

# *Statement*

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NOTES FOR AN ADDRESS BY  
THE HONOURABLE ROY MACLAREN,  
MINISTER FOR INTERNATIONAL TRADE,  
AT THE OECD MINISTERIAL  
STRENGTHENING THE MULTILATERAL SYSTEM

"BUILDING ON THE URUGUAY ROUND ACHIEVEMENTS"

PARIS, France  
May 23, 1995



Government  
of Canada

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du Canada

Canada

In my intervention today, I intend to address three issues:

- first, the fragile nature of the rules-based trade system we have all worked so hard to create, and the clear imperative to live up to the commitments made at Marrakesh;
- second, the need to build on the Uruguay Round results and maintain the momentum of trade liberalization; and
- third, a specific proposal of how the OECD [Organization for Economic Co-operation and Development] can do a better job in helping us achieve our shared objective of open markets.

Some might say we deserve a sabbatical year, but it is evident that the world is not going to give us one. Recent events send a wake-up call that there is an important unfinished trade agenda.

Increasingly our efforts must be directed to removing the barriers to trade represented by domestic policies, as well as remaining border measures.

We all agree that our first priority is to build a strong and effective WTO [World Trade Organization] to oversee the operation of the multilateral trading system. We are clearly not there yet. What is required is much more than additional resources to fulfil an expanded mandate. We need the commitment of governments – in particular the governments represented around this table – to renounce measures which are inconsistent with the new rules. We need a commitment to rely on the new dispute settlement procedures – rather than retaliation – when negotiated solutions prove impossible. Most important, we need to marshal the political will to move the agenda forward, to tackle the new issues, to deepen and strengthen the overall system.

Do we believe in a rules-based system and freer trade? Or is this hollow rhetoric? We have invested much time and effort in constructing an improved WTO dispute settlement system. Threats and counter threats, and worse still, implementation of punitive trade measures puts at risk what we have all worked so hard to achieve.

At the same time, serious market barriers and discriminatory restrictions continue to exist – and this is not limited to certain countries. Growing trade friction is not a sign that we have taken liberalization and integration too far, but rather that we have not gone far enough.

The status quo is unacceptable – it is also unsustainable. I ask myself why these issues were not addressed in the Uruguay Round. The answer may be that the Uruguay Round addressed 1982 issues and that we now need to tackle 1995 issues through negotiation.

I urge others here to assume their global leadership responsibilities – to engage without delay in negotiations to provide real improvements in market access – comprehensive negotiations that, in

addition to eliminating remaining barriers at the border, provide opportunities for real competition within domestic markets. The WTO is the proper forum for such negotiations. Let's use it.

Canada, for its part, is prepared to commit to further ambitious negotiations to liberalize trade. We shall continue to argue - even in the face of those who profess fatigue - that we need to begin to lay the groundwork for the next round.

OECD members have a responsibility to map out a plan for further trade liberalization - a plan that consolidates what has been achieved and that sets out an agenda to maintain the momentum for trade liberalization, because analysis demonstrates that open markets generate growth and new employment opportunities. Closed markets sanction uncompetitive practices and increase costs to consumers and governments.

A comprehensive plan for further trade liberalization should include the following elements:

- First, successful completion of the current negotiations on services, beginning with financial services. If we are to succeed, countries represented here will need to make specific efforts to improve their offers in the services sector as a whole so as to create the conditions for a liberal, MFN [most-favoured-nation] regime for financial services under the WTO.
- Secondly, our decision this week to launch negotiations of a high standard agreement on investment is an important step. Global investment flows have grown dramatically. An agreement which is open to non-OECD members will strengthen the multilateral trading system. We should invite the WTO Secretariat to observe the negotiations. We should begin informal discussions in Geneva with non-OECD countries to lay the basis for decisions in 1996 to include investment in the WTO work program.

A free-standing negotiating group would greatly facilitate our work. The Council of Permanent Representatives should be asked to make recommendations quickly on the structure for the negotiations to achieve this objective.

Services and investment disciplines are critically important, but they are not in themselves sufficient.

Our business community is asking that we tackle the significant barriers that exist inside borders, such as standards and regulations. Work in the OECD is supporting our individual efforts of regulatory reform. We need to find ways to reduce the costs and eliminate the impediments created by differing standards on testing and certification.

Domestic policies in the area of competition law can impact on market access. We should accelerate our work in the OECD and elsewhere to bring us to a point where decisions can be made within two or three years on whether to initiate negotiations of a multilateral trade and competition agreement. Such an agreement could include general trade principles such as transparency and national treatment, common standards, and the means of enforcing such standards.

A forward-looking trade agenda would not be complete unless it includes, as an objective, elimination of remaining barriers at the border.

We recognize that globalization of the world economy results in far greater interaction of trade and other policy fields than ever before. The work on some issues, such as trade and the environment, is well advanced in both the OECD and WTO. The OECD has made a good start on trade and labour standards. Some have advocated initiating a discussion of trade and labour standards in the WTO. They need to articulate more clearly the purposes of such a discussion. Although we are open to discussion, we continue to oppose the use of trade sanctions to compensate for failure to achieve multilateral consensus and binding commitments on questions of human and workers' rights. Our analysis should be aimed at ensuring that rules in these areas are complementary, while not jeopardizing the goal of continued trade liberalization.

The OECD must take the lead in advancing the frontiers of trade liberalization and be prepared to challenge, through rigorous analysis and debate, those who oppose moving forward. A priority for the OECD must be further study and research focussed not just on the economic benefits of liberalization but on the costs of protection — from border tariffs to anti-dumping measures, to export subsidies. We should turn the argument against further liberalization on its head — what are the costs of status-quo protectionism? What are we forgoing in terms of lost employment and production? What inefficiencies are we needlessly leaving in place?

Mr. Chairman, the Canadian government firmly believes that the strength of the multilateral trading system is directly linked to our individual and collective commitment to making it work. We need to remind ourselves continually that the system we have so arduously negotiated provides the best possible basis for continued economic growth and jobs. Although we have achieved enormous progress in recent years, culminating in the successful conclusion of the Uruguay Round, the challenges before us are still immense. Here at the OECD, we are well placed to develop the means to meet these challenges. By endorsing a clear plan of action, OECD ministers can make a substantial contribution to a further opening of the world economy and to a successful outcome at the WTO Ministerial Meeting in 1996.

Thank you.