

Vital to International Trade

The World Trade Organization Finds Strong Supporter, Advocate in Canada

The World Trade Organization (WTO) is key to Canada's international trade policy because an effective, rules-based trading system is vital to increased international trade, economic growth and job creation for Canadians.

With this in mind, Canada played a central role in developing the WTO concept which was embedded in the WTO Agreement at the conclusion of the Uruguay Round negotiations on multilateral trade in 1994. Canada remains a strong supporter and advocate of the WTO.

Established on January 1, 1995, the Geneva-based WTO has a broader and stronger mandate than the Secretariat of the General Agreement on Tariffs and Trade (GATT) which it replaced.

The WTO now has close to 130 members. And with some 30 other countries, such as Russia and China, also seeking to join, it will soon cover almost all of the world's trade.

The WTO Secretariat is headed by Director General Renato Ruggiero, a former Italian trade minister and business executive.

The Secretariat plays a critical role in helping the WTO carry out its mandate — to build a single integrated organization to administer and oversee multilateral trade agreements, and to provide a forum for future trade negotiations and rule-making.

A ministerial conference, open to representatives of all member countries, will be held at least every two years.

The General Council, which is also open to all members, supervises the work of the WTO's various councils and committees, and sits as both the Dispute Settlement Body and the Trade Policy Review Body.

The Uruguay Round agreements gave the

WTO a strong hand in two significant ways. For the first time, countries seeking to join the WTO will have to accept WTO terms in full, which includes signing on to a broader range of agreements covering goods, services, trade-related intellectual property rights and trade-related investment.

In this way, all countries have the same status and play by the same rules, thus effectively limiting more powerful countries from interfering with the economies of smaller countries.

Second, a rigorous dispute settlement process with binding decisions was established, replacing a weaker GATT procedure.

Since its introduction, it has received solid backing from member countries, and its performance has bolstered business confidence in the new trade system. It is by far the biggest success of the first two years of the new organization.

Rules have been established for the selection of panels to hear disputes brought by members.

Panel decisions may be referred to the Appellate Body which reviews issues of law and legal interpretations covered in the panel reports.

Disputing parties can appeal a panel's finding, but once the Appellate Body rules, the decision is binding, effectively preventing a single member from blocking settlement decisions as was the case with the GATT.