
A Parliamentarian's Perspective:

Canada and the World Trade Organization

by Sarmite D. Bulte, MP

In 1998 and 1999 the Standing Committee on Foreign Affairs and International Trade conducted a series of public hearings in Ottawa and across Canada to discuss Canada's trade objectives and the forthcoming agenda on the World Trade Organization. It also looked at Canada's priority interests in the Free Trade Area in the Americas. The hearings came at a time when countries are facing some crucial choices and decisions in the complex negotiating process that is being conducted multilaterally both under the auspices of the WTO and in developing regional forums such as the proposed Free Trade Area in the Americas. This article looks at how parliamentarians can contribute to the definition of international trade policy and an economic environment that is conducive to international Canadian business interests.

International trade has now become a local issue. What happens at far away negotiating tables has consequences that reach right down to the kitchen table. As the trend deepens, the making of trade policies cannot be left to only a few officials in backrooms. It needs to engage the whole of society and government at all levels.

It was the role of our Committee to encourage citizens in all parts of Canada to participate, to give us their best ideas and to follow the progress of the study in the coming weeks and months.

Sarmite Bulte is the Member of Parliament for Parkdale-High Park. She was chair of the Sub-Committee on International Trade, Trade Disputes and Investment and was an Associate Member of the Standing Committee on Foreign Affairs and International Trade which recently completed a study of Canada and the World Trade Organisation. This is a revised version of her presentation on August 10, 1999 to the 38th Canadian Regional Conference of the Commonwealth Parliamentary Association held in Quebec City.

The final report represented extensive hearings across Canada, containing the views of many Canadians and interested groups on the broad range of issues that will need to be addressed in further trade negotiations at the World Trade Organisation. It is incumbent upon the Government to respond to these views, along with the recommendations contained in the report, and ensure that they are reviewed and considered fully in the process of establishing Canada's negotiating objectives and priorities.



Canada at the WTO: Towards a Millennium Agenda

In undertaking some of the most comprehensive cross country hearings ever, (425 committee appearances comprised of 88 industry associations, 26 governments, 61 academics, researchers and professions, 85 civil society reps and 64 individuals), the Standing Committee was mindful of having the broadest possible and open public input on the main political choices that will govern the "WTO millennium round" to be launched at the Seattle Ministerial Conference in November, 1999.

Parliamentarians and legislative committees are well placed to take on the responsibility of mediating and communicating between the executive branch of government and the various interest groups in an area of broad significance such as international trade policy.

The committee report is comprehensive in addressing Canada's general goals at the WTO as well as specific sectoral interests, particularly the difficult agricultural dimension where both Canadian export and supply interests are in play, and the tricky "social" dimension (mainly labour and environmental standards) of the WTO. Notwithstanding some minority dissenting party submissions, the Standing Committee report developed a broad degree of consensus and coherence in its 39 recommendations related to our negotiating interests in the WTO round, the implementation of WTO agreements, improving the dispute settlement mechanism and ensuring that the WTO can make a contribution to global governance and stability without detracting from its primary sphere of trade responsibility. It is therefore representative of what federal parliamentarians working together can achieve in influencing the Canadian position leading into the WTO negotiations.

The report recommends an ongoing role for Parliament in examining the results of trade negotiations before entering into binding legal agreements and implementing legislation. Similarly, the report on the Free Trade Area of the Americas expected later in the fall will have a similar effect in helping to define the Canadian interests and position in the hemispheric trade negotiations which will move forward this fall with the two meetings in Toronto of the Americas Business Forum and the meeting of hemispheric trade ministers. It is the hope and expectation of the Standing Committee on Foreign Affairs and International Trade that our Report will have

an important effect on the Government's position entering into the new WTO round. A Government response is expected within a 150 day period.

The Importance of International Trade and Investment

One of the first requirements for all parliamentarians is to appreciate the importance of international trade and investment and to help educate our constituents about this. There have been seven consecutive years of record-setting Canadian export growth which amounted to over \$367 billion in goods and services in 1998. And each billion dollars of exports accounts for 15,000 jobs. Annual export and import growth is now 8.1% and 6.4% respectively, far outpacing GDP growth. Exports are now equivalent to over 38% of GDP, making Canada "the most trade-oriented country in the G7/8. Canadian trade is being diversified towards knowledge-intensive and value-added, with positive net effects on overall economic and employment growth and on our constituencies. Even stronger increases in inward and outward flows of direct investment - the latter has exceeded the former since 1996. In 1998 inflows to Canada were \$22.9 billion while Canadians invested a record \$39.8 billion abroad. While one in ten jobs in Canada is attributable to foreign investment, the increasing Canadian foreign investment abroad will help to pave the way for future trade as well as aggregate economic and employment growth. This positive Canadian trade performance is occurring within a world context where looking ahead to 2000, world trade in merchandise goods and commercial services will exceed \$8 trillion (\$2 trillion more than in 1995). While public opinion polls indicate that Canadians are more and more appreciative of the positive effects of greater international trade and investment, notwithstanding debate about the details of more liberalised trade arrangements, there is a role for MPs in making this clearer to their constituents.

MPs need to understand the potential negative impacts of greater international trade and be aware of mechanisms and government programmes in place to help Canadian industry adapt to the changing environment. It is important to understand the criticisms, so that we are in a position to address them.

The results of our public consultations revealed the following criticism:

- the WTO promotes an agenda for business, especially multi-national enterprises and their allies in the OECD countries;
- smaller interest groups and those representing labour, consumers, the environment and human

resources, as well as the interests of developing countries are under-represented.

- the dispute resolution process interferes with sovereignty of nations by ruling on domestic policies affecting issues like social services and culture;
- the overall WTO process is non-transparent;
- there is insufficient consultation with the public on trade policy matters; and
- countries should focus on evaluating the outcome of the Uruguay Round before engaging in further discussions.

MPs can also ensure that constituents are made aware of government policy in seeking a broad-based negotiating agenda that:

- keeps pace with changes in technology, business practices and society,
- provides a stable environment for traders/investors,
- provides consumers with greater choice and lower prices,
- maintains its ability to regulate in the public interest in such areas as culture, health care, education, social programs, the environment, labour standards, programs for aboriginal peoples, programs for minorities and programs for the management of natural resources,
- works to make international institutions more responsive to public needs and concerns.

Trade Policy Issues

Parliamentarians must appreciate and increase understanding among the public about the key trade policy issues which define much of the international context within which our industries and firms operate. As an exporting country with free capital investment and capital movements, Canada has benefited from a rules based international trading system where international trade and investment is generally as liberalised as possible. Specifically, Canadian firms need open free access to international markets, particularly the important markets in the United States, the European Union, Japan and many key developing countries. It is well known – and examples emerge every day – of market access or investments discrimination leading to protectionism which can arise for a variety of reasons relating to tariffs, non-tariff barriers, health and standards or local interests etc. In some cases, Canada has its own policies that may restrict entry for policy reasons or to key sensitive sectors, a good example being certain agricultural sectors governed by marketing boards. The government's efforts to ensure an open and

rules based trading system are focussed within the WTO, but over the years have also included efforts to promote bilateral and regional free trade through initiatives such as the FTA, NAFTA, freer trade within APEC as well as specific bilateral agreements to facilitate trade, investment and tax administration. Some large scale programs and initiatives may provoke political differences, but whatever their political affiliation, it is helpful for parliamentarians to have a basic understanding of these issues and programs in order to assist with the development of an international trade and investment policy environment conducive to the operations of Canadian firms abroad. We must also be in a position to explain to local industries in difficulty why Canada must keep its market open to foreign imports in accordance with WTO standards, particularly in those cases where we are not successful with dispute settlement, and subject to the international rules against dumping/subsidies administered by the Canadian Trade Tribunal.

Encouragement of Canadian Business

MPs can help to encourage local firms to appreciate that they can compete internationally and not only in the USA. We need to improve the awareness within our constituencies of the merits of looking at the world as a marketplace. Within the context of encouraging all businesses and industries to expand their markets by exploring international opportunities, at the constituency level, encouragement can be given to smaller businesses to become exporters. Along with this encouragement, however, firms should be cautioned to prepare themselves thoroughly through proper research and selection of target markets and have an export concept in place before proceeding.

MPs may be able to advise local firms of the myriad of government and private programmes and initiatives that exist at the provincial and federal levels.

Firms can make initial contact with federal programmes by getting in touch with Team Canada Inc. through a toll free number (1-888-811-1119) and through these local Canada Business Service Centres provides "one stop" shopping for services such as the Program for Export Market Development. Access to the Trade Commissioner Service located in more than 130 offices abroad can be invaluable in pursuing trade and investment opportunities in specific market. The Export Development Corporation and the Canadian Commercial Corporation

can provide important service and advice with respect to export financing and insurance and team building. Constituent firms should be made aware of some of the specialised programmes within the Department of Foreign Affairs and International Trade these are related to small and medium firms in general and specially to help firms owned by women, aboriginal people, multiculturally owned business and young entrepreneurs. The full range of these programs relate to building capacity, contacts, training, data bases and other essential elements to help make these firms more successful exporters.

There are programmes in place to encourage local communities to attract foreign investment which now accounts for nearly one in ten Canadian jobs. There are also important programs at the provincial level to support the internationalisation of firms. In supporting the export interests of industries and firms nationally and from their constituencies, parliamentarians can be instrumental in facilitating introductions and access to the various governmental services that exist at both the federal and provincial levels.

A multisectoral task force has been formed specifically to provide direct feedback on these new initiatives. Small and medium sized firms who have participated in Team Canada missions have been asked to talk about their concerns and provide suggestions on increasing the effectiveness of future missions and of parallel programmes. Participants in other programmes are also asked to get involved. Parliamentarians could do more to advise their constituencies about these resources.

Interparliamentary Activities

In the context of their responsibilities, parliamentarians can engage in a variety of representations that will help Canadian industry abroad. In the course of interparliamentary meetings, for instance within the Commonwealth, the Francophonie or the myriad of bilateral associations and friendship groups, Canadian parliamentarians can emphasise to their parliamentary col-

leagues in other countries the importance of maintaining an open international trading system as well as a constructive bilateral trading relationship with Canada. In the cases of parliamentary contacts with major trading partners, such as Canada-USA or Canada-Europe there may be opportunities to support the government's position on specific trade disputes and market access problems being experienced by Canadian firms and sensitise our parliamentary and congressional colleagues to the Canadian position. While such representations to foreign parliamentarians, and therefore indirectly to foreign governments, cannot always ensure immediate success, they can be very helpful in ensuring that the Canadian position is heard loud and clear by foreign legislators and officials.

The Inter-Parliamentary Union at its biannual meetings conducts a major debate on the political and economic situation in the world. It recently considered one of the recommendations that was included in the Report of the Standing Committee on Foreign Affairs and International Trade — namely giving consideration to the establishment of a Standing Committee of WTO Parliamentarians, composed of representative delegations from member-country parliaments. The emerging Parliamentary Network of the Americas associated with the Organisation of American States may help with the Free Trade Area in the Americas.

Conclusion

Canadian parliamentarians at all levels can play an important role in supporting the interests of Canadian industry internationally, by encouraging Canadian firms and by recommending approaches to international trade policy as a new WTO round dawns. Effective communication and co-operation on trade matters by federal and provincial parliamentarians may ensure that provincial interests are fully integrated into the national trade agenda.