
news release

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MACLAREN SIGNS THE URUGUAY ROUND FINAL ACT

The Honourable Roy MacLaren, Minister for International Trade, today in Marrakesh, Morocco, joined representatives from about 120 governments in signing the Final Act embodying the results of the Uruguay Round of multilateral trade negotiations.

Subject to approval by Parliament, Mr. MacLaren's signature indicates that Canada accepts fully the results of the Uruguay Round, the largest and most complex international trade negotiations ever undertaken.

"I cannot overstate the importance of this agreement," Mr. MacLaren said. "The Round establishes the World Trade Organization [WTO], giving Canada and the world community a powerful new vehicle to steer away from the old unilateral and protectionist habits of a few major countries. Canada played a critical role in proposing and developing the concept for the WTO. It will enable us to move in a new direction, where the principles of fairness and mutual advantage take on a new meaning. It is an achievement in which Canadians should take pride."

It is expected that the WTO and its constituent agreements will enter into force on January 1, 1995, providing that a sufficient number of countries have completed the necessary domestic approval process.

The WTO will administer strengthened dispute-settlement mechanisms, providing for a faster and more efficient system. It will integrate the General Agreement on Tariffs and Trade (GATT) for goods with a new General Agreement on Trade in Services (GATS), and an agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs).

The Honourable John Manley, Minister of Industry, said: "Overall, the Uruguay Round has been a success for Canadian businesses. It will provide increased access to foreign markets and help Canadian businesses to more fully realize their competitive potential. Industry Canada looks forward to working with Canadian businesses and industry sectors to take advantage of the many opportunities that will become available over the coming years as a result of this agreement."

Reiterating the importance that the government attaches to helping Canadian small- and medium-sized enterprises (SMEs) to expand their job-creating export business, Mr. MacLaren stressed that the multilateral trade negotiations "have produced significant tariff reductions and other measures that will greatly increase Canadian access to the rich European market and to the fast-growing markets of Asia-Pacific and Latin America. Canadian exporters, and SMEs in particular, should be able to broaden their export business by capitalizing fully on the results of the Uruguay Round and on the opportunities offered by these markets."

Canada and its trading partners have agreed to eliminate all tariffs in a number of key sectors and to reduce remaining tariffs by an average of one third over the next five to 10 years. Tariffs will be eliminated on all paper and paper products, pharmaceuticals, beer, some spirits, steel, construction equipment, agricultural equipment, medical equipment, office furniture and toys. Tariffs on chemical products and a wide range of non-ferrous metals will be reduced and harmonized at low rates.

The Honourable Ralph Goodale, Minister of Agriculture and Agri-Food, said: "Today's signing of the GATT agreement marks a new beginning for Canadian agriculture. This agreement will provide for a gradual reduction in trade-distorting export subsidies and ensure more secure access to markets around the world for Canadian producers and processors."

Mr. MacLaren also noted that the agreement improves Canada's opportunities to export to offshore markets through new rules governing subsidies and the use of countervailing actions.

A full description of the Uruguay Round agreement and its implications for Canada is available upon request.

- 30 -

For further information, media representatives may contact:

Media Relations Office
Department of Foreign Affairs and International Trade
(613) 995-1874

CANADA AND THE URUGUAY ROUND

For general information about the agreement and what it means for Canada, contact:

InfoCentre
Department of Foreign Affairs and International Trade,
Ottawa
Phone: (613) 944-4000
1-800-267-8376 (Toll-free)
Fax: (613) 996-9709
Note: Effective April 21, 1994, InfoCentre's new 24-hour on-line information retrieval system, FAXLINK, will also be available to provide GATT material. To access FAXLINK, dial (613) 944-4500 from a fax machine.

For information about Canada's schedule of new tariffs (which goes into effect on the implementation date of the World Trade Organization), contact:

International Tariff Affairs
Finance Canada, Ottawa
Phone: (613) 996-0169
Fax: (613) 995-3843

or the International Trade Centre in your province. In most provinces, the ITC is located in the federal Industry Canada office.

For information about foreign tariffs, contact:

Tariffs and Market Access Division
Department of Foreign Affairs and International Trade,
Ottawa
Phone: (613) 992-2177
Fax: (613) 992-6002

For fact sheets on how the agreement will affect various Canadian agriculture sectors, or for other information, call:

Agriculture and Agri-Food Canada
Phone: 1-800-668-1266

MEDIA BACKGROUNDER

HIGHLIGHTS OF THE URUGUAY ROUND AGREEMENT

The Uruguay Round was the largest, most complex and most comprehensive trade negotiation ever undertaken. By the conclusion of the negotiations on April 15, it included about 120 participating governments, more than twice the number in any of the previous seven rounds negotiated under the auspices of the General Agreement on Tariffs and Trade (GATT).

The final Uruguay Round package includes more than 25 separate agreements, all contained within a strengthened World Trade Organization (WTO).

Countries have made commitments to lower or eliminate tariffs and other barriers to trade. New areas have been brought into the ambit of world-trade rules, including intellectual property, trade-related investment and services.

A major achievement was the introduction of a common set of rules to govern trade in agriculture.

Strengthened trade rules, particularly on subsidies and countervailing duties, and a more effective system of dispute settlement will bring greater certainty to world trade in goods and services, currently valued at more than US\$4 trillion annually.

Agreement on the Uruguay Round will provide the impetus for economic growth, investment and jobs around the world.

For Canada, where one in five jobs is generated by exports, the Uruguay Round is an important achievement.

TARIFFS

One of the most important achievements of the Uruguay Round is the reduction or elimination of trade barriers (tariffs and non-tariff barriers) between countries. This opens markets further for Canadian exports -- especially to the rapidly growing Asia-Pacific and Latin American markets -- and cuts costs to consumers.

Canada and its major trading partners have agreed to broad-based tariff reductions averaging 40 percent or more on a wide range of industrial and resource products. Included in these packages of reductions is the total elimination of tariffs on the following product sectors: paper and paper products, pharmaceuticals, beer, brandies and whiskies, steel, construction equipment, agricultural equipment, medical equipment, office furniture and toys. For most of the products, duty-free entry will be achieved over periods of 5 or 10 years to allow for industry adjustment. Tariffs on chemicals and plastic products will be reduced and harmonized at low rates.

AGRICULTURE

Key objectives for Canada in the agriculture sector in the Uruguay Round negotiations included improved access to markets, increased disciplines on subsidies that distort world trade, more predictable and secure border arrangements to preserve Canada's farm supply-management programs, and assurance that health and sanitary regulations will not be used as disguised barriers to trade.

The Uruguay Round agreement brings global trade in agriculture more fully under the rules of the GATT by:

- reducing overall tariffs on agricultural goods by 36 percent, with a minimum reduction of 15 percent for any specific product. Implementation will take place between 1995 and 2001 in six equal annual steps;
- ensuring that all members open their markets to imports by a specified minimum amount starting in 1995 and increasing that level of commitment by 2001;
- providing better and more secure access to markets around the world for Canada's key agri-food exports, such as grain, oilseed products, red meats and Canadian whisky;
- compelling countries to reduce internal support to their agricultural industries -- when such support has the effect of distorting trade -- by 20 percent over six years, while ensuring that support programs that do not distort trade (such as those for regional development, research, environmental protection and farm-income protection) are not subject to retaliatory duties;
- committing countries to reduce export subsidy expenditures by 36 percent and to reduce the volume of subsidized exports by 21 percent over the 1995-2001 period;
- including an agreement on health and sanitary measures that recognizes the right of countries to take actions required to protect the life and health of humans, animals and plants, while preventing the misuse of health and sanitary measures as disguised barriers to trade;
- providing a more secure and predictable trading environment in support of effective farm supply-management programs in Canada; and
- eliminating country-specific rule exceptions.

SERVICES

The General Agreement on Trade in Services (GATS) establishes, for the first time, international rules on the conduct of international trade in services, one of the fastest-growing sectors of the Canadian and the world economy.

The Agreement includes an obligation not to grant any special trading advantage to one country over another or to discriminate against any country; all countries are equal, and all share the benefits of any move toward lower trade barriers. However, under the GATS, countries may take exemptions from this obligation for a limited number of services that would end, in principle, after 10 years. There is also a provision for free trade agreements such as the North American Free Trade Agreement (NAFTA).

The Agreement includes the criteria for resolving trade disputes and for establishing a Services Council, which will be an integral part of the new World Trade Organization.

The GATS contains extensive commitments by signatories to secure more open markets for a broad range of services including financial services, professional services (such as engineering, legal and architectural) and telecommunications, computer, transportation and tourism services. Further negotiations on specific issues will continue over the next several years.

Canada's cultural industries remain untouched by the Uruguay Round agreement.

TEXTILES AND APPAREL

A key objective of the Uruguay Round was to return the textiles and apparel sectors to the GATT under improved rules. The textiles and apparel sectors will gradually be brought under the rules of the GATT over a 10-year period.

Each country will be required to integrate, in three stages, textile and apparel products accounting for 51 percent of the total volume of its 1990 textile and apparel imports during the transition period. The remaining products will be integrated after the transition period has ended.

During the transition period, each country can retain existing quotas. However, these quotas will be subject to increases during that time. In addition, Canadian textile and apparel producers will benefit from the protection of improved rules and disciplines governing unfair trading practices, fraud and circumvention.

GOVERNMENT PROCUREMENT

The Agreement on Government Procurement commits signatories to open government purchases at the federal level to international competition. These purchases represent approximately US\$125 billion. It also provides for further negotiations, with the potential to expand market opportunities by a further US\$175 billion through coverage of state and provincial governments and government enterprises. The Agreement covers a wide range of goods and services, many of which are of export interest to Canadian manufacturers and providers of services.

The new Agreement broadens opportunities for procurement at the federal level by adding new departments, agencies and enterprises, and by expanding coverage to include services and construction.

For the first time, the Agreement has the potential to expand coverage to include departments, agencies and some enterprises at the state and provincial levels, subject in Canada to voluntary commitment by the provinces, to be confirmed over an 18-month period. The Agreement also provides for the expansion of the number of participating members. With these improvements, the value of the worldwide government procurement market being opened to Canadian manufacturers and suppliers could represent a tenfold increase in coverage over the existing GATT procurement agreement.

TECHNICAL BARRIERS TO TRADE

The Agreement on Technical Barriers to Trade has been strengthened in the Uruguay Round. The Agreement seeks to ensure that technical regulations and standards, and related testing and certification procedures, do not create unnecessary obstacles to trade. This and other provisions in the Agreement will ensure that Canadian exporters enjoy greater predictability in international markets.

However, the new agreement also recognizes that countries should not be prevented from taking measures necessary to protect human health or the environment, or from attaining other legitimate goals.

SUBSIDIES AND COUNTERVAILING DUTIES

The Uruguay Round contains a clear set of rules on subsidies and countervailing duties (penalties imposed in retaliation for unfair subsidies) -- a major objective for Canada in the Uruguay Round. The Agreement on Subsidies and Countervailing Measures contains, for the first time, an internationally agreed definition of subsidy. Certain categories or types of subsidies, for example, those for regional development, the environment, and research and development, will not be subject

to retaliatory duties, provided that they are administered in a way that is consistent with the Agreement. These disciplines will apply to federal and provincial governments equally.

The Agreement also sets the subsidy threshold at 1 percent, for the purposes of countervail, which means that, if the value of an imported product is found to contain a subsidy of less than 1 percent, the product will not be subject to a countervailing duty. Based on Canada's past experience with U.S. countervail action, this threshold will effectively exclude many Canadian subsidies at both the federal and provincial levels from U.S. retaliatory action.

The Uruguay Round agreement strengthens the existing GATT regime of safeguards by providing clearer rules governing the application of safeguard measures.

ANTI-DUMPING

Dumping is the sale of an imported commodity at a lower price than it is sold within the exporting country.

The Uruguay Round agreement contains a series of modifications to existing anti-dumping practices under the GATT, covering such matters as eligibility to file a complaint, a "sunset" clause limiting the duration of anti-dumping cases and more transparent procedures for conducting anti-dumping investigations. These changes will provide modest benefits to Canadian exporters, while preserving the right of Canadian industries to take action against injurious, foreign trading practices.

For North American trade, Canada expects to improve on these anti-dumping provisions, as well as on subsidy/countervail measures, through trilateral working groups.

TRADE-RELATED INVESTMENT MEASURES

The Agreement on Trade-Related Investment Measures (TRIMs) deals with investment measures that have an adverse effect on trade. This agreement reaffirms that foreign governments cannot require enterprises to operate in a way that restricts or distorts trade as a condition of investment (for example, requiring them to use products of domestic origin in their production). Such measures must be eliminated within a defined time frame. The Agreement on TRIMs agreement will benefit Canadian companies with operations in other countries.

TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

As one of the areas being brought into the GATT for the first time, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) contains the most comprehensive, global agreement to date on intellectual property.

The Uruguay Round agreement commits each government to protect and enforce intellectual property rights. It includes a set of standards in the areas of copyright, trademarks, geographical indications, integrated circuit designs and trade secrets. It also allows for access to the dispute-settlement provisions under the WTO. Effective protection of intellectual property will provide more certainty for the export of Canadian high-technology products and artistic works, and will also create a better investment climate in Canada for research and development facilities.

DISPUTE SETTLEMENT

The GATT rules on dispute resolution have been strengthened, and their operation streamlined, through the creation of an integrated dispute-settlement mechanism. Dispute resolutions will be accelerated, with a strict time limit established for conclusion of the process once it is under way. Other improvements to the rules will reduce the ability of any one member to block the adoption of a panel or appellate body report. Members also make a commitment to avoid using unilateral retaliation.

WORLD TRADE ORGANIZATION

The Uruguay Round outcome includes an agreement that will establish the WTO, an international body that will replace the GATT Secretariat and will oversee and co-ordinate the original GATT agreements and all agreements concluded under the Uruguay Round. The WTO will be overseen by a ministerial conference at least every two years.

A General Council will be established to oversee the operation of the GATT and will include a Dispute Settlement Body and a Trade Policy Review Mechanism. The WTO will also co-ordinate the functioning of the Goods Council, the Services Council and the Intellectual Property Council.

This agreement also sets out proposals to increase the contribution of the GATT to the achievement of greater coherence in global, economic policy making. This requires co-operation with international monetary and fiscal organizations, especially with the World Bank and the International Monetary Fund.

THE ENVIRONMENT

All countries participating in the Uruguay Round recognize the growing importance of the environment to global trade. The new agreements promote better use of resources, reduced incentives for farmers to overuse their lands, and the pursuit of environmental goals through programs that do not distort trade.

Canada maintains its ability to take action to protect its environment from damage caused by domestic or imported products and to set standards in accordance with its domestic environmental priorities.

Agreement has been reached on a work program that will focus on the relationship between trade and the environment following Marrakesh.

THE GATT AND THE NAFTA

The NAFTA, like the Canada-U.S. Free Trade Agreement (FTA), aims to reduce or eliminate most of the barriers to trade within the free trade area. Such free trade areas are allowed under the GATT and are consistent with the GATT's primary goal of trade liberalization. Canada's trade with non-NAFTA countries will continue to be governed by the GATT rules, and Canadian tariffs on goods imported from non-NAFTA countries will be those agreed to in the Uruguay Round.

While the Uruguay Round mirrors many of the key provisions of the FTA and the NAFTA, it also addresses some of the unfinished business of both those agreements, including rules on agricultural trade, definition of subsidy, and rules governing the use of dumping and countervailing duties.

NEXT STEPS

Following the Canadian government's acceptance of the Uruguay Round results in Marrakesh, Morocco on April 15, the next step is to secure parliamentary approval of legislation to implement the agreement.

Consistent with the "single undertaking" agreed to by all participants at the beginning of the Round, Parliament will be asked to accept or reject the agreement in its entirety. Provincial governments may also have to modify certain laws and regulations in areas that are under their jurisdiction, particularly in the services sector.

The WTO will enter into force in 1995 (possibly January 1 or July 1).