The New World Trade Organization
GLOBAL LIBERALIZATION AND RULE MAKING

Address by ROY MACLAREN, Canadian Minister for International Trade
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Let me begin by congratulating the Canada, UK Chamber of Commerce on its 75th anniversary. I am especially gratified to speak on the anniversary of an institution that was created to strengthen the economic collaboration that both Canada and Great Britain regarded as the natural extension of our military collaboration during the First World War.

Great Britain has always held a special place in my regard. I am of a generation that remembers with stark clarity the tragedies and triumphs of the Second World War. I was an undergraduate at Cambridge. My son and I have walked the length of this country from Land's End to John O'Groats. I am a proud Canadian — one who believes that his country's greatest achievements still lie before it — but I also grew up with the understanding that Canada is part of a larger Atlantic community and that the strength of my country depends on the strength of that wider community. It is for this reason that I accepted with particular pleasure your kind invitation to discuss the future of the transatlantic relationship in the aftermath of the Cold war.

Last month the United States and the European Union signed an agreement — in Madrid, entitled — the New Transatlantic Agenda. This document comprises a long list of subjects — from trade and macro-economic policy to migration, narcotics, environment and crime — where the European Union and the United States have pledged themselves to pursue deeper co-operation and integration. In many instances the New Transatlantic Agenda is as broad as its details are sketchy. You will not be surprised if I say that the agreements' greatest weakness is that it fails to recognize the part that Canada must play in a reconstituted transatlantic relationship — though we are as deeply enmeshed in this relationship as either of our larger partners, and have played a leading role in launching the current transatlantic debate.

But far more significant than the details of the Madrid agreement itself is the larger idea that lies behind it. At its core is the recognition that Europe and North America must maintain — indeed must strengthen — their transatlantic ties if they are to face the challenges of the post-Cold War era. Our common interests and shared values demand nothing less. In a world where economic power increasingly defines geopolitical influence, and where new power centres are rapidly emerging, the old transatlantic structures are no longer enough. What is needed is a new partnership which links more closely the economic as well as the security interests of Europe and North America. The Madrid declaration offers a glimmer — if only faint — of such a partnership: one that could in time be as
significant to the economic and political development of the
new world order as NATO [North Atlantic Treaty Organization]
was to the old.

Although the challenges of the new era may lack the sharp
edge of the Cold War, three broad imperatives are clearly emerg-
ing. First, there is the challenge of maintaining our mutual
economic and technological leadership — leadership which in
many ways reflects our common commitment to openness, and
our drive to innovate and compete. In both the multilateral
order and in our respective regional undertakings — the Eu-
ropean Union and NAFTA [North American Free Trade Agree-
ment] — we have steadily pushed to widen the circle of liber-
atization. As Foreign Secretary Rifkind has also frequently
urged, the next logical step would be to extend free trade be-
tween Europe and North America — to create a vast market-
place of the Atlantic. The goal would not simply be to enhance
free access to each other’s markets, but to reinforce the com-
petitiveness, dynamism, and critical mass of the transatlantic
economy.

The second challenge in this new era is posed by deeper
economic integration. Trade and investment flows across the
Atlantic constitute the biggest artery of the global economy —
some $250 billion in two-way trade, $300 billion in investment
reflecting a combined transatlantic output of over $2 trillion.
Although the new World Trade Organization [WTO] has bro-
den down many of the transatlantic barriers, we still lack rules
and structures to cope with some of the more sophisticated
aspects of our economic relationship. In areas such as invest-
ment, standards, government procurement and competition
policy, Europe and North America have a clear need — and are
well placed — to move ahead of the multilateral system. We
have compatible economic systems. We share a commitment to
open markets in the European Union and to a degree in the
NAFTA, we have created unique structures for regional eco-
nomic integration that can, with imagination, provide logical
building blocks for a trans-regional initiative.

The third and most important challenge facing Europe and
North America lies in both managing and advancing the global
economic order. The success of the GATT [General Agree-
ment on Tariffs and Trade] system over the last 50 years was
largely a testimony to the postwar strength and resolve of the
United States. Yet the balance of global power and the struc-
ture of the world economy are very different today. Power is
more diffuse. The United States is now but one of several major
economic actors on the global stage, none of which is pre-
eminent. What is more, these leading economies differ widely,
increasing the scope for “System friction” and placing greater
strains on the multilateral order.

Even a modest step towards greater, economic co-operation
between the European Union and North America would ease
transatlantic relations and facilitate the management of the
World Trade Organization system as a whole. An ambitious
agreement to pursue deeper integration would accelerate the
new trade policy agenda and perhaps help lay the groundwork
for the first negotiating round of the new World Trade Organiz-
ation.

Some view a new transatlantic economic link as an alter-
native to regional integration in Europe or North America. In
fact the opposite is true. An ambitious transatlantic economic
bridge can only be contemplated today because we have strong
regional structures to build upon. Similarly, a policy of transat-
lantic integration could complement and indeed reinforce the