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CANADA

Statement by the Honourable Arthur C. Eggleton,
Minister for International Trade

It is with great pleasure that I represent Canada at the first Ministerial Conference of the World Trade Organization. The world community took a bold and optimistic step two years ago in establishing the WTO at the conclusion of the Uruguay Round. While we can be satisfied with our progress to date, this conference is our chance to provide political guidance to the WTO in establishing its priorities for the future.

Our Members agreed two years ago that international trade should be governed by a universal set of rules designed for mutual benefit. We agreed that trade should be governed by the rule of law, and not by economic leverage, threats or sanctions. Canada remains committed to the belief that this Organization, as it evolves to include more goods, more services, and more countries, will create an environment where stable economic growth, improved standards of living, and productive employment are available to all.

Canada also believes the need for a universal trading system will be enhanced, not diminished, by the formation of regional trade agreements. My Government's vision of the future is not one of impenetrable trading fortresses, but one of free trade across all regions. Canada -- as a member of NAFTA, and a strong supporter of the WTO Committee on Regional Trade Agreements -- is living proof that the two can be mutually compatible.

Canada's vision for the two is both bold and realistic: our ultimate goal is a world in which goods, services and investment flow freely across national borders, under a common set of rules established by universal agreement. Only the WTO offers the hope of such a future, and only by establishing ambitious goals for ourselves now, will this body reinforce its primacy among the growing number of regional trade initiatives around the world.

In its brief history, the WTO has already seen proof of its necessity and effectiveness. In our first year, by implementing significant tariff cuts and a range of new agreements, we have contributed to an 8 per cent growth in trade in goods -- larger than global growth in production.

The fair and efficient resolution of a significant number of trade disputes has also boosted business confidence in the multilateral system.

But we must be mindful that our mission has less to do with creating world trade than with managing the explosion in trade which is happening regardless of our efforts. Canada has doubled its exports in the past decade, to the point where exports now account for 40 per cent of Canada's economy, the highest among the G-7 countries. I am reminded of Gandhi who said: "there go my people. I must rush to the front to lead them".

The WTO must respond to the demands of world trade, and respond quickly, if it is to maintain its leadership role. That is why we must finally square away the unfinished business of the Uruguay Round. That is also why we must be unafraid to venture into new and unexplored territory.

Despite our best efforts, we have not been able to agree on the liberalization of some key services sectors. I am expecting this meeting to affirm its commitment to the successful completion of the basic telecommunications negotiations by the deadline of 15 February 1997.

I welcome agreement on the resumption of financial services negotiations early next year, with a view to their successful conclusion in 1997.

Much work remains to be done with regard to transparency. Although trade policies and regulations have become more transparent, through the trade policy review mechanism, WTO Members still have much room to improve, particularly with notification of national measures and the timely provision of public access to WTO documents.

It is also my expectation that work will continue in the new year in understanding the linkages between trade and the environment. Canada supports the application of WTO rules to eco-labelling, and seeks a more thorough examination of the interplay between multilateral environmental and trade agreements.

Finally, while the Uruguay Round had made it possible for developing countries to gain better access to world markets, more needs to be done to ensure their actual participation. For this reason, Canada proposed a special meeting in 1997 to enhance the coordination of the provision of technical assistance.

But, as I have said, we must demonstrate to the world our ability to keep pace with the rapidly-changing demands of globalization, which requires us to move the trade agenda forward. We must seize this opportunity to agree on timely new initiatives, in particular the information technology agreement. The WTO cannot be blind to the global revolution in communications technology which is taking place, nor can it deny the advantages flowing to commerce from the reduced costs of doing business on a global scale. I encourage all WTO Members to join in these negotiations, which offer benefits to developed and developing nations alike. The WTO will inspire confidence if it can demonstrate that it is flexible enough to meet the needs of international business.

I believe we should continue our efforts to further reduce tariffs, to accelerate the tariff cuts contained in the Marrakesh schedules, and to broaden the number of zero-for-zero agreements, including oilseeds and aluminium.

We must begin discussion on issues such as investment and competition policy, which are of central importance to the trading system. Foreign direct investment is now growing faster than trade, and it is a major contributor to growth, development and job creation.

That is why Canada has taken the lead in calling for the start of work to develop a better understanding among WTO Members of the relation between trade and investment. We are not proposing the initiation of negotiations. And we want active cooperation between the WTO and other organizations, such as the UNCTAD, to improve our understanding of these issues.

Such measures would signal the political willingness of this Organization to adapt to the needs of global trade, while serving the interests of its member States. The benefits of world trade are to all our countries' benefit, whatever our level of development. We can all view with satisfaction the

progress which has been made to date, but the full implementation of the Uruguay Round will not mark the end of our work, only the beginning.

Thirty-five years ago, the Canadian philosopher Marshall McLuhan first coined the use of the word "media", to describe all forms of communication, and predicted the electronic age would lead to the creation of the "global village". Today, this village is a reality, and its market square covers the earth.

Economic integration, the result of increased flows of trade and investment, is driven by individuals seeking to improve their circumstances.

There is a perception that somehow increasing trade flows may be harmful -- that it leads to job losses, not job creation. While the ILO is the primary forum for dealing with core labour standards, we, in the WTO, need to respond to these concerns by showing that increased adherence to a rules-based system together with further trade liberalization leads to greater economic growth which benefits us all.

The WTO is not the GATT. We now have a forum in which we can discuss such issues. A 50th anniversary celebration would let us discuss whether this new institution has all the right machinery or whether we need to provide some further political guidance.

The choice before us is clear: we can refuse to adapt, and lose the primacy of this Organization and the opportunity it offers for a rational, stable framework for a better standard of living through trade. Or, we can accept that we are living in a global village, and make it easier for our citizens to participate in the global marketplace.

I encourage this Conference to take the second approach, so that we can manage world market forces effectively, and harness their good effects for the people of our respective countries.