



December 12, 1997, with an agreement involving 70 countries, representing over 95% of world trade in financial services. The agreement is governed by the obligations of the GATS, including the important MFN obligation which prohibits discrimination between foreign service suppliers. Under the agreement, individual countries will also adhere to individual schedules of specific commitments which describe the conditions under which foreign financial institutions may provide services such as banking, insurance, securities, and financial information services.

The financial services sector is vital to the Canadian economy. It contributes over 5% of Canada's GDP, and directly employs more than 500 000 people. Canadian financial institutions are highly competitive internationally, and many institutions earn a significant portion of their income from their foreign operations.

The provinces and the Canadian financial services industry were consulted extensively before and during the negotiations. Canadian financial institutions are supportive of the agreement, which will provide improved access to key markets in Europe, Asia and Latin America, and should lead to new export and job opportunities in Canada. Legislation to implement the agreement will be tabled in Parliament over the coming months. The agreement is to be ratified by January 29, 1999, and is scheduled to take effect March 1, 1999. Over the next year, the priority for Canada will be to ensure timely ratification of the agreement by all participants.

Basic Telecommunications Services

The GATS Agreement on Basic Telecommunications (ABT) was concluded in February 1997 with the participation of countries accounting for over 90% of worldwide telecommunication revenues, and came into effect on February 5, 1998. As of that date, both the WTO dispute settlement mechanism and the MFN principle apply to the provision of basic telecommunications services by all members of the WTO. As well, specific commitments regarding market access, national treatment, and the application of pro-competitive regulatory principles were undertaken by the 72 participants to the ABT. The ABT does not cover DTH (direct-to-home) or other broadcasting services. Canada will monitor implementation of the Agreement by its trading partners. Throughout the process, extensive consultations were held with industry, concerned government departments and provinces. As a result, stakeholders

played a significant role throughout the process and the final agreement reflects their interests. Industry therefore is supportive of the ABT.

Professional Services

Canada's goal in the ongoing WTO discussions on professional services is to obtain greater and more secure market access for providers of professional services, particularly for professions of key export interest. To this end, Canada, supported by industry, is playing an active role in the Working Party of Professional Services (WPPS) which is charged with developing disciplines to ensure that domestic regulations, technical standards or licensing requirements do not act as disguised barriers to trade.

In May 1997, the WPPS finalized a set of guidelines for mutual recognition agreements or arrangements in the accountancy sector. These guidelines are available from the WTO Web site at www.wto.org/wto/press/press73.htm. As the next step in its work program, the WPPS is making good progress in developing disciplines regarding accountancy services. The WPPS will then consider expanding its work program to include additional professions.

GOVERNMENT PROCUREMENT

With annual global expenditures in the hundreds of billions of dollars, government procurement represents a massive potential area for international trade. However, because procurement is often seen as one of the last bastions of protection for domestic industry, countries have been reluctant to agree to disciplines at the multilateral level. Canada, along with 25 other countries, is party to the WTO Agreement on Government Procurement (AGP), which came into force on January 1, 1996. The AGP provides the basis for guaranteed access for Canadian suppliers to the markets of the United States, the European Union, Japan and other key markets. Increased sectoral coverage and a reduction of discriminatory barriers to the United States and other key markets would result in significant opportunities for Canadian exporters. Canada, along with 25 other countries, is party to the WTO Agreement on Government Procurement (AGP), which came into force on January 1, 1996, and provides tangible, though somewhat limited, benefits to Canadian exporters.