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Getting the International Rules Right

CANADA AND THE WORLD TRADE ORGANIZATION (WTO)

Canada's membership in the World Trade Organization is a key element of Canadian trade policy and an important avenue to achieving Canada's market access goals. The WTO governs the trade relations of the 149 members of the organization, including the European Union, Japan, other industrialized countries, emerging markets and smaller developing countries. The WTO also underpins much of our trade with the United States, our largest trading partner.

At the heart of the multilateral trading system are the WTO agreements, negotiated and signed by members and ratified by their elected representatives. The basic principles of the WTO are equal treatment for all WTO members (the most-favoured-nation clause), reciprocity in the exchange of concessions, and identical treatment of foreign and domestic products (national treatment). The WTO provides a forum for negotiating market access, monitoring the implementation of obligations and commitments under various agreements, and reviewing members' trade policies and practices. The WTO also offers a state-to-state dispute settlement system, whereby trade disputes are settled based on commonly agreed rules, rather than political or economic power.

THE DOHA ROUND AND CANADA'S OBJECTIVES

In November 2001, at the fourth WTO Ministerial Conference in Doha, Qatar, ministers launched a new round of trade negotiations covering agricultural trade reform, market access for non-agricultural goods and for services, rules for subsidies, anti-dumping and countervailing duty actions, a multilateral registry for wines and spirits, dispute settlement, and certain aspects of trade and the environment. This broad

range of issues is referred to as the "Doha Development Agenda," because of the strong focus on development that was incorporated across the negotiations in each area.

Negotiations suffered a setback at the fifth WTO Ministerial Conference in Cancun, Mexico, in September 2003, when WTO members could not agree on a way forward. However, in July 2004, WTO members agreed to a package of frameworks and other decisions that put the talks back on track and allowed them to advance to a more detailed stage. After a phase of intense engagement in 2005, which included a series of informal meetings of trade ministers, the sixth WTO Ministerial Conference was held in Hong Kong, China, from December 13 to 18, 2005. Although not as ambitious or comprehensive as Canada would have liked, the Hong Kong Ministerial Declaration provides a basis for Canada and other WTO members to continue pursuing their objectives in the negotiations. For more information on the Hong Kong Ministerial Declaration, please visit http://www.wto.org/english/thewto_e/minist_e/min05_e/final_text_e.htm.

Canada is seeking an ambitious outcome to the Doha round of negotiations by the end of 2006, so that commitments made can be approved by the relevant domestic institutions of each WTO member in the first half of 2007. An ambitious outcome to the negotiations would enable Canadian exporters to compete fairly in global markets, while increasing Canadian and global economic growth, prosperity and development.² Only the WTO has the critical mass of

² A 2005 World Bank Study estimates the global welfare gains from liberalization in merchandise trade and reduction in agricultural subsidies at nearly \$363.5 billion a year by 2015.