



## WTO Talks Have Big Implications for Canada

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Trade ministers from 146 countries from all parts of the world begin five days of intensive negotiations today in Cancun, Mexico, in an extraordinarily difficult but critically important attempt to reduce trade barriers and strengthen the rules to deal with trade disputes through the World Trade Organization. What matters in Cancun has big implications for Canada. This is why Trade Minister Pierre Pettigrew flew to Cancun in advance of the formal negotiations – he was there for early talks with other trade ministers from key countries in an effort to improve the chances for success at the formal negotiations now under way.

There is a view among some Canadians that these negotiations and the role of the World Trade Organization are not particularly important for Canada, now that we have a free trade agreement with the United States. But this view is terribly wrong for a number of reasons.

First, Canada is significantly affected by WTO decisions. For example, many Canadian trade disputes with the United States are settled through the WTO dispute settlement system, which is far superior to the Canada-U.S. free trade agreement dispute settlement system. So WTO rules matter for Canada. Likewise, decisions such as the entry of China into the WTO determine China's access to the Canadian market, our access to China's market, as well as the role of China in the global community. WTO rules on intellectual property, anti-dumping and countervail duties, trade and the environment, electronic commerce and many other areas directly affect Canada.

A strong and healthy WTO is the best guarantee of a secure and rules-based trading system that not only can shield Canada against U.S. protectionism but also provide improved access for Canadians to markets in the rest of the world.

Second, Canada has a strong interest in a healthy global economy, not only for its own sake but because this will increase the chances for global peace and stability. The trade negotiations are not about what kind of economy we have next year, but the direction of the global economy for the next 10 to 15 years. We cannot hide on a North American island and from the profound changes we face as a consequence of globalization and rapid technological change.

The outcome of this week's meetings in Cancun will have big implications for the success of the Doha Round of trade negotiations, which are heavily focused on improving the economic prospects for the developing world, which accounts for about 80 per cent of the world's population but currently just 15 per cent of the world's economy.

Third, the greatest opportunities for economic growth over the decades ahead will not be in the United States but in China, India, Brazil and many other emerging market economies. It is important for Canadian businesses, large and small, to be engaged in negotiations on the kind of access we will have to these markets in the years ahead.

And fourth, many of the outstanding issues we have with the United States can only be dealt with through the WTO. These include an end of export and other subsidies for wheat and other farm products that the U.S. provides, which are highly damaging to our own farmers, and improved rules for anti-dumping and countervail duty provisions to reduce the ways in which the U.S. uses these trade remedy laws to harass Canadian exporters.

The WTO vision is what I would call the Big Canada vision. It sees Canada as a global player. The alternative, or Little Canada vision, essentially sees Canada's future only in North American terms – an extension of the U.S. economy, deeply integrated into the U.S. economic system. Its argument is that since more than 85 per cent of Canadian exports go to the United States, the rest of the world doesn't matter much.

This ignores three essential points: Some Canadian exports to the U.S., such as raw materials and components, are incorporated into finished U.S. products destined for other countries; there is much double-counting in Canada-U.S. trade in sectors such as autos (each Canadian-assembled auto is estimated to contain \$9,980 of U.S.-made parts); and future Canadian jobs and growth prospects will be tied to success in countries such as China, India, Brazil, Russia and other emerging market economies. For a whole variety of reasons, then, the success of this week's WTO negotiations are very much in Canada's best interests. Little Canada operates through a Canada-U.S. rear-view mirror. Big Canada looks to a global future.



*For more information on the WTO, visit the BBC Country Profiles website, and look up "International Organizations."*