

Minister for  
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Trade



Ministre du  
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## GATT SECRETARIAT ENDORSES CANADA'S TRADE AND ECONOMIC POLICY REFORMS

Ottawa--International Trade Minister John C. Crosbie welcomed the report of the GATT Secretariat on Canada's trade and economic policy released today in Geneva. The report indicates that recent Canadian trade and economic policy initiatives will serve to increase the flexibility and adaptability of the Canadian economy, making it more competitive in world markets.

"We welcome this endorsement by the GATT of our economic renewal program," Mr. Crosbie said. "We believe trade policy reforms, such as the Free Trade Agreement and now the Uruguay Round of Multilateral Trade Negotiations, are essential to our strategy for competitiveness."

The report also notes that the Multilateral Trade Negotiations in Geneva provide opportunities to further integrate the Canadian economy into a strengthened world trading system. "We agree with this observation," said Mr. Crosbie. "Our highest priority is the successful conclusion of the Uruguay Round in Brussels this December. We plan to take full advantage of the outcome of the Round to ensure our continued prosperity."

The GATT Secretariat's report on Canada's trade and economic policy is serving as background as the GATT Contracting Parties examine Canada's trade policy at a Council meeting in Geneva today. The Council is also considering a report on Canada's trade and economic policies prepared by Canada and also released today in Geneva.

Canada's trade policy is being examined under the Trade Policy Review Mechanism (TPRM). The TPRM provides for the review of trade policy by Contracting Parties to the GATT, with a view to improving the multilateral surveillance of national trade policies and enhancing transparency within the international trading system.

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The TPRM was agreed to by GATT members at the Montreal mid-term review of the Uruguay Round of Multilateral Trade Negotiations in December 1988.

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## THE TRADE POLICY REVIEW MECHANISM

### MEDIA BACKGROUNDER

- The Trade Policy Review Mechanism (TPRM) was established on a provisional basis by the GATT Contracting Parties at the Uruguay Round mid-term review and came into effect on April 12, 1989. The TPRM is to be reviewed at the end of the year, in order to confirm and make any necessary improvements to the process.

- The TPRM's two objectives are:

- (a) to enhance transparency within the multilateral trading system by improving the GATT's ability to monitor and assess its members' trade policies; and,

- (b) to enhance the credibility of the GATT by improving its surveillance of the world trading system.

- By the end of 1990, the trade policies of the four major Contracting Parties (Canada, the U.S., the EC and Japan) will have been reviewed, as well as those of eight other countries. The schedule calls for 16 countries to be reviewed each year beginning in 1991. The Canadian review was held July 30, 1990.

- The GATT will review the four major countries every two years and the remaining top twenty countries once every four years. Other countries will be reviewed once every six years.

- The establishment of the Trade Policy Review Mechanism (TPRM) has significantly enhanced the ability of the GATT to ensure transparency by providing a means of comprehensively reviewing the trade policies of each contracting party. The effectiveness of the multilateral trading system is built upon the principle of transparency of trade policy measures maintained by governments. Until recently, the GATT has primarily relied upon a system of self-notification to fulfil this objective.

- The process followed to date for the reviews has involved the preparation of two reports, one by the country to be reviewed and one based in part by the GATT Secretariat based on a visit by Secretariat officials to the country in question. Copies of the Canadian reports are being provided by the GATT Secretariat to the press on request, and will be published by the Secretariat for public consumption in the near future.

• Initial experience with the TPRM has been positive in the following ways:

- It enables the GATT to comprehensively review each of its members' trade policies.
- The process of preparing two country reports has led to significant domestic transparency regarding trade policies.
- The review of domestic policies that have an impact on trade is expected to lead to greater understanding by national policy makers of the international implications of domestic policies.