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Standing Committee on International Trade
House of Commons
Ottawa, ON K1A 0A6

Dear Members of the Standing Committee on International Trade,

Mastercard Canada ULC (Mastercard) is pleased to provide comments as part of your Committee's study into Reform of the World Trade Organization (WTO). We appreciate the opportunity to provide our feedback in this area, particularly in light of Canada's global leadership in efforts to reform and modernize the WTO for the 21st century.

About Mastercard

Mastercard is a global technology company in the payments industry. Our mission is to connect and power an inclusive, digital economy that benefits everyone, everywhere by making transactions safe, simple, smart and accessible. Using secure data and networks, partnerships and passion, our innovations and solutions help individuals, financial institutions, governments and businesses realize their greatest potential. Our decency quotient, or DQ, drives our culture and everything we do inside and outside of our company. With connections across more than 210 countries and territories, we are building a sustainable world that unlocks priceless possibilities for all.

In Canada, Mastercard employs more than 450 team members across the country. Mastercard Canada is headquartered in Toronto with a complement of employees in Montreal. We also have a West Coast office in Vancouver housing NuData Security, a pioneering biometric cybersecurity company. The Mastercard in Canada family is rounded out by Toronto-based Ethoca, a global network that enables financial institutions and merchants to reduce fraud. Strategy and decision-making for the market take place in Canada under the leadership of the Mastercard Regional President, Sasha Krstic, and her executive team.

As one of the largest franchisors, processors, and advisors on credit and prepaid cards in Canada, Mastercard Canada is a key stakeholder in Canada's financial system. In light of the increasingly digital and online economy, online payments networks – like those run by Mastercard – are a critical driver of revenues for all businesses, and particularly for small enterprises and tourism operators in Canada.

Recommendations for WTO Reform

In 2020, Mastercard Executive Chairman Ajay Banga was elected Chair of the International Chamber of Commerce (ICC), and we believe that the ICC's five proposals for WTO Reform will set the stage for a fair, predictable and modernized organization. We urge the Committee to consider these proposals as you finalize your study and make recommendations on Canada's path forward.

Reforming Operations and Governance to Stop Unfair Trade Practices

In addition to clear and transparent notification procedures of non-compliance with global trade rules, the private sector should be given a "seat at the table" to ensure that national trade policy reviews are conducted based on real-time intelligence.

Ensure Baseline WTO Rules Promote Fair Competition

The WTO should establish an evidence-based process for designating countries with 'developing economy' status and create new rules to promote a level playing field, with specific rules on State Owned Enterprises (SOEs) and narrowing the scope on subsidies.

Restore Trust and Certainty in Dispute Resolution

In order to foster a more predictable global trade regime, the WTO should improve transparency on decision making process, compel faster decision making (setting a time limit of 90 days to arrive at a decision), term limits for judges, and set clear principles to prohibit overreach by judges.

Promote Fair Competition Through Effective Cooperation

The WTO should establish a new mechanism to promote greater coherence between global trade, labour, and environmental regimes. Mastercard's core belief is that economic growth and sustainability go hand-in-hand. Enhancing cooperation on labour and environmental regimes – long a hallmark of trade agreements in the North American context - will help achieve the growth and sustainable development objectives of WTO members, creating a win-win-win situation for trade, the environment and human dignity.

Establish New Rules for 21st Century Trade

Rather than seeing the state of global trade default to a series of bilateral agreements, a reformed WTO could set the stage for a resurgence in plurilateral agreements. A reformed WTO should promote and support more plurilateral type agreements among like-minded countries, such as the global e-commerce agreement, renewal of the ban on customs duties for e-transmissions, and elimination of fish subsidies.

In particular, ratification of the e-commerce agreement, negotiations for which are already quite advanced, could help establish momentum for the new 21st century rules-based international order. Mastercard is a strong proponent of a WTO agreement on e-commerce. Over the past three years, Mastercard and a group of other technology companies have been some of the leading private sector advocates for launching a negotiation on international rules to govern e-commerce. We believe such an agreement would better harness the opportunities presented by e-commerce and help build and maintain public trust in the digital trade.

A WTO agreement on e-commerce is needed because such rules would:

1. Help all WTO members to better harness the opportunities presented by e-commerce and digital trade by providing an open, transparent, non-discriminatory, and predictable regulatory regime for that type of trade; and
2. Help build and maintain public trust in e-commerce and digital trade.

There has been exponential growth of domestic and cross-border e-commerce in the 21st century, but businesses and consumers that are currently engaged in that type of trade must navigate a patchwork of rules agreed to by only some countries in bilateral or regional trade agreements. That status quo is limiting to both economic growth and consumer wellbeing. Mastercard thus believes that a WTO agreement on this topic is a long-awaited opportunity.

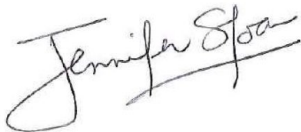
While Mastercard strongly supports the development of a WTO agreement on e-commerce, we firmly believe that such a framework must include certain key elements in order to be an effective means of governing and supporting the growth of e-commerce. Specifically, the Government of Canada should negotiate for a WTO e-commerce agreement that:

1. Increases market access commitments between WTO members;
2. Grants national treatment for payment service providers; and
3. Prohibits data localization.

These principles were successfully agreed between Canada, the US and Mexico in the context of CUSMA, which set a new standard for digital trade. The digital economy holds great promise, but we will achieve that potential only if we resist trends to increase protectionism. Mastercard believes that understanding of the benefits of liberalized market access in the trade of traditional goods and services must be extended to the global governance of e-commerce, in order to maximize the benefits that digital trade can realize for consumers and businesses in Canada and around the world.

We look forward to ongoing dialogue on these issues as negotiations among member states progress. If you have any questions, please do not hesitate to reach out.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Sloan". The signature is written in a cursive, flowing style.

Jennifer M. Sloan
Vice President, Public Policy
Mastercard Canada