



“The WTO: From Doha and Beyond”

**Speaking notes for an Address to
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by

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Introduction

It is a great pleasure to be with you at this joint luncheon of the Canadian Club and the CIBPA to discuss the current state of play at the World Trade Organization.

Some of you may remember that I was scheduled to speak to you on this topic in October 2000, but in the end the call for a federal election kept me in Geneva. Well, I checked with the Prime Minister's office before getting on the plane to Toronto and I was assured that there's no plan for an election this week. But it is only Monday...

If I had spoken to you in October 2000, I would have told you that the WTO had 138 Members, and that despite being beleaguered by protestors and bogged down in interminable meetings, Canada and other WTO Members were all working very hard to launch a new round of global trade negotiations.

I'm now happy to report that the WTO has embarked on a new round, that Membership has grown to 144 Members -- including China -- and for the moment the protestors are not as loud as they once were. I regret to report, however, that the meetings are still as numerous and long as ever.

This afternoon, I would like to address how the WTO got out from behind the shadow of Seattle, what we achieved at Doha, where we go next, and what all this means for Canada.

Importance of Doha

Since the events of September 11, some pundits and activists have tried to use the tragedy to criticize globalization. And unquestionably, growth in world trade and the global economy slowed sharply toward the end of 2001.

But last November in Qatar, WTO Members from around the world stated boldly and unambiguously that the response to terrorism and a global economic slowdown should not be to hide behind isolationism and protectionism, but rather to broaden and deepen international economic cooperation and liberalization, and to strengthen the multilateral trade rules that support the global economy.

For the WTO, a family of 144 Members -- who make all decisions by consensus, which means very slowly and with each Member having a veto -- this was an historic step away from the legacy of Seattle. So how did we do it?

Doha vs. Seattle

In effect, our success at Doha was the culmination of many different issues, circumstances and personalities coming together in a spirit of compromise. We also learned some important lessons from past mistakes.

In the lead up to Seattle, and at the meeting itself, many delegations from the developing world complained of being excluded from the real decision-making, which they argued was being done in private by the most powerful WTO Members.

By contrast, preparations for Doha were decidedly more open and inclusive. Every delegation -- large and small, developed and developing -- was invited to endless informal meetings in Geneva. And this process continued at Doha. It made for long nights and some tedious meetings, but it was also the recipe for success.

This process didn't just make delegates feel more loved. Rather, it produced a balanced draft text that ultimately enjoyed greater legitimacy, and it was a product that Ministers could actually work with.

The draft text for Seattle was 35 pages of disputed text and sometimes disjointed, contradictory proposals. By contrast, the draft Doha text was a realistic, lean, nine-page set of proposals that allowed Ministers to focus their energy on making the political decisions needed for consensus.

Importance of Leadership

Like so many events in history, Doha also succeeded because of the strong leadership of a few key players.

The Chair of the WTO General Council, Hong Kong Ambassador Stuart Harbinson, did a masterful job of putting together the draft text. WTO Director General Mike Moore's efforts to build strong relationships with Ambassadors and scores of trade ministers paid huge dividends at Doha.

The Qatari Trade Minister chaired the meetings with a sure hand, modesty and good humour. Canada's own Trade Minister's able work as facilitator of the negotiations on investment and competition helped to break the logjam on some of the most controversial issues that pitted the EU, US and developing countries against one another.

In my view the US Trade Representative, Robert Zoellick, also deserves special mention. Under his guidance, the US displayed indispensable leadership at Doha by overcoming its differences with the other WTO "elephant", the EU, and by making some early and tough compromises on sensitive issues like anti-dumping rules and access to essential medicines. The US reclaimed the leadership mantle, which was badly tarnished in Seattle.

Finally, three other serious considerations weighed heavily in the minds of WTO Members, namely: the tragic events of September 11, the global economic downturn, and our previous failure at Seattle.

In other words, the WTO did not have the luxury of failing. The global community desperately needed a "win" in Doha. And WTO Members responded by demonstrating that shared values can overcome division.

So if these were some of the ingredients for success at Doha, what was actually achieved?

Doha Development Agenda: Helping Developing Countries

Perhaps most importantly, Members strived to bridge the development divide, the global gap between the rich and poor. The Doha Development Agenda -- as we've called this round of WTO negotiations -- will contribute to economic growth and the reduction of poverty in developing countries. It does this by, among other things, addressing developing country concerns about basic market access for agriculture and industrial products.

Also, a specific declaration clarifies WTO rules on intellectual property, confirming that they provide flexibility for countries to deal with public health crises and promote access to medicines for all WTO members.

Furthermore, Members also agreed to substantially improve trade-related technical assistance and capacity building for developing countries, to help ensure that every WTO Member can maximize the benefits of the global trading system.

These achievements meet the "growth and development" agenda that Canada had set out to negotiate at Doha. And they provide ample opportunity for developing countries to achieve significant economic gains, while helping to ensure global economic stability and opportunities for growth and development in the markets of the future.

Agriculture

On the controversial and emotional issue of agriculture, Doha represents a significant milestone. For the first time ever, WTO members committed themselves to negotiations with the objective of reducing -- with a view to phasing out -- agricultural export subsidies. Members also committed themselves to substantial reductions in trade-distorting domestic support, and to substantial improvements in market access.

To put these important achievements in perspective: The OECD estimates that the wealthiest nations in the world spent US \$245 billion to support agricultural producers in 2000 -- that is 34% of the value of agricultural production! And more than 80% of that producer support comes from the three biggest subsidizers -- the United States, the European Union and Japan.

So Doha was a significant step on the road toward allowing Canadian farmers to compete on a level playing field with US, EU and Japanese farmers, rather than with their rich national treasuries.

Anti-Dumping

As a result of Doha, WTO Members will also negotiate to clarify and improve anti-dumping rules – so that everyone follows the same rules in the same way. Anti-dumping was a huge stumbling block at Seattle, and a source of great friction because of the growing number and costs of trade disputes.

As I noted earlier, US agreement to anti-dumping negotiations was a crucial concession at Doha, and without this leadership a launch would simply not have been possible.

Canada's Major Objectives Met at Doha

Beyond these key achievements, all of Canada's other major objectives for Doha were met. Let me touch on a few.

WTO Members committed to ambitious negotiations to cut tariffs and increase market access for industrial goods.

We also agreed to firm and realistic time-lines for the services negotiations. For a country like Canada -- where 67% of our GDP comes from services, including more than C\$43 billion in exports and millions of jobs -- this holds out huge potential.

Members reaffirmed their commitment to core labour standards and sustainable development, as well as balanced negotiations on environmental issues.

And the Doha Declaration paves the way for negotiations on global rules for investment, competition policy, transparency in government procurement and on trade facilitation, to be launched by consensus at the 2003 Ministerial Conference.

On process, trade ministers also committed to make the WTO's operations more transparent, including through more expeditious and effective sharing of information, and to improve our dialogue with the public. Canada has long championed enhanced transparency at the WTO, yet the media and NGOs paid relatively little attention to this commitment. In my view this reform is central to the future of the organization.

China's Accession

Of course, one cannot discuss the successes at Doha without noting the historic agreement -- after 15 years of negotiations -- to accept China into the WTO. Without China -- the world's seventh largest economy and the ninth largest exporter, with a GDP of C\$1.5 trillion -- the WTO was far from complete. Now, the 1.3 billion citizens of China will benefit from the world's rules-based trading system.

Moreover, China is now bound by the WTO's agreements and trade rules, including the fundamental principles of national treatment, most-favoured-nation treatment, transparency, the rules-based settlement of trade disputes, and the continued liberalization of international trade.

Accordingly, the prospects for Canadian companies -- who already export C\$ 3.6 billion in goods per year to China -- are significant.

The Road Ahead

Looking ahead it is clear that Doha was just the beginning of a very long road. We have only launched new global trade negotiations. So we have much work to do and little time to do it. The deadline for completing all the negotiations is January 1, 2005 -- less than three years away now. In WTO time, that is a very ambitious deadline. The last round of global trade negotiations took almost 8 years to complete.

As a result, some observers are sceptical of our ability to finish our work by 2005. Indeed, gaining consensus among 144 Members on a complex global negotiating round is no easy feat, but I believe it can and will be done.

What the WTO Means for Canada

So what does this all mean for Canada? How does the work of the WTO impact on Canada's national interests?

All of you know how trade dependent Canada is. Our exports -- which totalled more than C\$412 billion in 2000 -- represent more than 45% of Canada's GDP, and trade supports one in three jobs nationally. And Ontario is even more trade-oriented, with exports making up more than 54% of the provincial GDP. In fact, more trade flows annually between Ontario and Michigan than between the US and Japan.

And right here in Toronto -- a city with a GDP of C\$66 billion -- businesses have demonstrated that they can compete with the best in the world. Toronto already has the largest biomedical and biotechnology sector in North America; the information technology and telecommunications industry is larger than in New York or Los Angeles; and the business and professional services cluster is one of the largest on the continent.

So as residents of Canada's economic hub and one of the world's most sophisticated and culturally diverse urban centres, Torontonians know instinctively the value and importance of Canada's global economic ties.

Most of our trade is with the United States, of course, and thanks to the NAFTA, it is growing every year. But our trade with major partners outside North America -- the European Union and Japan, for example -- is crucial to Canada's economic health. And unprecedented opportunities for Canadian business beckon in the world's huge emerging markets, such as India and China. Our best guarantee for access to and fair play in these markets comes from the WTO.

Canada should continue to press forward on our bilateral and regional trade ties, such as APEC and the FTAA negotiations. But the WTO remains, in effect, our free trade agreement with the world.

And that's why, since the Second World War, Canada has played a pivotal role in the development of the multilateral trade and economic architecture. As important as the US market is to us -- and before that, our trade ties to Great Britain -- in the end, the best way to achieve our nation's trade and economic goals is through multilateralism.

Indeed, try to imagine a world without an organization like the WTO: a global marketplace without a framework of rules, without an independent system of settling differences, and without a forum for developing – by consensus – new rules and approaches in an ever-changing world. Without such an institution, we really would be governed by the laws of the jungle.

Clearly, Canada's current and future prosperity depends on a rules-based global system; a system that is fair and transparent; a system that can arbitrate disputes according to who is right and not who has the might; and a system that is capable of adapting in an era of unprecedented global change.

Impact on Business / Role for Business

That's why Canada is so active in Geneva, helping to shape the agenda and advocating our national interests. Whether it's through our participation in the Quad -- face to face with the US, EU and Japan; or through our contribution to technical assistance; or by brokering solutions and building bridges between the north and the south, Canada plays a leadership role at the WTO. Far from jeopardizing our interests, this active engagement enhances Canada's international reach and status.

In this regard, Canada's private sector has long been at the forefront of efforts to liberalize trade. And for the Canadian consumer, this ultimately means access to world class goods and services at competitive prices.

With that in mind, Canadian businesses and stakeholders must continue to work with governments to help build support for trade liberalization and Canada's work at the WTO. But, to be frank -- compared to bilateral and regional initiatives -- the private sector internationally took much less interest in Seattle and Doha.

I believe this must change. Now that we're at the beginning of a new WTO round, we need to revive that spirit of support and cooperation within the Canadian business community. Surely there is a vested interest in achieving globally what we have achieved bilaterally and continentally. We need to harness the strength of both big and small businesses, of CEOs and workers alike. We need Canadian businesses to be vocal about their global trade interests and the benefits of multilateral institutions. After all, if supporters of global trade are not making their voices heard, the critics certainly will.

Conclusion

In closing, the global economy is changing more quickly than ever. The WTO -- and for that matter, Canada -- must continue to move forward with the times.

It surprises me that even after the tragic events of September 11, some critics are still debating globalization as if it were a policy we should simply say no to. The truth is, multilateral bodies like the WTO act as a motor for economic and social development. The WTO does not act to preserve special privileges for a global elite. Indeed, its mission is to accomplish the very opposite -- by creating a level playing-field for all countries and businesses, no matter how small, and by helping to create the wealth needed to raise economic and social standards and strengthen human development worldwide. Our goal should be nothing less than building a world without walls -- or glass ceilings.

And on this front the global community is making real progress. More has been done to reduce poverty in the past 50 years than in the previous 500 years. In a century the illiteracy rate in developing countries has fallen from 75% to below 20%, while life expectancy has more than doubled -- from 30 years to 65 years. And developing countries now have the same infant mortality rate as the industrialized countries did in 1950. The best evidence demonstrates that open societies and open economies are best able to maximize the benefits of globalization.

Indeed, one of the key lessons we should learn from the tragic events on September 11 is that we have already evolved into an interdependent global village -- complete with shared opportunities and shared threats. Our only real choice is to make the global system work better for all.

What the world achieved at Doha was itself a message of confidence and hope for the global community. And as Martin Luther said: "Everything that is done in the world is done by hope".