



Avenue de l'Ariana 5
1202 Geneva, Switzerland

April 29, 2010

Mr. Stuart Trew
Trade Campaigner
The Council of Canadians
700-170 Laurier Avenue West
Ottawa, Ontario, K1P 5V5

Dear Mr. Trew,

Thank you for your letter of March 16, 2010 in which you raise concerns about the potential impact of WTO rules and obligations on the ability of WTO Members to effectively regulate in the financial sector.

With respect to your call for Canada to support several recent proposals for WTO Members to undertake an examination of the global financial crisis and international trade obligations pertaining to financial services, I first wish to underscore our commitment to achieving progress toward the conclusion of the Doha Round. I can report that WTO Members are considering organizing a dedicated discussion in June 2010 regarding trade and the global financial crisis. The event and its agenda are still under discussion, and while an examination of the impact of the financial crisis on trade may provide some value, we continue to signal in international fora the merits of strong prudential financial sector regulation, and also that liberalisation of the financial sector can contribute, in particular, to the development of emerging and developing country markets.

Your letter also raises concerns with respect to the impact of ongoing negotiations under the General Agreement on Trade in Services (GATS) Working Party on Domestic Regulation (WPDR) on the financial services sector. The GATS recognizes the prerogative of all levels of government to regulate and introduce new regulations in order to meet national policy objectives. WTO Members unequivocally endorsed the principle of "right to regulate" when they adopted guidelines for the current GATS negotiations, back in 2001 and proposals to date underscore this right. In this regard, I can assure you that the draft disciplines on domestic regulation currently under discussion will not undermine the right of governments to regulate, whether at the federal, provincial/territorial, or municipal level. Thus, although the proposed disciplines may establish certain obligations regarding the manner in which regulatory measures are designed and implemented, governments will still be free to pursue their regulatory objectives and have a wide array of choices for implementing such objectives.

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It is also important to note that the negotiation of disciplines under the WPDR will not address the full range of government regulation, but rather, will deal more narrowly with qualification requirements and procedures, licensing requirements and procedures and technical standards, as expressly mandated by GATS Article VI:4.

With regard to the financial services sector, the GATS provides specific accommodations for the prudential regulation needed to protect the safety and soundness of financial systems to safeguard the integrity of financial markets and to protect investors. Any potential disciplines on domestic regulation would not undermine this right. We will continue to closely monitor any developments on this issue.

In closing, let me thank you for bringing your concerns to my attention and I reaffirm Canada's position that the Government, in all of Canada's international trade agreements, will continue to safeguard our ability to regulate in the public interest.

Yours sincerely,



John Gero
Ambassador
Permanent Representative to the WTO

c.c. The Honourable Peter Van Loan, Minister of International Trade
Scott Brison, Trade Critic, Liberal Party of Canada
Peter Julian, Trade Critic, NDP
Jean-Yves Laforest, Trade Critic, Bloc Quebecois