
General Council

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PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

The WTO and International Economic Policy Coherence

Communication from Canada

The following communication, dated 1 October 1999, has been received from the Permanent Mission of Canada.

Proposal

1. Canada proposes that Ministers, in Seattle, commit themselves to promoting greater coherence in economic and related policies. Building on existing decisions and declarations, Ministers should agree to establish a working group to report to the next Ministerial Conference on:

- (a) options to enhance cooperation between the WTO and other international economic organizations with a view to promoting coherence in international trade, finance and development policies;
- (b) the relation between trade policies and other dimensions of good economic governance at the national level;
- (c) options for enhancing the contribution of trade-related and other technical assistance to capacity-building in developing countries;
- (d) ways to improve the efficacy of, and synergies between, the multilateral surveillance processes of various international economic institutions;
- (e) the relationships between appropriate trade, developmental, social and environmental policy choices in the context of the experiences of and challenges faced by all WTO Members in adjusting to globalization.

2. The working group should, with particular attention to the concerns of developing countries and the risk of marginalization of the least developed countries, encourage exchange of information and discussion on the experience of WTO Members in this regard; an analysis of experience to date could usefully inform the ongoing work of the group.

Rationale

3. The experience of the last 50 years demonstrates convincingly that trade liberalization has contributed significantly to improving both national and global welfare. As reflected in various WTO

agreements, transparent, objective and predictable regulation provides the certainty necessary for private actors to have confidence to trade and invest. Such economic activity in turn generates the wealth necessary for governments to fulfill the social and public choices of their citizens. More broadly, there is a growing recognition that coherence among a range of trade, financial, economic and social policies – good economic governance - is critical to the effectiveness of efforts to strengthen markets and to promote economic growth and development.

4. In today's interdependent world of an increasingly globalized economy, economic change is a constant. Accordingly, policy planning and implementation at both the national and international level should explicitly recognize and address these linkages. Maximizing complementarities and synergies should help all governments to ensure that their citizens continue to benefit from globalization. In fact, the Marrakesh Declaration on the Contribution of the WTO to Achieving Greater Coherence in Global Economic Policy-Making recognizes that coherence between the structural, macroeconomic, trade, financial and development aspects of economic policy-making increases the effectiveness of these policies.

5. A number of factors have contributed to this increased awareness, including the accelerating pace of globalization, a broadening of the trade agenda, more direct involvement by many international institutions in trade policy questions, growing public attention to the relation between trade and other concerns, and the expanding membership of the WTO, with developing countries and countries in transition now a majority of the membership. The social impact of the recent financial crisis has been particularly prominent in raising questions about the effects of globalization and the links between trade policy, financial and economic policies, and development objectives. As stated by former Director-General Renato Ruggiero, the challenge is “not just to build a coherent global architecture, but to build a new political constituency for globalization”.

6. There have been, as a consequence, many initiatives to increase dialogue and co-ordination among international organizations and to increase public understanding of these connections, several of which have involved the WTO. The Marrakesh Declaration on coherence, the formal cooperation agreements between the WTO and both the IMF and the World Bank, the High Level Working Group on Coherence, ongoing WTO-UNCTAD cooperation, and the partnerships that led to the development of the Integrated Framework all represent important milestones. However, more can be done. The World Bank, for example, is considering a joint declaration by the heads of the World Bank, IMF and WTO on the convergence of the trade and development policy agendas. The International Labour Organization (ILO), in co-operation with other international institutions, is conducting important work on the social dimensions of trade liberalization. UNEP is undertaking work on trade-related issues and is co-operating with the WTO. To maintain and focus momentum, Ministers should decide in Seattle on ways to build on these efforts.

7. In the area of technical assistance, intensified cooperation should be sought to ensure that priorities are targeted and there is appropriate sequencing in the implementation of trade policy reforms. Developing countries, both those already members of the WTO and those contemplating accession, would stand to benefit from a renewed commitment to joint efforts in this domain.

8. In the area of policy analysis and formulation, the working group should address, in particular, the shared economic and social policy challenges that all WTO Members, in particular developing countries and countries in transition, encounter in coping with the rapid pace of change in the international economy and trading system. An examination of experiences in adjusting to globalization, such as the specific trade-related economic and social challenges facing developing countries, as well as and the risk of marginalization of the least developed in particular, also should be included among its specific tasks. It should also examine ways in which the trade policy components of the IMF, World Bank and other IFIs activities could better contribute to furthering the liberalization objectives of the WTO, and how the exchange of information and cooperation in

multilateral surveillance processes of various institutions could be strengthened. The working group could be asked to report to the next Ministerial Conference.

9. The creation of a working group could, by providing a forum in which these issues would receive serious ongoing consideration, help in responding to broad public concerns about coherence among economic policies and the role of international economic institutions, notably the WTO, in contributing constructively to ensuring that the benefits of the rules-based trading system and of trade liberalization flow to all citizens.
