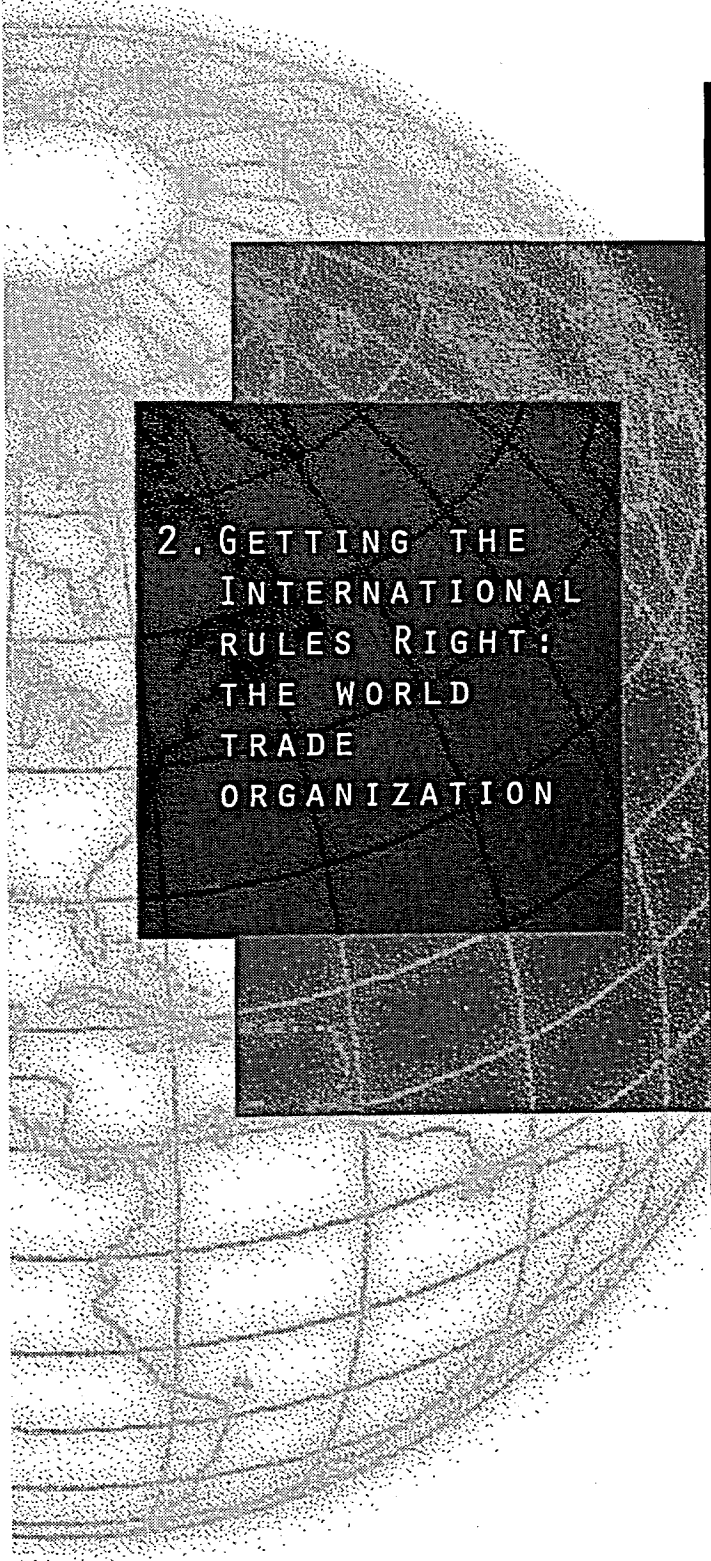




2. GETTING THE INTERNATIONAL RULES RIGHT: THE WORLD TRADE ORGANIZATION

Improved access to world markets depends upon an open and fair international trading system. The WTO, formed in 1995 to succeed the General Agreement on Tariffs and Trade (GATT), is the cornerstone of the international trading system, overseeing the administration and functioning of multilateral trade agreements and helping to maintain the rules governing world trade. The WTO is a fundamental element of Canada's bilateral trade relationships with other countries, including those with which Canada has concluded free trade agreements.

For Canada, a nation heavily dependent on trade, effective trade rules are vital to ensure stable economic growth, and to prevent bigger and more powerful economies from operating outside the rules. That is why Canada played an important role in the creation of the WTO, and why it will continue to participate in the entire range of WTO activities. In 1997, several important breakthroughs were achieved at the WTO that will enhance access to world markets for Canadian exporters, for example, the conclusion of the Information Technology Agreement, and agreements on Financial Services and Basic Telecommunications.

In May 1998, Canada will participate in the WTO Ministerial Conference and 50th anniversary celebrations of the GATT in Geneva, Switzerland. This will be an opportunity for WTO members to take stock of the tremendous contribution that the multilateral trading system has made to global welfare, development and growth since the GATT entered into force in 1948. As well, they will be able to encourage the continued implementation of existing commitments, and set the course to address the challenges that lie ahead.

IMPROVING ACCESS FOR TRADE IN GOODS

Information Technology Agreement

The Information Technology Agreement (ITA) was concluded in March 1997 with the participation of Canada and 42 other governments creating a duty-free market representing over 92% of the US\$500-billion-a-year world trade in information technology (IT) products. The ITA provides for the staged elimination by the year 2000 (longer in the case of some products and some countries) of most-favoured-nation (MFN) tariffs on a broad range of IT products, such as computers, software,