

International Affairs

2005

The World Trade Organization

Support for the World Trade Organization (WTO) must continue to be a core pillar of Canadian international commercial policy. The economic prosperity that Canada enjoys, as well as the future of global security and cooperation, has benefited greatly from a comprehensive and well-functioning multilateral commercial framework. For Canada, a relatively small and open economy integrally linked to global markets, a multilateral framework for rules and disciplines to govern global commerce is vital.

In November 2001, the members of the WTO signed an agreement to begin a new round of multilateral trade negotiations- the Doha Development Round. At that time, the Canadian Chamber strongly supported this launch and has continued to advocate the need for an ambitious agenda and high quality outcomes delivering real progress.

In view of the substantive progress reflected in the July 2004 framework and the upcoming Hong Kong Ministerial in December of 2005, the Chamber believes it is an appropriate time to provide an update on our priorities for the negotiations. For most Canadian exporters, improved market access for goods and services remain the most critical issues for achieving a successful negotiation. The acceptability of the final result will depend on ambitious liberalization of industrial tariffs and better market access for services, with meaningful participation of developing countries.

Liberalization of agricultural trade remains the key issue in the Doha round of WTO negotiations. For Canada, there are a number of issues in place. First, Canadian grains and meat exporters, as well as others, face unfair competition from domestic and export subsidies offered by various governments around the world. Canada must work to ensure that its agricultural exporters are afforded a level playing field in order for them to compete internationally on a fair and equitable basis.

Second, the business community is increasingly concerned that the federal government's position on our defensive agricultural interests is impeding Canada's level of ambition in other areas with far more impact to the Canadian economy such as market access for goods and services. Canada must be willing to show some flexibility in order to ensure progress in its broader overall negotiating agenda. We must also continually assess the costs of defending certain interests against the benefits to be gained on other fronts.

In terms of WTO outcomes, the Chamber's key goals are:

- Reaching agreement on negotiating modalities for non-agricultural market access, including an ambitious tariff-cutting formula, improved market access, sectoral initiatives, simplification of tariff structures, and a methodology for the dismantling of non-tariff barriers.
- Reaching agreement on full negotiating modalities for trade in agriculture, and in particular on formulas for phasing out export supports, establishing strong disciplines to reduce trade-distorting forms of domestic support, and substantially improving

market access for all products, including developing country agricultural products in particular.

- Ensuring urgent and substantive progress in the negotiations on trade in services by expanding the number and improving the quality of WTO members' offers on the broad range of traded services, and across all modes of service delivery.
- Making substantial progress in the negotiations on trade facilitation with a view to reaching agreement on a comprehensive set of trade facilitation measures.
- Ensuring a balanced approach to the "rules" element of the Doha Development Agenda, particularly the negotiations on antidumping and regional trade agreements.
- Finally, impartial and effective dispute settlement is a cornerstone of WTO rules. Non-compliance with the rules ultimately benefits no one. It is critical that all WTO member countries, Canada included, respect the decisions of WTO panels in order to protect the integrity of the system. It is also in the best interest to the membership that the organization has the necessary resources to sustain the effective settlement of disputes.

The business community has a vital interest in the outcome of these negotiations. The WTO's rules are the framework within which business will conduct its activities in the years to come. Canada's negotiating position and the outcome produced will have a direct impact on jobs, competitiveness, productivity and exports. These benefit all Canadians.

Recommendations

That the federal government:

1. Negotiate aggressively for an ambitious outcome in the Doha round of multilateral trade negotiations. Priority areas are increased market access for goods and services, progress in trade facilitation and movement in agricultural liberalization.
2. Ensure that pressures to resist changes on Canada's defensive agricultural interests do not compromise or constrain the opportunity for Canada to achieve substantive gains in other areas of the negotiations such as services and non agricultural market access.
3. Renew efforts to strengthen the WTO as the rules-based international institution responsible for overseeing the operation of the multilateral trading system. This includes ensuring all WTO members respect the decisions of WTO dispute panels so that the primacy of the WTO system is maintained.
4. Seek out and take full account of the expertise and advice of Canadian business on a continuing and fulsome basis throughout the Doha Round negotiations.