

MAKING A DIFFERENCE GLOBALLY

comparative advantage. Canada has played a leading role in the NPT process, in the G8, and in other forums such as the International Atomic Energy Agency, where we now chair the Agency's Board of Governors. We have been instrumental in strengthening international controls on transfers of sensitive nuclear technology, improving existing treaties, and forging coalitions among key states on issues such as Iran and North Korea. This active engagement will continue, whether through our direction of the Global Partnership Program to reduce the threat of terrorist acquisition of weapons of mass destruction in the former Soviet Union or our ongoing collaboration with Russia to destroy surplus fissile material. Canadian security depends on it.

INCREASING GLOBAL PROSPERITY

Canada's adaptation to globalization and our commitment to free trade have generated impressive levels of national wealth. We have also managed that wealth well. Prudent fiscal policy has produced a series of surpluses and enabled us to reduce our debt. This foundation underpins our freedom to make the choices that define us as a country.

We cannot take this enviable situation for granted. Our prosperity is intrinsically tied to international relationships, and these are evolving rapidly. Business previously adhered to a centralized model, operating in a limited number of jurisdictions and exporting to meet international demand. Today, companies increasingly operate across national boundaries, not only to improve

access to markets but, more significantly, to allocate elements of the value chain to their most economically efficient location. Business has become decentralized as production, distribution and financial activities within a single firm now take place in multiple locations around the globe. Activities from design, to component manufacturing, to assembly, to after-sales service can now be distributed across a range of commercial partners.

While exports remain important, accounting for almost 40 percent of our economy, they only represent part of the picture. Investment is now the more fundamental driver of economic growth. Investing in skills development, technology and infrastructure is critical to advancing our competitiveness. Much of the trade that benefits us occurs through affiliates of Canadian companies dispersed around the world. Securing investment access to overseas markets and attracting capital to our shores have therefore become pressing Canadian interests. So has the pursuit of other factors that shape international business, from government frameworks around science and technology, to more nuts-and-bolts issues like the establishment of direct air links. In short, pursuing international prosperity is no longer simply a question of negotiating trade agreements.

Strengthening Canada's Global Competitiveness

While the private sector is the major generator of wealth for Canadians, we cannot expect to benefit from international commerce unless we get our domestic

PRIORITY FOR THE GOVERNMENT OF CANADA

Get the economic framework right at home

KEY INITIATIVES

- Facilitate immigration integration through new admissions processing, credential recognition, training and support programs
- Implement the recommendations of the External Advisory Committee on Smart Regulations
- Promote the internationalization of education through student exchange programs and direct institutional links
- Support international science and technology partnerships by Canadian firms and research institutes with counterparts in other countries, particularly China and India