

the core policy issues be resolved by July 2004, the Committee on Rules of Origin is to complete its remaining technical work, including a review of the results for overall coherence, by the end of 2004. The inability of the Committee on Rules of Origin to meet the deadline for completing the work program stems from the technical complexity of reaching agreement on rules for all products; the entrenched positions of many members, particularly in the areas of agriculture, textiles and apparel, and industrial products; and the lack of consensus on the implications of the work program (i.e., if and when the harmonized rules should be used).

In the development of common rules of origin for non-preferential trade, Canada's objectives are threefold: to achieve common rules that will provide greater transparency and certainty for traders; to prevent countries from using rules of origin to impair market access; and to achieve rules that are technically proficient, reflecting the global nature of the production and sourcing of goods and materials. Regarding the implications of harmonized rules of origin, Canada's position is that members should use such rules in the application of non-preferential commercial policy instruments only if other WTO agreements require determination of a country of origin.

TRADE FACILITATION

Although WTO rules already contain a variety of provisions aimed at enhancing transparency and setting minimum procedural standards (such as Articles V [freedom of transit], VIII [fees and border formalities] and X [publication and administration of trade regulations] of the General Agreement on Tariffs and Trade [GATT]) these rules date back to the original formation of the GATT in 1947 and, in some cases, build on predecessor arrangements from the early years of the 20th century.

At the fourth Ministerial Conference in Doha in 2001, ministers agreed to a focused trade facilitation work program leading to negotiations to take place after the fifth WTO Ministerial Conference held in Cancun in September 2003. The government's objectives for the negotiations are to build on existing

WTO obligations (i.e., GATT Articles V, VIII and X) and to negotiate disciplines that would maximize transparency; expedite the release of goods; and reduce, simplify and modernize border-related requirements and formalities.

Canada views trade facilitation as a win-win for all countries and a natural complement to market access negotiations on goods. New multilateral trade facilitation rules would help countries modernize border systems to expedite the flow of goods across borders, while fully meeting non-trade objectives such as security. Improved border systems would also help to reduce business costs for all traders, an issue of particular interest to small and medium-sized companies.

In seeking agreement to negotiate rules on trade facilitation, Canada, with other like-minded WTO members, came forward during 2002 and 2003 with a range of proposals to clarify and improve existing obligations. With the subsequent failure of WTO members to reach a consensus at Cancun, work in this area has been stalled while members seek agreement on possible ways to further advance the wider Doha Development Agenda, including trade facilitation.

The WTO's focus on trade facilitation has already served to raise its significance on the agenda of WTO members. A wide variety of international financial institutions, donors, United Nations agencies, the World Customs Organization and non-governmental organizations are demonstrating renewed interest in supporting programs that facilitate trade and in the implementation of practical solutions. Canada actively supports efforts on technical assistance and capacity building that help developing countries meet higher standards of border management.

The Government of Canada is optimistic that the many benefits of trade facilitation, widely recognized both within and outside the WTO, will bring forth the necessary political will to launch negotiations in this area. It will continue its efforts in support of such a launch at the earliest possible date.