

# Lesson 6 - International Agreements and Organizations

Canada is party to many international agreements and a member of most major international organizations. We will examine Canada's role in some of the world's organizations that are closely linked to international trade and commerce.

# The Bretton Woods Conference (1 of 3)

In July 1944, just a couple of weeks after the Normandy invasion\*, the Western Allies' leading politicians got together at a resort in northern New Hampshire to set forth their notions of how to reorganize the world economy. For the first time in human history almost universal institutions - the International Monetary Fund (IMF), the World Bank and the General Agreement on Tariffs and Trade (GATT) - were established to solve global economic problems.

\*WWII

# The Bretton Woods Conference (2 of 3)

The common view at the Conference was that the depression of the 1930s and the rise of fascism\* could be traced to the collapse of international trade and isolationist economic policies. The results of the Conference are the global system we know today featuring the free movement of capital and goods with the US dollar as the international currency.

\*(in general use) extreme right-wing, authoritarian, or intolerant views or practice

# The Bretton Woods Conference (3 of 3)

The Conference rejected proposals by the British economist, John Maynard Keynes that would have established a world reserve currency administered by a single central bank. The United States did not believe that this system would serve its interests.



# Assignment #1 - Bretton Woods

On August 15, 1971, without prior warning to the leaders of its most important economic partners, President Richard Nixon announced in a Sunday evening televised address to the nation that the United States was removing the direct convertibility of the United States dollar to gold. The commitment by the United States to redeem international dollar holdings at the rate of \$35 per ounce had formed the central foundation of the post-war international financial system set in place at the Bretton Woods conference of 1944. Nixon's unilateral announcement dealt it a fatal blow.

Research and answer questions on handout.



# GATT - WTO (1 of 2)



The GATT was established after the Second World War in the wake of other new multilateral institutions dedicated to international economic cooperation. The original 23 GATT countries agreed on a draft Charter for an International Trade Organization (ITO). The Charter was intended to support not only world trade but also contained rules relating to employment, commodity agreements, restrictive business practices, international investment and services.

## GATT - WTO (2 of 2)

In an effort to correct the protectionist measures that remained in place from the Great Depression of the 1930s, tariff negotiations were opened among the 23 founding GATT "contracting parties" in 1946. This first round of negotiations resulted in 45,000 tariff concessions affecting \$10 billion - or about one-fifth - of world trade. The tariff concessions and rules together became known as the General Agreement on Tariffs and Trade and entered into force in January 1948.

# Assignment #2 - GATT-WTO

Complete a series of questions related to GATT-WTO - see handout.



## G8 (1 of 3)



The first Summit, with six countries participating, took place because of concerns over the economic problems that faced the world in the 1970s. It was held in 1975 in Rambouillet, France. Since then, the group has grown to eight countries, and the process has evolved from a forum dealing essentially with macroeconomic issues to an annual meeting with a broad-based agenda that addresses a wide range of international economic, political, and social issues.

## G8 (2 of 3)

Canada joined the group in 1976, at the Puerto Rico Summit hosted by the United States. The European Community, now the European Union, was given observer status the following year at the London Summit.

Canada has hosted four Summits since 1976: in 1981, at Montebello in Quebec; in 1988, in Toronto; in 1995, in Halifax, and in 2002 in Kananaskis in Alberta.

The 1995 Halifax Summit set the standard for more results-oriented, informal and businesslike summits. Its agenda to reform international institutions has led to significant changes at the World Bank, the International Monetary Fund, and other organizations.

## G8 (3 of 3)

The Summit of the Eight in Denver in 1997 introduced Russia as a full partner to the G8. The "leaders-only" format, with foreign and finance ministers meeting separately in advance, was introduced in Birmingham, in 1998. The Cologne Summit in 1999 launched the Cologne Debt Initiative, which went further than ever before in addressing the poor countries' debts: to date, relief has been agreed for 24 countries, yielding more than \$36 billion in debt-service relief over time. Canada was a leader in this initiative. The 2002 Summit in Alberta focussed on strengthening global growth and developing a self-help plan for African development.

While economic issues dominate the G8 agenda, leaders also include pressing issues of the day into their discussions.

# The Paris Club (1 of 5)



Not all international organizations are as highly structured as those you have seen so far... Consider the Paris Club:

The Paris Club is an informal group of official creditors whose role is to find co-ordinated and sustainable solutions to the payment difficulties experienced by debtor nations. Paris Club creditors agree to rescheduling debts due to them. Rescheduling is a means of providing a country with debt relief through a postponement or a reduction in debt service obligations.

## The Paris Club (2 of 5)

The first meeting with a debtor country was in 1956 when Argentina agreed to meet its public creditors in Paris. Since then, the Paris Club or ad hoc groups of Paris Club creditors have reached 368 agreements concerning 78 debtor countries. Since 1983, the total amount of debt covered in these agreements has been \$416 billion.



## The Paris Club (3 of 5)

The Paris Club has remained strictly informal. It is the voluntary gathering of creditor countries willing to treat in a coordinated way the debt due to them by the developing countries. It can be described as a "non institution". Although the Paris Club has no legal basis or status, agreements are reached following a number of rules and principles agreed by creditor countries, which help a coordinated agreement to be reached efficiently.

# The Paris Club (4 of 5)

The creditor countries meet 10 to 11 times a year, for negotiation sessions or to discuss among themselves the situation of the external debt of debtor countries or methodological issues on the debt of developing countries.

# The Paris Club (5 of 5)

These meetings are held in Paris. The Chairman is a senior official of the French Treasury. A permanent Secretariat General is maintained by a small number of people in the French Treasury that work part time for the Paris Club.

This informal organization has made it possible for the Paris Club to work with limited staff and a flexible structure.



# Assignment #3 - Paris Club

Complete a series of questions related to Paris Club - see handout.

# Asia-Pacific Economic Cooperation (1 of 3)

Asia-Pacific Economic Cooperation, or APEC, was established in 1989 to enhance economic growth and prosperity for its members and to strengthen the Asia-Pacific community. It is unique in that it operates on the basis of non-binding commitments. Unlike the WTO, APEC has no treaty obligations required of its participants. Decisions made within APEC are reached by consensus and commitments are undertaken on a voluntary basis.



# Asia-Pacific Economic Cooperation (2 of 3)

APEC has 21 members - referred to as "Member Economies" - which account for approximately 41% of the world's population, approximately 56% of world GDP and about 49% of world trade.

The members are Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Republic of the Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America; and Viet Nam.



# Asia-Pacific Economic Cooperation (3 of 3)

APEC has worked to reduce tariffs and other trade barriers across the Asia-Pacific region, in order to create efficient domestic economies and dramatically increasing exports. Key to achieving APEC's vision are what are referred to as the Bogor Goals of free and open trade and investment in the Asia-Pacific by 2010 for industrialized economies and 2020 for developing economies. These goals were adopted at the 1994 meeting in Bogor, Indonesia.

# Assignment #4 - APEC

## See Handout:

- ▶ Go to the Canadian government's APEC website and other related sites to find out about programs and opportunities for Canadian youth in the Asia Pacific area. Asia Pacific countries are destinations for Canada's work and travel abroad programs.
- ▶ Write a one page report about why you might choose to participate in a Working Holiday Program in Australia, Japan, Korea or New Zealand.