

King's plan -
- Paul's plan.
Baker
29.4.86

April 22, 1986

Address by Amb. J. Alan Beesley,
Permanent Representative of Canada To GATT in Geneva,
to the 1986 Annual Conference of the IBCC, Toronto,
April 23, 1986

"The Next GATT Round"

I am very pleased to be here today. I am even more delighted that this organization, representing as you do a broad cross-section of Canadian business, has chosen to highlight this subject at your annual meeting this year. The very importance of the topic that we have been addressing all day, on the other hand, is why my very good colleague, Sylvia Ostry, is so disappointed that she could not be with you today. Pressing commitments concerning the Tokyo Economic Summit, less than two weeks away, have prevented her from coming.

May I congratulate you on convening this meeting and for the consultative process it represents, and on your

on-going work on services, as well as your recent efforts with respect to intellectual property.

We have benefitted today from a perspective on the upcoming MTN from a variety of highly specific viewpoints: from the ^{Director-General of the GATT Secretariat} GATT Secretariat ^{who is also the Chairman of the MTN Preparatory Committee} itself, from several of our major trading partners, and from our own private sector. As we draw today's sessions to a close, it might be helpful to hear an account of the approach that Canada has been pursuing in the new round, particularly as seen from Geneva. Much of what I say will be known to you on the basis of public statements by Ministers or senior officials over the past few months. But it bears repeating and indeed re-emphasizing as the opening of the Round approaches and as the trade environment more generally continues to evolve rapidly and at times unexpectedly.

The new Round takes place in an economic setting that looks undoubtedly better than it did even a few months ago and in a rapidly changing institutional and political environment.

With respect to the economic side first, the improved economic prospects for many of the potential participants in the MTN is an encouraging backdrop to the upcoming trade talks. Economic change is always easier to contemplate and to plan for in a context of steady

non-inflationary growth which many of our countries can now look forward to with increasing certainty. This said, the potential damage to the stability of the trade system that the plight of the most severely in-debted countries could create if their situation were to deteriorate rapidly should not be underestimated. Nor can one discount yet the possibility that the fiscal and monetary policy and exchange rate imbalances of the past five years or so are entirely behind us. But overall, there are grounds for somewhat more confidence about the larger economic context in which the trade negotiations will take place.

The political and institutional context is also rather encouraging. Very positive signs last autumn of effective international policy coordination, including the G-5 Plaza Hotel meeting on exchange rates and the Baker initiative, can be noted in this connection. Most countries are increasingly ready to take steps to strengthen and sustain the underpinnings of the multilateral system.

The important news is that as my good friend, Arthur Dunkel, noted in his opening statement this morning, we are all working together actively in our respective national capitals and in Geneva for the initiation of negotiations shortly after the September 1986 Ministerial Conference. The Preparatory Committee has now met four times in Geneva and will continue its intensive schedule of

meetings through the middle of July. By that time, the Preparatory Committee is expected to have prepared the basis for a "declaration" for Ministers to use at the September meeting in Punta del Este. We are actively taking part in all aspects of this preparatory work in Canada, at our mission in Geneva, at many of our posts, and as part of our trade missions abroad.

Our preparations and consultations for the new Round are being guided by a number of overall objectives announced by Mr. Kelleher last July. Perhaps I might remind you of them as they are central to your interests whether they be in the agricultural, industrial resources, manufacturing, or the service sectors.

These general objectives include:

- trade expansion and growth;
- substantial further trade liberalization and facilitation of adjustment;
- enhancement of predictability and security of market access;

- strengthening the multilateral trading system and its management;

Our specific objectives are being developed, based on input from other federal departments, all our posts, the private sector, and the provinces. It is already very clear that Canada could stand to gain considerably from the reduction or elimination of barriers to trade in resource-based sectors (non-ferrous metals, forest products, fish, petrochemicals), from increased disciplines on the use of agricultural export subsidies, from an expansion of coverage of the Agreement on Government Procurement, from the general binding or reduction of import duties by a large number of our trading partners, and from improved dispute settlement procedures and other institutional reforms. The process of consultation to refine our objectives, is an ongoing one which will continue throughout the negotiations.

As to the specific issues for negotiations, let me group them under the broad objectives I have just outlined:

I. TRADE LIBERALIZATION

- a) Tariffs, it must be stressed, still affect a broad range of products and negotiations could involve a reduction of remaining high tariffs and the reduction

of tariff escalation were duty rates increase as the value added increases;

- b) Agriculture - negotiations would be aimed at bringing trade in agricultural products under more effective disciplines;
- c) Non-tariff measures - such as government procurement practices continue to have trade restrictive effects, particularly in areas such a telecommunications, power generation and transmission, and urban transportation.

II. PREDICTABILITY AND SECURITY OF MARKET ACCESS

- a) Safeguards - negotiations would be aimed at developing a comprehensive agreement to bring greater discipline on the use of all safeguard or emergency import measures;
- b) A review of existing rules on subsidies and countervailing duties with the aim of increasing discipline on the adverse trade effects of subsidies and of clarifying the rules governing recourse to countervailing duties.

III. STRENGTHENING THE MULTILATERAL TRADING SYSTEM

- A) Dispute settlement - negotiations would seek to improve the effectiveness of the current procedures and, in the process, improve respect for the GATT's disciplines;
- b) To increase the relevance of the system, a number of new issues have been proposed for the negotiations for which precise objectives have yet to be defined. These are:
- trade in services;
 - trade in counterfeit goods and other trade-related aspects of intellectual property rights;
 - trade-related investment measures.

This is a very summary outline of some of the main issues for the negotiations. Some of these are complex and of course highly sensitive, and it is impossible to predict what the precise shape of the negotiations will be with respect to each issue or what the outcome will be. We expect that the negotiations will result in the further opening up of national markets to international competition and that they will deal with market access and other trade-related issues which have an adverse impact on the

prospects for new investments and growth in internationally competitive economic situation.

Let me close by emphasizing the key role of the provinces and of the private sector in preparing for the up-coming negotiations.

As you know, new structures to deal with these questions are being put into place and senior and experienced individuals are being appointed by the provinces to participate in these new committees. Our fellow negotiators, be they Americans, Europeans, Japanese or whoever, understand Canada well enough to know, as we at the federal level do, the importance of our provinces in the scheme of things. We appear to have made an encouraging start on this score.

With respect to the private sector, your views on Canadian objectives and priorities should continue to be passed to the Canadian Government in the clearest way possible. I need hardly urge you and your members to take full advantage of the comprehensive consultative mechanisms which the Canadian Government has put in place both in the past and more recently with the creation of the International Trade Advisory Committee and the Sectoral Advisory Groups on International Trade.