



communiqué

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NEW MTN UNDERWAY

"International preparations for a new round of multilateral trade negotiations are now officially underway" said the Minister of International Trade, James Kelleher.

In releasing the text of the important decision taken at the Special Session of the GATT held in Geneva from September 30 to October 2 at the request of the United States, Minister Kelleher welcomed progress towards an early new MTN. "This is a timely development in our efforts to fight back protectionist pressures threatening Canadian exports in our major markets," he said.

The Minister also released the text of the Canadian statement to the GATT meeting. (attached)

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AGREEMENT REACHED AT THE
SEPTEMBER 30 TO OCTOBER 2 GATT SPECIAL SESSION

The CONTRACTING PARTIES meeting in Special Session agree that:

- the preparatory process on the proposed new round of multilateral trade negotiations has now been initiated;
- in order to further this process, a group of senior officials, open to all Contracting Parties, is established; it will meet for the first time on 14 October.
- this group will report to the CONTRACTING PARTIES at their November session;
- at that session of the CONTRACTING PARTIES a decision will be taken on the establishment of a Preparatory Committee to prepare the basis for the launching of a new round.

It is understood that:

- the senior officials' group will examine the subject matter and modalities of the proposed negotiations in the light of the GATT Work Programme and priorities for the 1980's as contained in the Ministerial Declaration of 1982 and the continuing consideration of the changes in the trading environment so as to ensure that the GATT is responsive to these changes;
- the work of the senior officials' group will not prejudice the ongoing work of the GATT in terms of the 1982 Work Programme, and will not prejudge the work on services in terms of the 1982 and 1984 decisions and agreed conclusions of the CONTRACTING PARTIES; the November session will also receive reports on this ongoing work.

30 September 1985

CANADIAN STATEMENT
TO THE
SPECIAL SESSION OF CONTRACTING PARTIES

SEPTEMBER 30 - OCTOBER 2, 1985

Mr. Chairman,

Canada welcomed and strongly supported the request of the United States to convene a special session of the contracting parties to discuss the subject matter and the modalities of a new round of multilateral trade negotiations. Canada is fully engaged in promoting and preparing for the new trade negotiations along the lines described in our submission to the GATT in July. We hope that all contracting parties that rely on international markets for their economic well-being will also see it in their own best interest to participate constructively in this cooperative undertaking.

We now have an opportunity to get down to work seriously and to co-operate for common purposes and objectives. Indeed, this meeting constitutes an important milestone because it marks the start of the preparatory process towards the new round of multilateral trade negotiations. We are setting in motion a process that will ultimately determine whether confidence in the multilateral trading system can be restored, a sine qua non of present and future economic growth on which the well-being and stability of all our countries crucially depend. A successful MTN will strengthen the hands of our respective governments to preserve and enhance the access to markets so painfully negotiated in previous MTN's. It will find solutions to old and new trade problems and by so doing modernize the framework for the conduct of our mutual trade relations now and in the future.

It cannot be overemphasized that a liberal trading system, based on agreed and transparent rules, is essential to world economic growth. Of course, it is not the only element. Sound national macroeconomic policies, strengthened international economic policy co-ordination, further progress in adjusting to current imbalances and appropriate exchange rate relationships all have a role to play. In this context, I believe that recent co-operative

efforts to achieve more sustainable exchange rate relationships are to be welcomed. It has become amply evident in recent years that without appropriate exchange rates the trading system is subject to increasing strain and pressure. However it's well to emphasize that there is an important reverse relationship too. Protectionist measures, particularly those undertaken by major trading countries, will not only slow growth but will inevitably lead to misaligned exchange rates and will seriously exacerbate the global debt problem.

The lesson is clear. Current trade problems need to be addressed in concert with ongoing efforts to strengthen the international trade and payments system.

The status quo is not viable. As we have been coming out of the difficult economic recession, it has become quite clear that the new growth opportunities will require an improved climate and greater confidence by our respective producers to plan, to invest and to compete with one another in the global market. There is a worry in the Canadian business, farming and fishing communities and in our labour groups, that the stability and predictability of access to markets is seriously threatened by protectionist pressures. Developing a more predictable environment for trade and investment and enlarging market access is thus a fundamental task for us.

It seems to the Canadian Delegation that the key questions are:

- Will the new MTN be a timely and credible response to the serious challenges confronting all of us? We believe it can be but this is why the MTN preparatory process must be convincingly seen as being underway now.
- Will the MTN agenda be broadly based so as to reflect the legitimate interests of all countries? Clearly this has to be the case at the outset if the negotiations are to be meaningful.
- Will the MTN be a genuinely open negotiating process without preconditions and without prejudice as to the nature of potential trade-offs and linkages between issues and sectors? We strongly believe that the questions of linkages essentially concern individual national negotiating strategies and properly belong to the later stages of the negotiating process.

- Will the MTN seek to reform and update the existing trade rules or will it favour a static, narrow and legalistic view of the trading framework embodied in GATT? It would be naive and reckless to believe that the credibility and effectiveness of the multilateral trading system could be restored if we do not seek to address new issues as they impact on trade. Let's remember that two of the most important achievements of the Tokyo Round, the Government Procurement Agreement and the Technical Barriers Code, were areas not traditionally covered by GATT. The elaboration of these instruments benefited importantly from extensive and productive contributions from a number of developing country delegations.

Will the preparations of the new MTN proceed in the same spirit of co-operation as for previous rounds held under the auspices of the GATT? It is useful to bear in mind that just as no contracting party can be forced to accept agreements resulting from multilateral trade negotiations, other contracting parties cannot be denied the possibility to negotiate mutually beneficial trade advantages. Canada has long believed that the national interests of all countries are best served by a full participation in these negotiations. The alternative to the opportunity to influence the shaping of trade ground rules is to accept that these rules will effectively be established unilaterally, and perhaps arbitrarily, by the strongest trading partners in dealing with problems as they arise.

Mr. Chairman, these are some of the key questions which, in the view of the Canadian delegation, need be answered positively and in a forward looking manner if we are to discharge properly our collective responsibilities.

Finally, Canada believes that, in addition to defining further the content of the MTN agenda in which high priority must be accorded the 1982 Work Programme, this Session must also begin to explore the nature of the preparatory mechanism which should be put in place in the near future. We believe a preparatory committee must soon be established to develop clear recommendations on how negotiations on all agenda items should be conducted. Such a committee, in our view, should identify methods and procedures for negotiations with the full and active support of existing GATT committees and groups.

In conclusion, Mr. Chairman, we cannot afford to mark time. If we do not meet the challenges before us, we will surely also fail to create the growth opportunities which trade expansion would bring and which all our economies and societies need so much.