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NOTES FOR AN ADDRESS BY

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"THE ROAD TO DOHA: LESSONS FROM THE FTAA"

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It is a pleasure to join you this morning. I have a tremendous amount of respect for the work the European Policy Centre (EPC) does. As a minister, I have benefited greatly from the constructive advice and insights provided by policy experts such as yourselves, and I know that my counterparts throughout Europe appreciate the work conducted by the EPC. You provide a platform for opinion leaders, bring together key decision makers and generate creative solutions.

While your primary focus is on European issues, I know there are times when you consider questions that are rather further afield, especially in cases where the issue is likely to have an impact on Europe. That is why I have chosen as my subject “The Road to Doha: Lessons from the FTAA.”

I believe my recent experiences, before and during the Summit of the Americas in Quebec City, can provide some food for thought as our governments prepare for the Fourth World Trade Organization (WTO) Ministerial Conference this fall in Qatar.

Seattle Was a Defining Moment – A Collision Between Two Worlds

Of course, it is almost impossible to hear the words “WTO Ministerial Conference” without having flashbacks of scenes from the last meeting in Seattle.

In Seattle two worlds met and collided. The first world was the traditional, international world of the states that were coming together to negotiate among themselves the launch of a new trade round. The second world was the globalized world, represented by a broad range of groups, corporations and special interests.

So, one might describe Seattle as a meeting between the international order and the global disorder — and I don’t mean this in a pejorative sense.

The international world was represented mostly by democratically elected governments that were coming to negotiate deals in the best interests of their population. That being the case, most faced the fact that if their people didn't like the deals, they would have the opportunity to “fire” the government at the next election.

This international world has been evolving for 400 years; it is the traditional nation-state that we have known since the Westphalia Treaty. It is codified; it is ritualized. It is a world that is more or less predictable. So predictable, in fact, that it can sometimes get very boring.

The other world was the emerging world, the real world of globalization. This other world is a multicentric world, composed of an almost infinite number of participants who have a capacity for international action that is more or less independent of the state under whose jurisdiction, technically, they exist.

Their sphere of action is very often in the zone that escapes the attention of government because of new technologies and because of all kinds of developments. They have this

“zone of irresponsibility” — again not in a pejorative sense, but where responsibility does not exist because it has not been assigned.

But the real world of globalization has created or at least greatly empowered the very players who were decrying globalization, and they emerged in Seattle for the first time in a very forceful way. The irony is that they came to decry the very movement that brought them there.

The key point, however, is that in many ways Seattle was a defining moment. Aside from what went on inside the meeting rooms, which is where the real failure to make progress took place, it was at Seattle that the international community also discovered that the rules had changed, that every meeting henceforth of a multilateral body must be prepared for demonstrations and disruptions.

The protests were a rude awakening, to say the least. It would be all too easy to suggest that some very narrow concerns are at the heart of these protests or that many of the participants are ill-informed; the truth, however, is that there are some legitimate concerns being raised by some credible and well-informed organizations and interests. The irony, of course, is that some of the meetings that protesters have sought to disrupt were intended to deal with many of these concerns.

In my view, though — once they got over the initial shock — governments and international bodies have learned some lessons, adapted to new realities, made important changes, and laid the groundwork for future success.

Success of Quebec City — The Third Summit of the Americas

As a result, on the road from Seattle to Doha, we now have an important milestone: Quebec City, site of the Third Summit of the Americas. The outcomes of that April meeting reveal how far we’ve come in just 16 months.

Consider the following: the 34 democratically elected leaders of the Americas emerged from their talks in Quebec City united in their commitment to democracy, open trade, shared prosperity, the realization of human potential and social inclusion. In so doing, the leaders adopted an ambitious plan of action covering human rights, the rule of law, the involvement of NGOs, financial stability, sustainable development and gender equality, to name but a few issues.

The leaders reaffirmed their commitment to create a Free Trade Area of the Americas by 2005. They also endorsed significant funding in support of their objectives — more than US$56 billion will be channelled through the Inter-American Development Bank and the World Bank to reinforce democratic institutions, economic infrastructure, education, health care and connectivity. This financial commitment is enough to make a real difference. As such, it is a very tangible example of what we were talking about when we said that the Quebec City Summit was not just about trade.
The nations of the Americas also took a historic step to strengthen democracy throughout the Americas by agreeing to abide by a Democratic Clause — which makes

a commitment to democratic government a condition for participation in the Summit of the Americas process. Leaders also made important pledges in the areas of realizing human potential and supporting connectivity.

WTO Must Learn from Buenos Aires and Quebec City

With all that was achieved, and with the way things were conducted, one could say that Quebec City represents the beginning of a new era. Progress was made across a broad spectrum — in the area of trade liberalization, certainly, but also in a number of areas that complement freer trade. In my view, the WTO could benefit greatly from this example.

The conditions for moving forward with the Free Trade Area of the Americas are now more favourable than they have ever been. Why is this so? In my opinion, it is because the proponents of liberalized trade have regained the initiative which was lost at Seattle. We, the advocates, have regrouped and are increasingly demonstrating, not just affirming, the benefits of trade for all our citizens.

We have also succeeded in coming this far because we have learned some important lessons since Seattle, lessons that were put to the test most recently in Buenos Aires and Quebec City. The 34 countries of the Americas include a broad cross-section from large to small, developed to developing, open to closed — in other words, very similar to the membership of the WTO.

Lesson 1: Commitment to Transparency

The first lesson is about the need for greater transparency. In fact, what more obvious example of the new paradigm is there than the progress achieved on transparency in Buenos Aires in the lead-up to Quebec City? Before Seattle, only a few WTO members took this seriously; now, we have the 34 countries of the FTAA agreeing to release the draft negotiating texts.

This groundbreaking development came about at our Ministerial in Buenos Aires. It was there that my counterparts and I caused some surprise when we announced that we had agreed to release the draft FTAA agreement. But, you see, what inspired me was my faith in my fellow trade ministers realizing — as I have — that we are living in a very different world than what existed pre-Seattle. We are living in the world of the Internet, where so much information is available instantaneously, at a click of a button. We are living in a world where people are more sceptical; if they cannot hold something in their own hands, not only does it have no value, it is actually suspect.

By making the negotiating texts public, we will be demystifying them in the eyes of many citizens. By allowing them to consult the texts, we eliminate one of the loudest claims of the anti-globalization movement, the accusation that trade deals are shrouded in secrecy, concluded behind closed doors on behalf of transnational corporations.

This openness is a symbol of a new era in trade talks and, I firmly believe, it holds great promise for the future, although there still will be many challenges on the road ahead.

Lesson 2: Increased Openness, Inclusion and Dialogue

Another lesson we have learned is to listen to the protesters and their concerns. In the months leading up to Seattle, Canada had taken steps to include representatives from a broad cross-section of groups in our delegation.

What we found is that the problems that have bedevilled our negotiators — how to capture benefits while maintaining control over key social or economic policies — are ones that worry non-governmental organizations too. We also found that what separates us from the sceptics and critics, at this stage, is that we see governments as part of the solution to the challenges of modernization, including globalization. Some of the protesters, at least, have a different perspective.

I think another thing that distinguishes us from our critics is that our thinking has evolved, whereas that of most critics of trade has not. In the Americas, at least, trade ministers have come a long way and are now conducting business in a markedly different manner than in the past.

The countries of the Americas now recognize, for example, that there is clearly a place for many voices in the FTAA debate. This has led us to open a dialogue with representatives of interest groups in our societies. Listening to the public or to NGOs has not always been standard practice for the trade ministers of the Americas. I believe a key breakthrough occurred at our November 1999 FTAA meeting in Toronto, when 22 trade ministers agreed to my proposal to cross the street and meet face-to-face with NGOs from throughout the Americas. It was a first for many of them. In my view, we have benefited greatly from their insight into many different issues. Today, we have even instituted a Civil Society Committee.

But if there is to be a place for many voices in the debate, it must include not just those of the demonstrators on the streets or of civil society, but indeed consumers as a whole and the business community. The development of trade rules must reflect the current and future challenges faced by business. I would therefore challenge the business community on both sides of the Atlantic to engage more fully in the current debate on further trade liberalization and, in particular, on the substance of a new round. I would encourage businesses to speak out, whether in public or in the many vehicles for dialogue, including the Canada-Europe Round Table for Business (CERT).

Lesson 3: Concerns of Less Developed Economies Must be Addressed

The third lesson — and one of biggest remaining challenges in my view — is to ensure that the concerns of smaller economies are addressed in a meaningful fashion. And in this, the FTAA process once again provides an example that may help the WTO, because one of the central preoccupations in the FTAA negotiations has been the

challenge of integrating the concerns of smaller economies into the negotiating process.

The kinds of issues smaller economies in the Americas are grappling with include the need for capacity building and technical assistance and the recognition of their specific challenges as participants in the FTAA process. Obviously, these issues will be very important in any future WTO talks as well.

These smaller nations do not have all the advantages that people in richer nations take for granted. We enjoy diversified economies; prosperous, healthy, well-educated populations; long traditions of democracy and the rule of law; clean environments; solid infrastructures.

They want these things too, but they face many obstacles, some environmental, some historical, some structural.

Larger economies are better able to absorb the shocks that come with globalization. When foreign competition challenges one sector, we can compensate, thanks to the strength of other sectors. We can afford to cushion the blow that sometimes results from international competition; we can help our citizens get back on their feet, get training and find new work. A majority of less-developed economies do not have the capacity to do this.

Many less-developed countries are therefore understandably wary about entering into an agreement that could overwhelm their fragile economies. We must not let that happen. Trade liberalization must benefit all economies, particularly the smaller ones. That is another lesson from Seattle. At that meeting, less-developed countries made their voices heard, demanding that future trade talks take into account their concerns.

As Chair of the Implementation Working Group in Seattle, I saw evidence of these challenges first-hand. The smaller economies delivered a strong and articulate message that the rules of trade liberalization must change and that, henceforth, the benefits for both large and small economies must be clearly evident.

How did the FTAA countries deal with this challenge? At our meeting in Buenos Aires, Ambassador Robert Zoellick, Inter-American Development Bank (IADB) President Enrique Iglesias and I all spoke in favour of providing smaller economies with the assistance they required to participate in the FTAA process and benefit from the eventual agreement. Canada will provide technical assistance programming to build capacity for trade, investment and financial stability. The U.S. will provide bilateral technical assistance through USAID [United States Agency for International Development], and the IADB will assist FTAA countries with adjustment and transitional costs.

The response to our clear sensitivity to — and our commitment to dealing with — the concerns of less-developed countries was positive and immediate. CARICOM and Central American countries agreed to the proposed 2005 time frame for the FTAA

negotiations. We now have all 34 leaders of the Americas — from the biggest, most-developed economies to the smallest, least-developed island economies, and from both the left and the right of the political spectrum — saying without hesitation that they "want in."

In the 19th and 20th centuries, the world witnessed the traditional clashes between the classes, the workers versus the capitalists. But today's world is different — political ideologies are evolving. Now, even socialist leaders recognize the potential benefits of trade, and see trade as part of the solution, not as the problem.

All the leaders recognized that the FTAA could be the generator of great wealth for their citizens and industries. It will help usher in an era of prosperity and at the same time contribute to the strengthening of social programs. It could lead to enhanced environmental co-operation and protection for the benefit of the hemisphere and, indeed, of the entire global commons.

On the road to Doha there is still some distance to travel but it is reassuring to note that leaders are actively engaged in addressing the specific issues of developing countries. In this regard, I want to commend my friend and colleague, European Commissioner Pascal Lamy, for his constructive "Everything-But-Arms" initiative.

I also want to acknowledge the good work that has been done this week at the LDC-3 [Least-Developed Countries] conference in Brussels.

Canada is playing its part: we contributed to the Integrated Framework for trade-related technical assistance and have actively supported the coherence agenda upon which it is built. Last year, Canada extended duty-free access to LDC exports under an additional 570 tariff items, a scheme which now includes 90 percent of our tariff lines. Canada has also led G-7 countries in the matter of debt relief, most notably in January of this year, by stopping collection of debt servicing from highly indebted poor countries that are able to use the savings elsewhere in a productive manner.

International Meetings Must Be Secure and Uninterrupted

But we all must recognize that yet another challenge on the road to Doha is to first help our citizens overcome any suspicions they harbour about trade deals. For those of us in the Americas, the meetings in Buenos Aires and Quebec City have put us on the road to achieving this goal. We have demonstrated a genuine and strengthened concern for the needs of the people as well as a commitment to fostering prosperity and helping smaller economies address the challenges they face.

Nevertheless, the need to deal with public concerns and actions remains for us in the America, as it still does for WTO members. We trade ministers and leaders have shown that we do not have closed minds — I only hope that our critics are as willing to reconsider their approaches. One could take solace in the fact that the conduct of a minority of demonstrators has served to undermine the legitimate messages that

certain groups seek to deliver, but the truth is that governments must do a much better job of communicating the benefits of trade than we have in the past.

There is, in my view, a bit of overzealousness in the approach of many of those assembled in the streets. To me, it is anti-democratic to have as an objective the goal of shutting down a meeting of duly elected leaders. Surely a more appropriate place to bring dissent is directly to the elected representatives in each state or nation. And, as is the case in any democracy, if enough of the public supports the view espoused by the trade critics, the government will get the message one way or another. So, that is why I believe that the precautions we took in Quebec City to ensure the meeting was able to proceed were not only appropriate but absolutely essential to preserve democracy and the functioning of the international system. Countries that will host multilateral meetings in the coming months and years would do well, I think, to examine the lessons from Buenos Aires and Quebec City.

Challenges on the Road to Doha

Now, looking forward to Doha in November, it seems to me that the successful FTAA approach suggests certain directions that we may all wish to follow in order to get a new round of global trade talks off to a successful start.

First of all, as I just indicated, we must maintain domestic support for freer trade. Those whose long-term interest it is to operate in a stable, predictable, rules-based environment must speak up. And governments must increasingly and transparently, consult citizens, engage them, explain their policies and approaches, and justify the confidence that citizens *wish* to place in them to manage change for the best.

At the same time, we must also build international support. We must do everything we can to prepare for a manageable ministerial. This means a shorter text with fewer decision points for ministers than we faced in Seattle, and a commitment to avoid prejudging the results.

By narrowing the philosophical differences, we can ensure that the economic differences will be addressed where they should be — in negotiations. This means agreeing on how to handle issues that go beyond trade; agreeing on modernizing our methods, becoming more transparent and inclusive; and agreeing on what the fundamental purpose of the new negotiation will be.

I think it will be about designing a trade system that does a better job of spreading the benefits of trade to everyone, and I think we will all have to take some deep breaths when we realize what that really means, whether reducing protection in some sectors or abandoning our attachment to subsidies or other preferential mechanisms; and in the meantime, always managing our trade relationships properly.

I see that Canada and the European Union have been working well together on all these fronts, and we will continue to. We broadly share views on the social aspects of trade and how to handle them. We are each champions of transparency and inclusiveness.

And we recognize that the new economic system will have many elements that go beyond trade, and that getting to a new system that might embrace competition policy, trade facilitation and maybe even investment will take courage and commitment.

We have been meeting at all levels to see what we can do, both within our bilateral relationship and working together within the Quad, the OECD [Organization for Economic Co-operation and Development] and the WTO, to formulate a vision for a better international trading system, and to build consensus on how to move toward it, for the good of our populations, and indeed of people in every part of the world.

Trade Ministers' Thinking Has Evolved

In conclusion, I want to emphasize that a key to our success in the FTAA project is that trade ministers' thinking has evolved considerably. We have come a long way. Increased transparency is an important part of this, but it is not the only part. The dialogue has changed considerably, and the degree of understanding and sensitivity to public concerns regarding the issues that are often associated with international commerce is very evident. We have also shown a commitment to dealing with the issues raised by less-developed countries.

Through this approach, we have been able to regain the initiative, which had been temporarily lost. If we can find common cause among 34 such disparate economies and democracies of the Americas, I believe the same can be done for the WTO.

Thank you very much.