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**Speaking Notes
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**"Confidence, Coherence and 'Canadianism' at the World Trade Organization
Meetings in Seattle"**

**Address to the Joint Meeting of the
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The Canadian Institute of International Affairs, and
The Toronto Board of Trade
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Introduction

Thank you.

It is a great honour to be invited to the Canadian Club - one of the oldest and most respected institutions in this country.

I really appreciate the fact that you make it your business to open your doors to an enormous variety of guest speakers on a regular basis, because you expose your membership to all kinds of different thoughts and opinions - some of which I am sure you like - and some of which, I would think you don't!

I am not sure where I will fit on that scale, but I will go ahead anyway!

I have entitled my remarks "*Confidence, Coherence and 'Canadianism' at the World Trade Organization meetings in Seattle*" because I think those three words, my 3 'c' words of confidence, coherence, Canadianism, capture our approach to those important meetings very well.

As you may know, a Committee of the House of Commons has studied this issue for several months and presented a lengthy report on it to Parliament. I had the privilege of presenting the Government's response to that report earlier this month.

I have been talking about our response for several days - at every opportunity I get!

Some people are telling me I sound like a broken record! But, I will defer to a great British statesman, Winston Churchill, who once said "when one is absolutely tired and fed up of repeating an important message, remind yourself that you still have not been heard by 1% of the population."

Confidence

I first want to tell you why I think we approach these negotiations with confidence.

We are a trading country. Last year, we exported 43% of our GDP. That's up from just 30% back in 1993 when Prime Minister Jean Chrétien founded his first government. And it is higher than any other G8 nation.

For the sake of comparison, the Americans are exporting about 11.5% of their GDP. The Japanese export about 15%. So Canada exports 4 times more proportionately than the U.S., and 3 times more proportionately than Japan!

And this increase in trade has brought jobs to Canadians. Indeed, the vast majority of the more than 1.9 million new jobs created in this country since 1993 has come from the growth in our exports.

There can be no doubt that Canada's exposure to international competition has energized our economy, spurred innovation, and created hundreds of thousands of jobs for Canadians.

It has demonstrated that we can compete - and win - in international markets.

So who has a bigger stake in creating a more predictable international trading system? Obviously, we do!

And who has more experience in finding the compromises and the agreements among like-minded middle powers that are necessary to create that? Well, we Canadians do!

That is why we are going into this next round of WTO negotiations with confidence -- the confidence of a country which is outward-looking and which is not afraid of looking at the whole world as its marketplace.

It is very important to keep in mind that we have achieved all that we have achieved within the security of a rules-based system. Our goal in Seattle is to find ways to improve this essential rules-based system.

Trade, Development and Growth

But, if anybody needs a lesson in the value of international trade in delivering a better social system for the people of any country - - just look at those countries that excluded themselves from the international marketplace and the disciplines of GATT and the WTO.

The countries in the former Soviet Union, for example, and many countries in the south, have paid a very heavy price in terms of development, growth and productivity.

But those countries that have opened themselves up to trade, in Asia, in Europe, and here in North America, are enjoying the highest standards of living in the world.

China

And that is something that the new Chinese leadership recognizes. That is why China is looking to be included in the WTO. And, as you may know, today, I had the privilege and the pleasure of signing a bilateral agreement with Minister Shi on China's accession to the WTO - similar to the agreement China just recently signed with the United States.

This is a good deal for both Canada and China.

For us, it means reductions in duties on our exports to China, and the opening up of new opportunities for financial services companies, our telecommunications firms, and our other service providers.

Our total bilateral trade with China for 1998 was over \$10 billion! It is our fourth largest trading partner. Currently, we have a trade deficit with China - - we import more than we export.

But, this agreement gives us a great deal more access to Chinese markets - - something that our businesses are ready to take advantage of. We have about 400 Canadian companies with offices in China, and I am sure that number is going to increase dramatically with this agreement.

For China, it is another important step toward entry into the WTO. And that will be good for everybody. Because it also means that trade with China - a nation of over 1 billion people, and potentially the largest single market in the world - will be brought under WTO principles of fairness, non-discrimination, consistency and transparency, and give

us access to objective dispute settlement, and help promote the rule of law. It will also help China to sustain its important economic reforms.

This is a very important milestone in international trade, and we are all looking forward to China becoming a full member of the WTO.

Coherence

Let me turn to my 2nd "c" word, 'coherence'.

One of the other major challenges that I see in our Seattle meetings is the need to develop more coherence among the various international organizations and institutions.

Right now, we see many different groups which have concerns about globalization bringing those concerns to the trade arena. Whether it is labour standards, environmental issues or human rights, those involved have, lately, focussed their attention on the trade process in general and on the WTO in particular.

On one level, this is understandable. Of all the institutions to emerge following the Second World War, it was GATT, the predecessor to the WTO, that has worked the best and achieved the most. It has indeed established clear and equitable rules and strong mechanisms for enforcing them.

So what we see is all of these other issues - all of them legitimate, all of them important - directing their attention to the WTO.

Our challenge is to do a better job of working with organizations like UNCTAD, the ILO, the IMF, the World Bank, and eventually UNESCO, in a coherent way so that all of these issues are reflected in the policies we pursue. We need to ensure that we are all working toward a common purpose and not working at cross-purposes.

For example, it makes absolutely no sense for the IMF to say to a developing country *"increase your tariffs because you need more revenues, and if you don't increase your tariffs, we - the IMF and the World Bank - won't finance any more projects in your country."* While at the same time, the WTO is begging a country to lower its tariffs, and open its economy up to trade and offer this as a way to development! These kind of mixed signals don't help anyone!

The WTO has a duty - and it is in its own interest - to cooperate with other international organizations in order to help them achieve their agenda, whether on labour standards, the environment or human rights.

That is something I will be bringing to the WTO discussions in Seattle and I believe this coherent approach is essential if we are to overcome some of the resistance that we're

starting to see in some quarters.

The Canadian Agenda in Seattle

For Seattle and the coming round of talks, Canada's key objective will be to secure increased access for our goods and services, while at the same time helping to write agreements that will safeguard our vital social interests.

We have a long history of active and effective participation in trade negotiations. We were a founding member of the General Agreement on Tariffs and Trade over fifty years ago, and we have been participants in all the major international trade discussions ever since.

We have always stressed the importance of a transparent rules-based international trading system. As a mid-sized economy, we benefit from such a system because it provides a more predictable trading environment for our businesses and gives a relatively small economy like ours a great deal of leverage against larger and stronger economies.

A more liberalized trading system based on clear rules helps create jobs for Canadians. It gives our companies larger markets for their goods and enables them to obtain economies of scale. It provides us with access to cheaper inputs such as advanced technology, for example, and gives us less expensive consumer goods. It increases competition and helps make us more productive.

And, perhaps most important, it encourages business - and indeed all Canadians - to be more outward looking and to be more attuned to the challenges of an increasingly integrated and interdependent world.

Of course, we also have several specific objectives in Seattle.

Agriculture

For example, in Agriculture, we are calling for the elimination, as quickly as possible, of all export subsidies, and substantial reductions of trade-distorting domestic support. We will strive to level the international playing field by developing and implementing clear, enforceable rules pertaining to trade in agricultural products, including value-added products and which apply equally to all countries. Also, we will continue to uphold Canada's ability to maintain orderly marketing systems such as supply-management and the Canadian Wheat Board.

Non-agricultural market access

We also want commitments to negotiate reductions in tariffs and non-tariff barriers on

non-agricultural items, such as fish, metals, wines, wood and high tech areas such as telecommunications. More specifically, we support the inclusion of forest products in any tariff negotiations. We also want a "standstill" agreement on new or more restrictive trade measures in all these product areas during the negotiations.

Services

In the area of services, we are looking to increase access to foreign markets for Canadian service firms and improved rules for trade in services. As the 12th largest exporter of services in the world, we have much to gain from the liberalisation and expansion of international markets for our services. Let me be clear, however, that this government will not be opening up our public health care system to foreign competition. Our health care system is the envy of the world and we are not about to trade it away. Under the General Agreement on Trade in Services, no service is on the table until a country agrees to put it there. We will not put our public health care and education systems on the table. We intend to uphold our clearly defined and long-established objectives to safeguard Canada's freedom of action in key sectors, including health, education, and culture.

Culture

More specifically, we support the creation of a New International Instrument on Cultural Diversity which would set clear ground rules to enable Canada and other countries to develop and maintain policies that promote their culture, while respecting the rules governing the international trading system. We want the Seattle Declaration to recognize the importance of cultural diversity, but we are open at this stage as to where to negotiate the new International Instrument.

Investment

Investment, we know it is good for us. It helps create jobs, promotes innovation and it helps increase exports. More predictable rules will encourage investment in Canada and protect our investments abroad.

At the same time, we will work to safeguard our right to regulate and to promote fundamental Canadian values in strategic sectors such as health, education, culture, and environmental protection.

Environment

On international environmental issues, we are looking to clarify the relationship between WTO rules and trade measures in multilateral environmental agreements. We also want to see that the WTO Committee on Trade and the Environment will continue to be the focal point for the integration of environment considerations in the WTO negotiations, to make sure that environmental issues are taken into consideration by each WTO negotiating group.

Biotechnology

On biotechnology, we want to see a Working Party set up to consider the adequacy and effectiveness of existing rules as well as the capacity of WTO members to implement them.

Electronic commerce

On electronic commerce, or 'e-commerce' as it is known, we will support the existing standstill on customs duties and push for a review at the next Ministerial round and more study of the issue in the meantime. We will also try to advance the file by getting agreement that current rules on trade in services and intellectual property apply to e-commerce.

Labour

On labour standards issues, we will continue to promote economic, financial and social policy coherence at the international level, including reinforcing the International Labour Organisation mandate to work on the social dimensions of globalization.

Trade facilitation

We will also be arguing for new trade facilitation rules that will help countries modernize border systems to make them more transparent in order to expedite the flow of goods and services across borders.

Government procurement

We support the review of the Agreement on Government Procurement (AGP) and we want to see it completed by the end of this year. Our goal is to obtain better access for Canadian suppliers through the elimination of preferential programmes. Similarly, we support conclusion of an Agreement on Transparency in government Procurement, provided it takes into account our views, especially on scope.

Subsidies and trade remedies

We want to include subsidies and trade remedies in the negotiations with a view to getting rid of those subsidies that prevent our firms from competing on a level playing field. At the same time, we want to continue to shelter non-distortive subsidies for legitimate policy ends such as R&D, regional development, and environmental protection from attack. Our goal is also to improve rules on trade remedies such as anti-dumping and countervail duties so as to eliminate misuse of these instruments by those who wish simply to harass imports.

Competition

We also support a framework agreement which would include an obligation for member countries to adopt sound competition law as well as new options for dispute settlement that respect the competence of national competition authorities.

These are some of the major points we are going to be pursuing in Seattle.

'Canadianism'

So, what did I mean when I mentioned 'Canadianism' in those negotiations?

Simply this. Every country will bring its own set of priorities to the table, and every country will bring its own set of values to the table.

I happen to think that our values, values that have been shaped by our history and our geography are unique and very different from those of other countries. These values give us strengths in the new age of globalization that other countries don't have.

Globalization

Of course, 'globalization' has become the 'buzz word' of the 1990s - and perhaps it will continue to be the 'buzz word' of the next millennium.

It is a very powerful word that strikes fear into the hearts of some, and pure joy into the hearts of others! To still others, it is just confusing.

It is a word that I neither love nor fear - nor am I confused by it!

It is a simple fact of life. A fact of life that we have to understand and appreciate much better than we do now.

The great battle between liberalism and capitalism on the one hand and socialism and communism on the other, is over. Liberalism and capitalism have won.

And what they have won is enormous freedom to move in and out of markets around the world. Capital has never been so portable. It moves wherever it can get the highest return. That is not new. What is new is that borders have become more porous, and multinationals and trans-nationals now move in and out of countries almost as easily as they can move domestically.

Globalization is not something governments can stop.

But what it means is that governments now have to work on two tracks. They have to do all they can to influence international bodies to create a fair rules-based trading system, because that is in everybody's best interests - and that is what Seattle is all about.

Second, they have to reinvent themselves to take on the new challenges that globalization and more open markets bring.

The Limits of Markets

Because markets, no matter how free and how open, have their limits. They are only concerned with financial gain and profit, and they can be wrong sometimes. They don't consider the individual, or the environment or the future, or how different countries seek to preserve their own cultural heritage. They don't really care about the long term interests of countries, provinces, states, cities or people.

That is the role of governments - and, as I said, it is an increasingly difficult role to play as markets have become so much more powerful and borders have become so much more open.

Humanizing Globalization

As I have argued many times, we need to find ways to humanize globalization, to ensure that people can continue to participate in the economic and social development of our countries. If we fail to do this, we will sooner or later lose the support and confidence of the Canadian public for our trade agenda.

One of the reasons that I happen to think that Canada is much better placed than other countries to handle the new diversity and the new openness of the world economy is because we are a country founded on diversity.

We developed differently than other countries. Back in the 19th century when nation states were taking shape, they were all using pretty much the same model. In France, Britain, Germany, Italy and so on, the dominant group within the society assimilated the minorities. The dominant culture became the only culture. The dominant language became the only language.

But, in Canada, we refused the traditional model of the nation state. We became a country based on accommodation. First, an accommodation of the French speaking citizens and then an accommodation of all the other immigrants who followed.

We have built a citizenship that is political, not ethnic or religious.

And with that citizenship comes the value of respect, tolerance, and openness to pluralism.

That is an important difference we have from the United States, which is based on the 'melting pot' approach. An approach that imposed a homogeneous way of looking at citizenship.

I believe that we in Canada are more adaptable than many others to globalization because globalization is all about pluralism and diversity.

We have shown the world that people can live together as equal but different. We don't all have to be the same. We can appreciate one another's cultures and ways of living and attitudes and approaches without being threatened by them.

What being a northern country has also taught us is that cooperation is essential to our survival. That is something we learned from the first Canadians - the Aborigines. You cannot live very long during one of our winters without relying on someone else for help. The distances are too great, the cold is too cold and food is sometimes very scarce indeed. It really is true as the poet said, no man is an island - and our geography and climate have taught us that lesson very well indeed.

Exclusion

That is why we are deeply concerned with one of the major impacts of globalization, the tendency toward exclusion - when individuals and even whole countries can be left behind as the rest of the world moves forward.

And, exclusion is much worse than exploitation because if you are being exploited, at least you can join together with your fellow workers and have some bargaining power to

improve conditions and wages. But, if you are excluded, you have nothing to bargain with.

You are simply no longer needed - You become forgotten by society.

From Ethic of Justice to Ethic of Care

To me, humanizing globalization means that we have to move beyond an ethic of justice which is concerned with entitlements and rights. While both are of central importance, an ethic of justice does not deal with exclusion. That is why I believe we have to move beyond that to an ethic of care.

And, again, this is not something governments can or even should be doing on their own. The private sector and the voluntary sector and all the other groups in our society must be committed to fighting exclusion. What it means is finding better ways to work together to make sure that everyone has an opportunity to participate and to profit from the benefits we expect to realize from increased trade. And it also means that governments need to surrender some of their autonomy to others to allow them the scope to carry out some of this work.

Third Way

Leaders around the world have been talking about developing a Third Way of approaching governance. A way that somehow brings together the energy of the private sector and the energy of the voluntary sector and the energy of governments to approach social issues, in particular, in a new way. In simple terms it means greater sharing of responsibilities for social development. It means no longer leaving all decisions up to governments alone.

The Third Way is a new kind of politics. A much more collaborative and cooperative approach. It means sharing the load, but also sharing the benefits.

I think that we already have much of that in Canada today because of our history and the way we have grown together as a country. Indeed, I think we can be a model for others to follow.

Conclusion

So, today I have outlined the objectives and the ideas we intend to take to Seattle. Beginning with our substantive goals in key areas, but also including our confidence, our argument for more coherence among and between international organizations, and, perhaps most important, our Canadian values. The Round will take several years at

least, but the benefits to our economy and our society are certainly worth the effort. I want to position Canadians to be able to do business anywhere in the world with the confidence of a strong rules-based system in place to ensure a level playing field. Twenty years from now, I want to see Canada with an even higher percentage of its GDP arising from trade. But, let it be based on growth around the world. Let our exporters ship goods the world over.

And Canadian values - our 'Canadianism' - which is our heritage of democracy, our openness, our respect for others, our tolerance, our willingness to share - these are commodities that the world certainly needs more of!

Thank you.