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# STATEMENTS AND SPEECHES

Statement by

The Honourable John Crosbie,  
Minister for International Trade,  
to the O.E.C.D. Ministerial Meeting

Canada

Paris, France

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MR. CHAIRMAN, AS WE MEET TODAY WE CAN TAKE SATISFACTION FROM A SEVENTH CONSECUTIVE YEAR OF ECONOMIC EXPANSION FEATURING STRONG GROWTH IN INVESTMENT, INTERNATIONAL TRADE AND GROSS DOMESTIC PRODUCT. HOWEVER, THIS FAVOURABLE ECONOMIC CLIMATE IS NOT WITHOUT THREATENING CLOUDS ON THE HORIZON, AND I SHOULD LIKE TO SHARE SOME THOUGHTS WITH YOU AS TO CERTAIN ISSUES AND CHALLENGES WHICH WILL REQUIRE OUR CONCERTED ATTENTION AND LEADERSHIP IF WE ARE TO CONSOLIDATE AND BUILD UPON THE ECONOMIC GAINS OF THE RECENT PAST.

FIRST WE MUST REMAIN VIGILANT TO THE DANGERS OF INFLATION AND CONTINUE TO CONTROL IT IN A MANNER WHICH WILL ENABLE US TO SUSTAIN ECONOMIC GROWTH. ANOTHER MAJOR CHALLENGE IS THE ENORMOUS GLOBAL IMBALANCES THAT HAVE PERSISTED IN RECENT YEARS. OECD COUNTRIES WILL HAVE TO FOLLOW THROUGH ON THEIR POLICY COMMITMENTS AND EFFECT THE NECESSARY ECONOMIC ADJUSTMENTS IF WE ARE TO DEAL FORCEFULLY WITH THE PROBLEMS ASSOCIATED WITH THESE IMBALANCES. LEADERSHIP BY OECD COUNTRIES IN DEALING WITH THESE MACROECONOMIC PROBLEMS WILL SERVE AS AN EXAMPLE TO OTHERS IN ADDRESSING THE ISSUES WHICH AFFECT THE GLOBAL TRADING SYSTEM. BUT BY LEADERSHIP I REFER TO ACTIONS FOCUSED ON DOING WHAT HAS TO BE DONE, NOT ON WHAT IS EASY AND POPULAR.

AS REPRESENTATIVES OF MOST OF THE MAJOR TRADING NATIONS OF THE WORLD, WE HAVE A PARTICULAR RESPONSIBILITY TO ADDRESS THREE MAJOR OBJECTIVES WHICH I BELIEVE PROVIDE BOTH OPPORTUNITIES AND THREATS TO THE GLOBAL TRADING SYSTEM. THESE ARE:

- 1) TO COMMIT OURSELVES TO AVOID TAKING ACTIONS WHICH WEAKEN THE OPEN MULTILATERAL TRADING SYSTEM, AND IN PARTICULAR TO AVOID RESORTING TO UNILATERAL MEASURES,
- 2) TO REAFFIRM OUR COMMON GOAL OF A SUCCESSFUL CONCLUSION OF THE URUGUAY ROUND BY THE END OF 1990, AND
- 3) TO ENSURE THAT DEVELOPMENTS IN REGIONAL ECONOMIC COOPERATION SERVE TO CREATE AND LIBERALIZE TRADE.

THE FUTURE LIES IN A STRENGTHENED AND LIBERALIZED MULTILATERAL TRADING SYSTEM WHICH WOULD CONTINUE TO BE AN ENGINE FOR ECONOMIC GROWTH, EFFICIENCY AND TECHNOLOGICAL DEVELOPMENT. NOT TO FOLLOW MULTILATERAL PRINCIPLES IS TO RUN THE RISK OF REGRESSION INTO PROTECTIONISM, BILATERALISM, SECTORALISM AND MANAGED TRADE. WE MUST ENSURE THAT WE DO NOT REGRESS INTO PROTECTIONISM BUT THAT WE CONTINUE TO FOLLOW MULTILATERAL PRINCIPLES.

THE SINGLE MOST PERVASIVE CHARACTERISTIC OF THE GLOBAL TRADING SYSTEM TODAY IS THE PACE OF CHANGE AND THE UNCERTAINTY ABOUT THE FUTURE AND ABOUT THE CONDITIONS IN WHICH TRADE WILL TAKE PLACE. SUCH UNCERTAINTY INCREASES THE RISKS OF ERROR IN DECISION-MAKING BOTH BY GOVERNMENTS AND ENTERPRISES, AND HOLDS THE POTENTIAL FOR DESTABILIZING OUR ECONOMIES. TO MAINTAIN THE HEALTH OF THE MULTILATERAL TRADING SYSTEM, THE KEY IS TO ESTABLISH PREDICTABLE CONDITIONS UNDER WHICH INTERNATIONAL TRADE CAN TAKE PLACE. THIS IS ALSO THE KEY TO RESISTING PROTECTIONISM.

AMONG THE OECD COUNTRIES, CANADA IS ONE OF THE MOST DEPENDENT ON INTERNATIONAL TRADE. EARNINGS FROM TRADE ACCOUNT FOR OVER ONE QUARTER OF OUR GNP. WITH ABOUT THREE-QUARTERS OF OUR EXPORTS GOING TO THE USA, CANADA'S ECONOMIC AND TRADE RELATIONS WITH USA ARE AN ISSUE OF VITAL IMPORTANCE.

IN THIS REGARD, A CRITICAL POLICY OBJECTIVE UNDERLYING THE CANADA-U.S. FREE TRADE AGREEMENT IS TO SUPPORT THE OPEN MULTILATERAL TRADING SYSTEM, AND TO GIVE IMPETUS TO THE LIBERALIZING EFFORTS OF THE URUGUAY ROUND. WE HOLD TO THIS OBJECTIVE AND BELIEVE THAT OUR EFFORTS UNDER THE CANADA/US FREE TRADE AGREEMENT WILL STRENGTHEN THE INTERNATIONAL TRADING SYSTEM.

AMONG OTHER DEVELOPMENTS, WE SEE EMERGING A MORE INTEGRATED EUROPEAN COMMUNITY. WE HOPE AND EXPECT THAT EUROPE 1992 WILL LEAD TO INCREASED TRADE, INVESTMENT OPPORTUNITIES, AND GROWTH FOR ALL. FURTHER EUROPEAN ECONOMIC INTEGRATION CAN MAKE A SIGNIFICANT CONTRIBUTION TO GLOBAL TRADE LIBERALIZATION, IF THE WILL IS THERE TO MAKE IT HAPPEN.

FOR THE SAME REASON, CANADA SUPPORTS INITIATIVES TOWARDS THE CREATION OF ARRANGEMENTS TO ENABLE THE COUNTRIES OF THE PACIFIC TO CONSULT ON ECONOMIC MATTERS AFFECTING THE AREA. WE SEE GREAT TRADE AND INVESTMENT OPPORTUNITIES IN THE EVOLUTION OF THE DYNAMIC ECONOMIES OF THE ASIA-PACIFIC REGION. CONSULTATION AMONG PACIFIC COUNTRIES COULD PROVIDE THE BASIS FOR GREATER COOPERATION ON REGIONAL ECONOMIC CONCERNS AND FOR COMMON APPROACHES TO ADJUSTMENT.

THOUGH SUCH DEVELOPMENTS AS EUROPE 1992 AND INCREASED COOPERATION IN THE ASIA-PACIFIC REGION HOLD MUCH PROMISE, THEY ALSO RAISE CONCERNS - AS THE OECD HAS POINTED OUT. OECD MEMBERS AND, INDEED, ALL COUNTRIES HAVE AN OBLIGATION TO ENSURE THAT THE WORLD TRADING SYSTEM DOES

NOT BECOME FRAGMENTED INTO REGIONAL TRADING BLOCKS THAT ERECT TRADE BARRIERS AGAINST OUTSIDERS. I URGE OECD MEMBER COUNTRIES TO AFFIRM AND IMPLEMENT SUCH A COMMITMENT IN RESPECT OF ANY REGIONAL ARRANGEMENT INVOLVING OECD MEMBERS.

I HAVE SPOKEN ABOUT THE MAJOR OBJECTIVES THAT ARE BEFORE US. THEY ARE TIED TO ONE OVERWHELMING CHALLENGE TO THE INTERNATIONAL TRADING SYSTEM - NAMELY RESISTING PROTECTIONISM, IN ANY FORM. IN THE SHORT TERM, SUCCUMBING TO PROTECTIONIST PRESSURES IS AN ATTRACTIVELY EASY SOLUTION - PARTICULARLY IN DEMOCRACIES - AS THE CONCERNS OF DOMESTIC LOBBY GROUPS ARE SATISFIED. BUT PROTECTIONIST ACTIONS ONLY TEMPORARILY DEAL WITH THE SYMPTOMS AND NOT WITH THE UNDERLYING CAUSES. THEY IMPEDE THE DYNAMIC PROCESS OF ADAPTING TO INTERNATIONAL ECONOMIC CHANGE, OF ECONOMIC ADJUSTMENT. TO COUNTER PROTECTIONISM, WE MUST PURSUE POLICIES TO PROMOTE GREATER PRODUCTIVITY AND INTERNATIONAL COMPETITIVENESS. SPECIFICALLY, IT IS OF CRITICAL IMPORTANCE THAT WE ACHIEVE SUBSTANTIVE RESULTS IN THE CURRENT ROUND OF MULTILATERAL TRADE NEGOTIATIONS UNDER THE GATT.

THE DIFFICULTIES WE EXPERIENCED IN REACHING CONSENSUS AT THE MONTREAL MID-TERM MINISTERIAL MEETING DEMONSTRATE THE NEED FOR SUSTAINED POLITICAL SUPPORT IF SUCCESS IS TO CROWN THE URUGUAY ROUND. THE ADVOCACY AND COMMITMENT OF OECD MINISTERS TO THE MTN IS ESSENTIAL IF WE ARE TO AVOID A FRACTURED WORLD TRADING SYSTEM. OUR LEADERSHIP IS REQUIRED IN ORDER TO BUILD ON THE POSITIVE OUTCOME OF THE MID-TERM REVIEW, TO ADDRESS THE SYSTEMIC PROBLEMS WHICH FACE LIBERALIZED TRADE WORLDWIDE, AND TO RESIST PRESSURES WHICH COULD UNDERMINE MULTILATERALISM, OUR CREDIBILITY AND, ULTIMATELY, OUR ECONOMIC WELL-BEING.

FOR THE URUGUAY ROUND TO BE A SUCCESS, WE BELIEVE THE FOLLOWING MUST BE ACHIEVED:

- THE GATT MUST BE STRENGTHENED IN A NUMBER OF TRADITIONAL AREAS SUCH AS IMPROVED ACCESS TO MARKETS AND SO THAT WE CAN BUILD ON THE ACHIEVEMENTS OF EARLIER NEGOTIATING ROUNDS;
  
- ITS DISPUTE SETTLEMENT AND ENFORCEMENT MECHANISMS MUST BE IMPROVED;

- ITS PROVISIONS MUST BE EXTENDED TO NEW AREAS SUCH AS SERVICES AND INTELLECTUAL PROPERTY; AND
- MULTILATERAL DISCIPLINES MUST BE APPLIED TO TRADE IN AGRICULTURAL PRODUCTS.

ON THIS LAST POINT, CANADA COMMENDS THE OECD FOR FOCUSSED ATTENTION ON THE NEED FOR REFORM IN AGRICULTURAL TRADE. IT IS NECESSARY, HOWEVER, FOR GOVERNMENTS TO MAINTAIN AND REINFORCE THEIR COMMITMENT TO THIS EFFORT, AND TO ENSURE THAT IT IS TRANSLATED INTO ACTION IN THE MULTILATERAL TRADE NEGOTIATIONS.

WHAT WE ARE ATTEMPTING TO ACHIEVE IN THIS ROUND OF MULTILATERAL TRADE NEGOTIATIONS IS TO REFORM AND STRENGTHEN THE GATT SO AS TO ENABLE IT TO ADDRESS CONTEMPORARY TRADE ISSUES. FOR YEARS THE GATT HAS SERVED AS AN AGENT OF PROGRESS IN WORLD TRADE AND IN THE GLOBAL ECONOMY. FOR IT TO CONTINUE IN THIS ROLE WE REQUIRE EFFECTIVE COMMITMENT AND POLITICAL WILL BY ALL COUNTRIES; AND IT IS THEREFORE CRUCIAL THAT WE ALL DIRECT OUR NEGOTIATORS TO PROCEED WITH THE MTN IN AN URGENT MANNER, SO THAT WE CAN COMPLETE THE URUGUAY ROUND SUCCESSFULLY BY THE END OF 1990.

UNTIL THIS MILESTONE IS REACHED, IT IS IMPORTANT TO RECOGNIZE THAT THE INTERNATIONAL TRADING SYSTEM WHICH WE ARE ENDEAVOURING TO STRENGTHEN COULD BE IRREPARABLY DAMAGED BY CAPITULATION TO DOMESTIC PRESSURES WHICH INCITE UNILATERAL ACTIONS OUTSIDE THE GATT. WE SHOULD NOT FORGET THAT TRADE PLAYS A CRITICAL ROLE IN THE PROCESS OF INDUSTRIAL ADJUSTMENT AND TECHNOLOGICAL ADAPTATION WHICH IS CENTRAL TO ECONOMIC EFFICIENCY AND COMPETITIVENESS.

PROTECTIONIST PRESSURES AND THE TRADE RESTRICTIVE PRACTICES TO WHICH THEY GIVE RISE ARE NOT UNIQUE TO ANY ONE COUNTRY. AMBIGUOUSLY DEFINED CONCEPTS OF RECIPROCITY, FAIRNESS AND MANAGED TRADE COMPROMISE THE WORKINGS OF THIS INTER-RELATIONSHIP AND MUST BE OPPOSED.

YET, AS NATIONS ATTEMPT TO GRAPPLE WITH PERSISTENT TRADE IMBALANCES AND STRUCTURAL DIFFICULTIES, DOMESTIC PRESSURES FOR PROTECTIONIST MEASURES ARE GROWING. THE PURSUIT OF SOLUTIONS TO TRADE PROBLEMS ALL TOO OFTEN YIELDS UNILATERAL MEASURES WHICH DO NOT ACCORD WELL WITH INTERNATIONAL TRADE RULES. THE MOST IMMEDIATELY PROMINENT OF THESE IS SECTION 301 OF THE U.S. TRADE ACT WHOSE REQUIREMENT FOR MANDATORY ACTION IMPLIES A LACK OF

FAITH IN THE MULTILATERAL TRADING SYSTEM, AND COULD HAVE AN EXTREMELY DAMAGING EFFECT ON THE GLOBAL TRADING SYSTEM AND THUS ON THE SUCCESS OF THE MTN. NO COUNTRY HAS A MONOPOLY OF RIGHTEOUS INDIGNATION WHEN IT COMES TO INTERNATIONAL TRADE. ACCORDINGLY, WE AGAIN URGE THE UNITED STATES ADMINISTRATION TO RESIST INTERNAL PRESSURES FOR UNILATERAL ACTION, AND TO PROCEED IN A MANNER WHICH IS CONSISTENT WITH ITS INTERNATIONAL OBLIGATIONS. THIS IS ESPECIALLY APPLICABLE TO THE DISPUTE-SETTLEMENT MECHANISM WHICH IS THE CORNERSTONE OF THE GATT. THIS IS AN AREA WHERE SIGNIFICANT IMPROVEMENTS HAVE BEEN MADE, BUT WHERE MUCH REMAINS TO BE DONE. WE MUST ALL MAKE EVERY EFFORT TO IMPROVE AND STRENGTHEN THE DISPUTE SETTLEMENT MECHANISM THROUGH THE ADOPTION OF PANEL REPORTS AND THE IMPLEMENTATION OF PANEL FINDINGS.

BEFORE CONCLUDING I SHOULD ALSO LIKE TO COMMENT ON TWO SPECIFIC ISSUES: EXPORT FINANCING; AND THE ENVIRONMENT, PARTICULARLY IN THE AREA OF FISHERIES PRACTICES.

EXPORT FINANCING IS ANOTHER ISSUE DIRECTLY RELEVANT TO INTERNATIONAL TRADE. IT IS IMPORTANT TO NOTE THAT, DESPITE PROGRESS IN STRENGTHENING INTERNATIONAL

DISCIPLINE IN RESPECT OF SUBSIDIZED OFFICIALLY-SUPPORTED EXPORT FINANCING, BOTH THE VOLUME AND THE TRADE AND AID DISTORTING IMPACT OF THESE SUBSIDIES ARE RISING AMONG OECD COUNTRIES. OECD STATISTICS INDICATE A CONTINUING INCREASE IN THE NOTIFICATIONS OF SUCH TRANSACTIONS. THIS IS A MATTER OF CONSIDERABLE CONCERN FOR CANADA. IN OUR VIEW, MORE EFFECTIVE DISCIPLINE UNDER THE EXPORT CREDIT CONSENSUS ARRANGEMENT AND IN THE DEVELOPMENT ASSISTANCE COMMITTEE IS NECESSARY TO PREVENT THE PROBLEM FROM BECOMING UNMANAGEABLE. THIS MINISTERIAL MEETING SHOULD ENSURE THAT WE KEEP MOVING AHEAD ON THIS IMPORTANT ISSUE.

I KNOW THAT MY COLLEAGUE, THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, WILL BE ADDRESSING THE ISSUE OF THE ENVIRONMENT MORE SPECIFICALLY. HOWEVER, I WISH ALSO TO RAISE SOME CONCERNS ABOUT THE ENVIRONMENT AND CONSERVATION.

THE UNITED NATIONS HAS ENDORSED THE CONCEPT OF SUSTAINABLE DEVELOPMENT AS ADVOCATED BY THE WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT. THE BRUNDTLAND COMMISSION RIGHTLY STRESSED THE IMPORTANCE OF STRENGTHENING INTERNATIONAL AGREEMENTS TO PREVENT OVER-EXPLOITATION OF RESOURCES AND OTHER DANGEROUS PRACTICES. THE OECD COULD PLAY A USEFUL ROLE IN

FURTHERING THESE OBJECTIVES BY STUDYING THE ECONOMIC COSTS OF SUCH PRACTICES. IN THIS RESPECT, THE RESOURCES OF OUR FISHERIES MUST BE EFFECTIVELY HUSBANDED. FAILURE TO ACHIEVE PROGRESS IN THE AREA OF CONSERVATION WILL HAVE A SIGNIFICANT IMPACT ON THE FISHING INDUSTRIES OF ALL OECD COUNTRIES.

CANADA HAS BEEN INCREASINGLY CONCERNED BY THE EVER PRESENT DANGER OF OVER-EXPLOITATION OF THE FISH RESOURCE, ESPECIALLY IN THE NORTH-WEST ATLANTIC. WE ALSO HAVE BEEN ALARMED BY THE SPREADING USE OF DESTRUCTIVE FISHING GEAR TECHNOLOGY SUCH AS PACIFIC DRIFTNETS. SUCH PRACTICES ARE INCONSISTENT WITH RATIONAL MANAGEMENT AND PROTECTION OF FISH STOCKS AND THEIR BIOLOGICAL HABITATS.

AS I HAVE MENTIONED BEFORE, THE ONLY SOLUTION TO THE PROBLEMS OF OVERFISHING IS A BROAD MULTILATERAL ONE. WE ENCOURAGE THE OECD TO LEND ITS EFFORTS TO FINDING SUCH A SOLUTION.

TO CONCLUDE AND SUMMARIZE, MR. CHAIRMAN, THIS MINISTERIAL MEETING PROVIDES AN OPPORTUNITY TO ACKNOWLEDGE OUR JOINT AND INDIVIDUAL RESPONSIBILITIES AS GUARANTORS OF

A VIABLE MULTILATERAL TRADING SYSTEM, AND TO RE-AFFIRM OUR COMMITMENT TO THE CONDUCT OF OUR TRADE POLICIES WITHIN, AND SUPPORTIVE OF, ESTABLISHED INTERNATIONAL TRADE RULES.

I HAVE OFFERED SOME OBSERVATIONS ON A NUMBER OF THE CHALLENGES BEFORE US, AND ON THOSE ISSUES WHERE LEADERSHIP MUST BE ASSUMED BY OECD MINISTERS. TRADE IS A PRIME INSTIGATOR OF ECONOMIC GROWTH - IN IMPORTANT PART THROUGH ITS CONTRIBUTION TO STRUCTURAL ADJUSTMENT - AND FURTHER LIBERALIZATION IS REQUIRED FOR IT TO BE ABLE TO FULFILL ITS FULL POTENTIAL IN THIS REGARD. TO SEE THIS POTENTIAL REALIZED, WE MUST SHOW LEADERSHIP IN ENGINEERING A SUCCESSFUL AND SUBSTANTIVE CONCLUSION TO THE URUGUAY ROUND BY THE END OF 1990, AND IN RENOUNCING THE USE OF UNILATERAL MEASURES INCONSISTENT WITH THE GATT WHICH WOULD COMPROMISE THIS OBJECTIVE.

I WOULD HOPE, THEREFORE, THAT THE RESULTS OF THIS MEETING, AS REFLECTED BY THE COMMUNIQUE, WILL ENDORSE THESE THOUGHTS AND THAT WE WILL ALL LEAVE PARIS DETERMINED TO HONOUR THEM.