

## Canada expected to sign WTO

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It is absurd to imagine that any Canadian government would refuse to sign a World Trade Organization deal simply to defend Canadian supply managed interests, an international trade lawyer said last week.

"I just can't imagine Canada not signing a deal that was so beneficial to a broad economic interest," international trade lawyer Lawrence Herman of the Toronto law firm Cassels Brock and Blackwell said. "It is inconceivable that a trading nation like Canada would step outside the multilateral trading system. There clearly would be a huge price to pay."

Canada's supply management leaders from dairy, chicken and egg sectors have told the federal government that while they appreciate support shown by the Conservative government, they will judge the Conservatives on whether or not they bring home a deal that does not lower over-quota tariffs or expand imports.

Conservative MPs were part of a unanimous November 2005 House of Commons vote that instructed the government to reject any deal that undermines supply management.

However, agriculture negotiator Steve Verheul has bluntly told the industry and MPs that if there is a deal, Canada is isolated in insisting there be no change in protections for supply managed sectors.

In Ottawa, trade consultant Peter Clark said a Canadian decision to oppose an emerging trade deal also could have ramifications for the ability of the WTO to produce a deal. The organization operates on consensus and, at least in theory, one country refusing to accept a text could scuttle an agreement.

When this round of negotiations was launched in 2001 in Doha, for example, delegates were on the edge of their seats as country after country was called upon to accept the negotiating mandate agreed to in previous days. India had threatened to veto the agreement and when the Indian ambassador said "yes," the hall erupted in applause from other delegates who had feared the launch would be scuttled.

Clark said Canada could play the same role if it refused to accept a proposed final text.

"If Canada objected to it and refused to buy in, it could block it," he said.

However, neither Clark nor Herman expects the government will have to make that sensitive decision. Neither expects the frantic maneuvering in Geneva will produce a deal this year.

"There are too many gaps, too many problems and little chance that this could be sold in the United States. I have been saying that for more than a year now," Clark said.

Herman also pointed to the U.S. where "trade is a bad word during an election. It is impossible for me to imagine that the U.S. administration is in any position whatsoever to endorse a Doha deal because this administration is dead in the water."

But a failure of the Doha round would be bad news for the agricultural economy because only a multilateral deal can tackle domestic subsidies and trade barriers that affect agriculture more than any other sector, he said.

"It also would undermine the credibility of the WTO as an institution and there would be a concern about protectionism creeping in around the world," said the Toronto lawyer. "But the WTO and the existing rules still would be in effect with dispute settlement and so on. A failure of these talks would not mean the disappearance of the WTO."