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## STATEMENT

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**NOTES FOR AN ADDRESS BY  
THE HONOURABLE ROY MACLAREN,  
MINISTER FOR INTERNATIONAL TRADE,  
AT THE MEETING OF APEC TRADE MINISTERS**

**JAKARTA, Indonesia  
October 6, 1994**

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**Canada**

Mr. Chairman, honourable ministers and distinguished delegates:

Let me start by thanking you, Mr. Chairman, your President and the Government of Indonesia for inviting us here today and offering such warm hospitality.

Marrakech in April, Jakarta this month and again next month, and Geneva in December, are all significant milestones on our sometimes uneven road to improved global and regional trading systems and thereby to higher incomes and sustainable development.

APEC [Asia-Pacific Economic Co-operation forum] trade ministers meeting here today, and again in November, will show the world that the region is taking a leading role in building the global economy. We are ready to challenge both ourselves and others around the world to move quickly to further liberalize trade and investment.

Mr. Chairman, we are coming together first to reflect on the historic achievement of the largest trade deal — that the world has ever seen.

We are also here to ensure that both the world and our region are not kept waiting for the many benefits of our hard-won agreement. We all must get on with early implementation of the Uruguay Round, so that we can meet the January 1st target that we set for ourselves in Marrakech.

More importantly, Mr. Chairman, we are here to seek consensus amongst ourselves to say to the world that once the process of ratification of the Uruguay Round is behind us, we are willing to push forward with the further opening of our markets, both worldwide and in our region.

Mr. Chairman, we in the Asia-Pacific region have much to celebrate. Completion of the Uruguay Round has strengthened the open, rules-based system that remains fundamental to further economic growth in our region. The Uruguay Round results will create a positive environment in which the developing economies of APEC can continue to make the transition toward yet higher incomes. At the same time, the strengthened trading system will allow APEC developed economies, including my own, to achieve further employment and income growth.

Later today, Mr. McMullan will lead off our discussion on further trade liberalization. However, I want to say now that completion of the Uruguay Round lays a strong foundation for additional liberalization efforts by APEC itself in ways that can support the multilateral trading system. The completion of the Uruguay Round also provides a more favourable environment for other open regional arrangements, both within APEC and elsewhere, to contribute positively to freer trade and investment worldwide. This conforms to the principle of open regionalism that APEC has adopted from its inception; it is the principle upon which APEC must proceed in the future.

In terms of more specific gains for the Asia-Pacific region arising from the successful conclusion of the Round, several are particularly noteworthy:

- The GATT [General Agreement on Tariffs and Trade] Secretariat estimates that global income will be US\$500 billion higher in 2005 than it would have been without the Uruguay Round. By the same token, APEC-region exports should be at least 8 to 15 per cent higher in 2005.

We all must be careful about the potential pitfalls of statistics. In fact, Peter Sutherland suspects that even these numbers may under-estimate the impetus to growth, innovation, and investment that will result from the Uruguay Agreement. Economists without exception have underlined the substantial potential benefits for all members of the trading system, including both developed and developing APEC economies — the most dynamic entities in the entire GATT system — now accounting for almost half of world merchandise trade.

- Access to markets for industrial products will be improved appreciably, with most tariffs being cut by at least one third. Deeper cuts, including zero tariffs in some ten sectors agreed to mutually by Canada, Japan, the United States and the European Union, will also occur. The impact of tariff escalation will be reduced as well. For example, the gaps between tariffs on finished products and raw materials will fall by as much as two thirds for products of importance to many APEC economies such as wood, rubber and tin.
- Textiles and clothing, of key interest to a number of APEC economies, are finally being integrated into the GATT/WTO [World Trade Organization] disciplines, with the Multi-Fibre Agreement being phased out.
- Agricultural tariffs will be cut by one third with domestic support measures to be reduced by 20 per cent and export subsidies by 36 per cent in terms of budgetary expenditures over a six-year period. This represents a significant gain for all APEC members who are agricultural exporters. More generally, the agricultural reforms will contribute to improved efficiency in all of our economies, and will provide a good start for future disciplines, particularly on agricultural export subsidies.
- The agreement on services will bring trade and investment worth some \$2 trillion annually within the framework of multilateral disciplines, leading to continuing liberalization in these sectors. Multilateral rules on intellectual property will provide a stronger basis for the transfer of technology in the Asia-Pacific region, while separate agreements in areas as diverse as rules of origin, import licensing and pre-shipment

inspection will improve conditions for all international traders.

- Importantly for Canada, and I know for many others in the region, the Uruguay Round Agreement also strengthens trade remedy rules. The Uruguay Round has defined the concept of subsidy for the first time in a multilateral trade agreement. Further, it sets out criteria exempting certain subsidies — for regional development, research and development, and the environment — from countervailing measures. And all of us will benefit from the strengthening of multilateral disciplines on subsidies that can have such adverse effects on other countries' interests. The Agreement outlaws the use of grey area measures and controls the use of safeguard protection. Although the Agreement does contain some improvements with respect to anti-dumping measures, we shall have to go much farther to ensure that such measures are not used as an instrument for continuing protectionism. This clearly is an area where much work awaits us all.
- The Agreement effectively precludes unilateral measures in responding to trade disputes. The new dispute-settlement system — one with clear rules, tighter deadlines, and appeal process and binding effect — is one of the most welcome reforms.
- Without a doubt, the crowning achievement of the Uruguay Round is the creation of the World Trade Organization. Such an organization is indispensable in overseeing the operation of the "single undertaking" that we have all accepted. It will also provide for greater political surveillance of the system by trade ministers in coming years.

Nevertheless, Mr. Chairman, in spite of all of the efforts of the past seven and a half years, including in Seattle last November, we face even greater challenges ahead. Clearly we all must act quickly to ensure that the World Trade Organization can be implemented fully, a subject that Mr. Kim will be speaking about later. Let me just say here that Canada is committed to ratification by the end of the year, beginning with introduction of the necessary legislation later this month.

But even with full implementation of the Uruguay Round, our work will have really just begun. We have important accession negotiations to complete. We look forward to the early accession of China and Chinese Taipei, if possible, by January 1st. And we must begin now to move the reformed trading system forward to take us all into the 21st century.

For there are clearly new realities in the economic and political relationships emerging among nations. The trading system no longer operates as the domain of a powerful few. As the Uruguay Round

negotiations unfolded, we witnessed an evolution in the roles of key players. Most importantly, developing countries both in APEC and from elsewhere, as well as "economies in transition," demanded, and won, an equal place at the table. They insisted that their needs be addressed. Equally, they showed a willingness to assume a greater share of the responsibilities.

No one can predict all of the implications of the changes that we have seen or expect to see. But of one thing I am certain. The system is taking on new meaning. Increasingly, what is the same among us is becoming more important, and more compelling, than what is different. Developed and developing alike, we are economies that increasingly share many of the same goals. We all aspire to improved standards of living on an environmentally sustainable basis. And we all seek the same opportunities to pursue those aspirations, including through more secure access to world markets. We may differ in size and level of development but, more than ever, we are equal in our right to demand those opportunities.

This leads to two inescapable conclusions about the global trading system. First, we must give the principles of fairness and mutual advantage new meaning. As our interests and aspirations increasingly converge, co-operation will be the only way to proceed. Second, we must work harder to leave unilateralism and protectionism behind once and for all. Never before has the "beggar-thy-neighbour" approach been more bankrupt; never before has using economic might unilaterally to prevail over those who are smaller or weaker been more unacceptable to the international community. Our new global trading arrangements give us a unique opportunity to steer away from these old ways and to move in a new direction — the right way.

In delivering such opportunities, the World Trade Organization will be the key instrument for all of us. But it cannot shoulder all of the problems, even though it may be called upon over time to tackle emerging trade policy issues, including such matters as the relationship of international trade and the environment, competition policy, investment and labour standards.

What we must ask ourselves here is how we can best work within the reformed multilateral system to achieve an open, forward-looking APEC trade and investment policy — a broader vision that can counter parochial and divisive concerns and maintain the momentum towards more open markets. We need to ask ourselves whether we in APEC can move forward in ways that will reflect the dynamism of our economies; that will recognize the creative openness that can emerge from the synergy of developing and developed APEC economies; that will reach out to all countries willing to commit to more intensive, more comprehensive rules-based trade. Are we in APEC truly a coalition of countries willing to move more quickly toward a common goal of free trade and investment in the region, thereby creating an engine that will help to drive the global system?

I know that asking these questions at the present time is difficult. Ministers Kim and Hashimoto in Ottawa last month reminded me of how sensitive the question of completing domestic legislative procedures to implement the Uruguay Round is in their countries — and we all have seen the challenges in the United States. But I hope that by the time we, and subsequently our leaders, meet next month, we shall be able to look more clearly and confidently ahead. The world expects no less from us.

I shall be interested to hear your views on these matters, and those of your colleagues and your leaders over the next month or so. We certainly have some good outside advice. Both the Eminent Persons' Group and the Pacific Business Forum offer a clear, concise vision of additional trade and investment liberalization in the region consistent with, and pursued in parallel with, multilateral actions. The timetables suggested by these two groups may differ, but not the goal. Both groups also look to the early adoption of a legally-enforceable and binding Asia-Pacific investment agreement, an APEC dispute avoidance or mediation mechanism, and further work within APEC to improve trade and investment facilitation.

For our part, once we see the implementation procedures completed in APEC member economies, Canada will be willing to proceed further. For we know that the achievements of the Uruguay Round, as significant as they were, were generally smaller than the ambitious program envisaged at Punta del Este almost a decade ago. Much remains to be done to resolve some key problems such as the proliferation of anti-dumping abuses, limited services liberalization to date, remaining tariffs, and obstacles to investment.

We would like to begin to move in several directions:

- First, consider accelerating the implementation of the tariff cuts agreed to in the Uruguay Round and exploring further MFN [most favoured nation] tariff cuts in other sectors while ensuring that there is no back-sliding in the application of rates presently applied in our respective economies. There might well be possibilities of further sectoral tariff harmonization or of new zero-for-zero initiatives in a range of products or sectors of interest. At the same time, we shall want to work together to build on the GATS [General Agreement on Trade in Services] outcome to maximize liberalization in services — particularly in financial services.
- Second, consider pursuing, in the short term, the elimination of export subsidies on agricultural trade in APEC and, in the longer term, a prohibition of all export subsidies in agricultural trade. Significant progress was made in the Uruguay Round. For the first time, export subsidies in agricultural trade are defined, and governments are committed to reductions in both their volume and value. However, the

Round did not produce a prohibition on agricultural export subsidies comparable to that which exists for non-agricultural products, nor does it prohibit the targeting of specific markets.

- Third, consider how we in APEC can remain at the forefront of investment liberalization, moving from a declaration of non-binding principles to an agreed set of rules with appropriate dispute settlement provisions. More effort is needed to facilitate international private investment — a major source of growth in this region — and to reduce uncertainties and transaction costs of investment and investment-related trade. We should agree upon an immediate standstill on all measures that hinder investment flows between all APEC member economies while we work on a code. The code should be ambitious and reflect international best practice. This dynamic region need settle for no less.
- Finally, we should advance energetically on standards and conformance activity. Since our region contains many of the world's leading high technology corporations, we might want to take up one or two sectors such as telecommunications and housing standards and initiate a reduction of the negative trade and investment effects of differing standards and conformance measures within the region. In doing this, we could also increase the potential for promoting market-driven interdependence based on standards and conformity assessment requirements that are closely aligned with international practice.

But all this lies ahead.

Mr. Chairman, in the Uruguay Round we now have a major world-wide trade agreement upon which we in the APEC region can build. On that basis, we have a unique opportunity to push forward our regional trade as well — a unique opportunity to help chart global trade policy over the next several years, even decades. I would suggest that in this forum we clearly and unequivocally support the goal — the vision — of free trade in this region, making good use of the Eminent Persons' Group report and that of the Pacific Business Forum.

If I might conclude with a few words about Canada: Our security and prosperity have always been inextricably linked to the health of international systems. Our enduring strategy for working toward shared goals and interests with our friends in the region and world-wide has been, and will continue to be, to build a shared architecture of international rights and obligations in the interests of all.

Thank you.