

the way the worlds of commerce and political life were organized twenty years ago. US determination not to alter its trade remedy laws, Canada's desire to protect its supply management system, EC reluctance to consider CAP reform and Japanese attachment to unique product and process standards are in effect a continued insistence that borders matter and that national economic life needs to be shielded from the further inroads of the global economy.

Government resistance to changing the content of international economic negotiations has been magnified by weaknesses in the international institutional framework. Based on the assumptions and practices of an earlier era, it is not well positioned to tackle the pressing issues of today. More by accident than by design, the global institutional framework has evolved into a multi-tier system of global and regional rules and institutions, but the linkages between the tiers remain ill-defined. As a result, an uneasy relationship has developed between global institutions and regional ones. It is not clear how the various tiers function and relate to one another. Is it a relationship of dependence or of interdependence? As a practical matter, regional approaches – such as is most clearly evident in Europe, but also increasingly in North America – appear more able to address the new issues than global approaches. In some instances, regional solutions make sense; in other cases, they do not. Regional solutions can prove building blocks to greater global cooperation; they can also prove stumbling blocks. There is a need for these issues to be analyzed and explained in order to provide a clearer appreciation of the forums and processes that will control the negotiation of new international rights and obligations

Over the next few years, contentious negotiations will increasingly focus on sensitive domestic regulatory schemes (involving such diverse issues as environmental protection, product standards, competition policy, innovation policy, income and price support programs and cultural identity measures) as governments recognize that these are the new barriers to international economic integration. But these issues raise different negotiating challenges than do tariffs and quotas. In effect, they involve a shift away from disciplining traditional policy rivalry among governments that sought to protect existing investment to disciplining the new policy rivalry among governments that seeks to attract productive new investment. They involve competing values and different political compromises in individual countries. These new issues also require new techniques and approaches. They do not involve concession swapping but rule writing. To a much greater extent, they engage concerns about national sovereignty. As such, it will be much more difficult to develop the necessary consensus and political support for the results of such negotiations.⁹

⁹ In "The Canada-United States Working Group on Subsidies: Problem, Opportunity or Solution?" Occasional Paper 90-3, Centre for Trade Policy and Law, I discuss the highly