central Europe and the dynamic non-member economies in both Asia and Latin America. This is a process which is increasingly vital in an integrated world economy.

In many ways Marrakech did not mark the end of a long journey — though it certainly felt that way — so much as a new beginning.

What impact will deeper global integration have on the structure of our societies? Can we share the benefits as well as the costs of globalization more equitably? How do we ensure that the rule of law prevails over the rule of force in a world which, paradoxically, is both more interdependent and more fractious? The answers we seek to these and other questions will determine whether the idea of a new global economic order advances or stalls. The successful conclusion of the Uruguay Round has helped us collectively to take a big step forward. But we can't lay down our tools. Indeed, the OECD is precisely where we can creatively sharpen and reshape our tools to face our future work effectively and with confidence.