

BENEFITS TO CANADA OF THE WTO TRADING SYSTEM

Canada has benefited greatly from the open, rules-based trading system that has been developed over the past 50 years and we know that our future prosperity depends on our continued ability to trade with the world. A more liberalized trading system based on clear rules helps create jobs for Canadians. It gives our companies larger markets for their goods and services and enables them to benefit from economies of scale. It provides us

with access to cheaper inputs such as advanced technology, and gives us less expensive consumer goods. It increases competition and helps make us more productive. And, perhaps more important, it encourages business — and indeed all Canadians — to be more outward-looking and attuned to the challenges of an increasingly integrated and interdependent world.

Greater access to markets

Reducing or eliminating tariffs would make Canadian goods more competitive and encourage Canadian firms to expand into new markets — sustaining jobs at home. The majority of imports enter Canada duty-free, while many Canadian exports still face significant tariffs.

Fundamental reform in agri-food trade

Canada's initial negotiating position, announced in August 1999 by Ministers Pettigrew and Vanclief, calls for the elimination of all export subsidies as quickly as possible; substantial reductions in or elimination of domestic support that distorts trade or production; and substantially improved market access for all agriculture and food products. These changes would allow Canadian agriculture and agri-food producers to more effectively compete and expand their markets.

Protection for Canadian investment

In 2000, Canadians had invested nearly \$62 billion worldwide. Much of this investment does not enjoy the kind of legal protection that we are accustomed to in Canada. Stable and consistent investment rules would give Canadian firms greater security and confidence to invest — as they would firms in developing countries, many of which are also eager to attract foreign direct investment.

Progress on subsidies and countervailing duties

A government subsidizes when it provides a producer with financial contributions or tax breaks that give it an advantage in the marketplace. The objective of the WTO's Agreement on Subsidies and Countervailing Measures (SCM) is to curb the use of such government assistance when it distorts trade. Strong rules on subsidies would ensure that Canadian firms are not disadvantaged by the subsidies of its larger trading partners, such as the United States, Japan and the European Union. Canada also wants to ensure that subsidy rules (the SCM) are adequate to meet the needs of the world's least-developed countries.

Progress on technical barriers to trade

Countries, at times, use technical rules and regulations as excuses to bar access to a country's products. Or sometimes rules are so complicated they are difficult to implement or open to very wide interpretation, creating uncertainty for exporters. The WTO's Agreement on Technical Barriers to Trade (TBT) defines the international rights and obligations regarding the development and application of these measures that affect trade. Canada believes that continued progress in this area is an important part of a balanced trading system.

Progress on government procurement

Government procurement of goods and services plays an important role in most countries' economies. It is estimated that governments around the world purchase US\$5.3 trillion worth of goods and services annually. Canada would like the WTO to continue a review of existing rules (the Agreement on Government Procurement) to simplify it and improve access to our most important markets, including the United States. Canada would like negotiations on transparency in government procurement to be part of any new Round of WTO trade talks. This competition results in better value for customers and taxpayers. Canada would like the WTO to continue reviewing the Agreement on Government Procurement to simplify it and make it more fair.

Making trade negotiations more transparent

Canada is committed to making global trade bodies more open to citizens — more reflective of the Canadian values of democracy and citizen involvement. Last year, Canada presented detailed recommendations on how the WTO could become more democratic and open to its members' citizens, including opening trade policy reviews to accredited public observers; webcasting Canada's upcoming trade policy review; public release of working papers and agendas as well as submissions in dispute settlement cases, to name a few.