
new questions about the contribution to growth made by a broader range of domestic regulatory regimes in all economies. Moreover, emerging international players share with Canada an interest in seeking improved and more secure market access to the US, the EU and Japan, and like Canada, they attach importance to international rules that adequately discipline pressures for the unilateralism and protectionism found in many economies. There is, therefore, increasing scope for creative partnerships with a wider range of partners.

- The overarching objective of trade and environment discussions is to ensure that the policies that emerge support sustainable development. Governments are faced with the growing need for responsible, balanced solutions related to global commons issues (for example, climate change, ozone layer depletion, straddling fish stocks) and transboundary pollution impacts (such as North American air and water quality issues). In order to facilitate international cooperation in this area, but also to foreclose unilateral action (sometimes with protectionist intent or impact), governments have turned increasingly to the negotiation of international environmental agreements as a key element of sustainable development. Important instruments already negotiated by Canada, bilaterally and multilaterally, relate to ozone depletion, air and water quality, the transboundary movement of hazardous wastes, climate change, biodiversity and desertification. More will be tackled. In addition, governments around the world are increasingly taking action to address domestic environmental problems.
- Another "new" issue is the explosion of private investment abroad over the past 15 years and the increased mobility of investment capital. This calls for balanced rule making, given concerns over potentially anti-competitive practices by individual private sector firms and particularly by large multinational enterprises. We will need to ensure that new rules promote Canadian growth and job creation, and that they work more generally in the interests of small, open economies that need investment.

Directions for Canadian Policy

In light of these considerations, the Government intends to pursue the following priorities related to the international trade and payments system:

Managing our economic relationship with the United States.

- Canada's economic relationship with the United States remains the most complex and substantial among any two countries in the world. Of Canadian exports, 80% are destined to the US, and the