



Global Trade, Local Benefits



CANADA,
THE **WTO**
AND GLOBAL
TRADE



WHAT TRADE MEANS FOR CANADA

The benefits of trade are real and tangible: jobs in our neighbourhoods and economic activity as diverse and interesting as Canada itself.

Canadian firms can be found introducing Europeans to the taste of organic wild rice, assisting health care and education in Tanzania through distance learning technology, treating wastewater in Alabama, and giving Germans innovative new ways to make electronic payments. Canadian firms are in demand, and the world is their market.

So it's no big surprise to learn that Canada is one of the world's premier trading nations. We trade about \$2.4 billion every day, representing about 43% of our gross domestic product. One in four Canadian jobs depends on exports. Canadians have embraced trade and global commerce. And global markets have returned the favour. For the past decade, Canada's trade with the world has risen year by year, contributing enormously to our country's economic stability and prosperity.

But not all the potential benefits of trade have been realized. Canada stands to gain as more markets open to our goods and our expertise, and other countries' rules become fairer and easier for Canadian exporters.

Services, for example, account for three out of four jobs in Canada, yet this is a relatively untapped market where exports promise to increase greatly as the world becomes more acquainted with the ingenuity and know-how of Canadians, and as better rules make the system more open.

Canada's participation in the World Trade Organization (WTO) and other trade agreements is all about increasing opportunities for Canadian businesses and citizens. It's about knocking down trade barriers and getting rid of confusing rules and red tape. In short, it's about unleashing the potential of Canada's exporters so that they can build better futures for their communities.



WHAT'S AT STAKE?

Recent studies have suggested strong benefits to Canada from further trade liberalization:

- A one-third drop in agricultural tariffs could bring benefits to Canada of roughly \$100 million.
- A similar drop in industrial tariffs could net Canada another \$4 billion or more—and if the same cuts were made in tariffs on services, benefits to Canada would increase by more than \$15 billion.



- **If all tariffs were eliminated across the board, global benefits would increase by nearly \$3 trillion, with Canada's share exceeding \$60 billion.**

Canadians have a lot to gain from liberalized trade, and we are well placed to reap those benefits.

Our businesspeople are world-class producers, especially in the rapidly growing services sector. Engineering, environmental, management consulting, financial services, information technology, telecommunications and tourism firms have all established places for themselves in world markets.

The vast majority of Canadian exporters are small and medium-sized enterprises. For them, increased trade means additional income, higher productivity, and greater access to technology and investment. Trade helps make them more efficient and competitive.

That's why Canada is a member of the WTO and other trade agreements. The pages and pages of technical rules can seem pretty abstract to an average citizen. But these rules have a purpose: to increase opportunity and unlock potential.

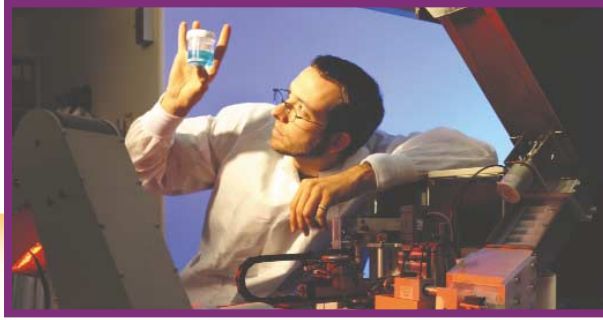


Canadian consumers stand to gain tremendously from greater access to cheaper products, both domestically produced and imported. Canadian manufacturers will benefit from cheaper technology and components for their manufactured goods and inventions.

So when Canadian negotiators sit down in Geneva or other world centres to hammer out good deals for Canada, their hearts are really back home—with a P.E.I. peat moss firm that exports 95% of its production to Japan; with a Montreal consultant who designs power plants around the world; with a Winnipeg ballet company that is sweeping audiences off their feet across the United States; and with Canadian consumers, who benefit from more choice and lower prices.

Look down the street, around the corner. Many of those small firms you see are exporters. Some have been at it for years. Others are just beginning. All of them have a vested interest in sensible trade rules that allow them to expand their markets and therefore build their operations in Canada.

So the next time you read a headline about global trade negotiations, think about what it really means, about the end result of all this activity. Think of that small firm that wants to spread its wings, your neighbour and fellow citizen who also wants to be a citizen of the world.



Canadian firms want to be world leaders. They want to be excellent. Why hold them back?

A NEW ROUND OF TRADE NEGOTIATIONS

Canada is one of 144 members of the World Trade Organization and was a founding member of its predecessor, the GATT, in 1948. Canada is no stranger to global trade negotiations.

In November 2001, WTO members met in Doha, Qatar, and launched a new round of trade liberalization negotiations. So the hard work is just beginning; negotiations aren't scheduled to end until 2005.

The "Doha Development Round"—named because of its specific attention to the priorities of developing countries—involves negotiations on a wide range of issues. Among the most important are the reduction and eventual phasing out of all export subsidies, and the reduction of other barriers to trade in agricultural and non-agricultural products. Negotiations will deepen on liberalizing trade in services.

Negotiations will cover regulatory matters: clarifying and improving the rules on anti-dumping, subsidies and countervailing duties; improving how disputes are settled; finding the best way to help developing countries adapt to WTO rules at a pace appropriate to their needs; and more.

In addition, members will lay the foundation for future work on transparency in government procurement, foreign investment and competition, and will continue improvements to shape a more transparent and open WTO.

Members will also negotiate about the impact of trade rules on other issues. That includes reviewing the relationship between WTO rules and international environmental agreements.

WHAT DOES THIS MEAN FOR CANADA?

As negotiations progress, Canada aims to shape rules that advance its priorities.

GREATER ACCESS TO MARKETS FOR CANADIAN EXPORTERS: Opening up the rapidly growing global market in services plays to our strengths as world-class producers and creates opportunities for Canadians.

GREATER COMPETITIVENESS FOR CANADIAN FIRMS: The reduction and removal of other countries' tariffs and subsidies on key Canadian exports—including agricultural products, fisheries, aircraft, steel and shipbuilding—will bring prices into line with costs and make Canadian exports more competitive.



IMPROVED RULES FOR UNIFORMITY AND EFFICIENCY: Clarification of anti-dumping measures will help reduce trade disputes in areas important to Canada, and improved trade facilitation rules will reduce red tape at border points and ease the flow of goods and services.

PROTECTION AND PROJECTION OF CANADIAN VALUES: Canada will maintain policies that promote our culture, preserve the kind of social programs we want, and encourage the rule of law and transparency.

WHAT'S NEXT?

Throughout the negotiations, the Government of Canada will continue to inform and consult Canadians about its work at the WTO and in other trade agreements and negotiations.

While the details of trade are complex, Canada's aim is clear: to create opportunity for Canadians, and to help Canadians to take advantage of that world of opportunity.



For more information

Department of Foreign Affairs and International Trade site on trade negotiations and agreements

www.dfait-maeci.gc.ca/tna-nac

How Canada's Trade Commissioner Service can help exporters sell to foreign markets

www.infoexport.gc.ca

To obtain copies of this brochure and other DFAIT publications:

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ISBN 0-662-66420-5

Catalogue No. E2-459/2002

