

Minister of Industry,  
Science and Technology and  
Minister for International Trade



Ministre de l'Industrie, des  
Sciences et de la Technologie et  
ministre du Commerce extérieur

## News Release

## Communiqué

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### WILSON OUTLINES GENERAL AGREEMENT ON TARIFFS AND TRADE/MULTILATERAL TRADE NEGOTIATION DEVELOPMENTS

The Office of the Honourable Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, today made public the text of a letter sent earlier this week by Mr. Wilson to some 1,000 Canadian companies, concerning the Uruguay Round of the General Agreement on Tariffs and Trade (GATT)-sponsored, Multilateral Trade Negotiations (MTN). (The text of the letter is attached.) Similar letters were also sent to major Canadian labour and business organizations, Members of Parliament and Senators.

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Minister of Industry,  
Science and Technology and  
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December 18, 1991

Dear Sir/Madam:

I am writing to you about the current status of the Uruguay Round of global trade talks and Canada's stakes in a successful outcome. A large and balanced package of results in these difficult and complex talks is crucial for a better environment for trade and investment world wide and better prospects for economic growth in Canada and abroad. I urge you therefore, in the days ahead, to speak to your colleagues, your employees and members of your community to help them understand the importance of these negotiations for our economic future.

As a trading nation, Canada's prosperity depends on better access to world markets for exports of agricultural products, resource-based products, high technology equipment and services. We also need better and fairer international rules of the game in areas such as subsidies, services, intellectual property and dispute settlement.

The Uruguay Round has finally reached a point where, by the end of this week in Geneva, we should emerge with draft trade agreements in all areas, from agriculture, market access (tariffs and non-tariff barriers), textiles and clothing, trade rules, intellectual property, services and dispute settlement to institutional reform. It should be possible to complete the final package of Uruguay Round results and the balancing of mutual advantages and concessions in early 1992.

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In agriculture, we have the prospect of creating a fairer, more predictable, trading environment for all of our agriculture export-oriented sectors as well as those oriented to our domestic market. For both of these agricultural sectors, the status quo is unacceptable. Improvements will come through a substantial reduction in export subsidies provided by the United States and the European Community which have been causing considerable damage to our farmers. Improvements will also come from new trade rules, which will bring agriculture fully into the GATT system, thus removing the inequities created by the fact that for almost 40 years, the United States and the EC have been operating their agricultural trade policies outside the GATT. We believe that we can achieve these benefits while maintaining the necessary flexibility to continue to operate supply management systems in Canada.

Regarding tariffs and non-tariff barriers facing resource and manufactured products, a substantial trade liberalization package is within reach with Europe, the Pacific Rim, and the Latin American countries. The results should also allow Canadian producers to build upon the competitiveness gains from free access to the U.S. market under the Canada-U.S. Free Trade Agreement. While the precise content of the market access results will not be available until the final days of the Uruguay Round expected early in the New Year, the overall tariff reductions will likely be about one-third, with some prospect of deeper cuts, including total tariff elimination for a wide range of product areas. We expect that the market access outcome will also result in newly industrializing countries accepting substantially equivalent market opening obligations and non-tariff measure disciplines. There is as well a major parallel effort under way to bring about major government procurement liberalization within the context of the GATT Code.

In the textile and clothing negotiations, we are seeking to effectively bring this important sector fully within the GATT system. This will take place through a progressive and equitable phasing out of the complex bilateral network of export restraints now in place between exporters and importers around the world. The current Multi-Fibre Arrangement expires at the end of 1992, but we expect an international transition period of up to 10 years under the Uruguay Round package.

The draft text agreements on trade rules that should emerge from the Geneva talks this week are expected to contain the elements of what could effectively be a systematic reform and updating of the old GATT, dealing with both fair and unfair trade practices. For Canada, new multilateral agreements on subsidies and countervailing duty procedures and on anti-dumping practices, will be particularly important. For example, our objective in the case of subsidies/countervail will be to better define trade-distorting subsidies and establish criteria to exempt regional development and research and development from countervailing duties.

With respect to trade-related intellectual property matters, the draft text of agreements should contain a comprehensive set of new rules. This will include a strengthening of the level of protection of international standards in respect of patents, copyright, trademarks, appellations of origin, and other intellectual property rights. It will also deal with various discriminating features of domestic and border enforcement regimes, as well as with trade-restrictive unilateral measures facing Canadian exporters.

International trade in services is a high-growth area of economic activity in Canada and abroad. We expect the Geneva package will include a new

international set of rules in the form of a General Agreement on Trade in Services, equivalent to the GATT for the goods sector. This framework of ground rules will be aimed at ensuring open, transparent and non-discriminatory trade regimes around the world. It will likely be supplemented by some sectoral agreements in financial services, telecommunications and the temporary movement of services providers. The negotiations for initial commitments on opening services markets, involving some 40 countries, should be completed only in the early part of the next year as part of the final Uruguay Round results.

The negotiating group on dispute settlement and institutional issues is expected to come up with draft texts particularly important to Canada. With respect to dispute settlement, there is in the making the development of a comprehensive and integrated multilateral system for the resolution of trade disputes in trade in goods, services and intellectual property areas. This will involve agreed and automatic procedures for the proceedings of the GATT panel system, the establishment of an appellate review mechanism and a commitment to operate within the multilateral trading system, i.e. constraints on unilateralism.

Finally, the depth and the comprehensiveness of trade reform and liberalization efforts underway globally should be reflected in a draft proposal for a new Multilateral Trade Organization (MTO). This has been an important Canadian initiative in the Uruguay Round aimed at achieving a strengthened multilateral framework for the conduct of trade relations. The MTO is being designed to provide for the effective implementation of all Uruguay Round agreements; the proper administration of the new integrated dispute settlement for trade in goods and services, and in intellectual property; the regular conduct of national trade policy reviews; and the forum for further multilateral trade negotiations.

Canada, together with our trading partners, will have important decisions to make in the weeks ahead to ensure that the final negotiated package is a substantial and balanced one for us. We have been conducting these trade talks in full consultation with the private sector and the provinces. However, the prospects for bringing about this potentially historic trade deal continues to face major uncertainties internationally. It is by no means there yet. Canada's future growth and prosperity lie in sharpening our international competitiveness, more open global markets and fairer trade rules of the game, all of which a successful Uruguay Round will help to achieve.

I believe that this emerging big package of results will lead to a better environment for trade and investment world-wide and better prospects for growth here and abroad. It will help reduce the risks of protectionism, unilateralism, restrictive trade blocks and bilateral trade frictions.

Success in the Multilateral Trade Negotiations is important to Canada. I hope you share my view. I urge you again to speak to your colleagues, your employees and members of your community to help them understand the importance to you and to them of a freer, more stable, more open and more prosperous world marketplace.

Yours sincerely,

Michael H. Wilson