

volume of Canadian trade in goods and services. The fiscal pressures on Canada's trade and business development programs are coinciding with pressures to increase utilization of these programs in order to break into new markets.

Fourth, the implementation of the Uruguay Round reduces the trade preferences within NAFTA and improves Canadian access to offshore markets. The broader range of obligations under the new World Trade Organization will apply to a much wider range of countries than ever before. Translating these new obligations on, and commitments by, many countries into effective market opportunities for Canadian business will require a proactive strategy of monitoring foreign compliance, vigorous representation of Canadian interests where they are affected, and a willingness and capability to make effective use of the dispute settlement process under the WTO. (6)

Together, these factors, but especially the last two factors, raise questions about whether the links between business development and trade policy can be effectively integrated in a coherent and operational strategy. This paper considers the nature of the trade policy/international business development interface over the balance of the 1990s and into the next century. The first section discusses the domestic and global contexts in which trade policy and international business development will unfold in the next few years. (7)

The next section examines the link between international business development and trade policy. In theory, trade policy and trade development should synergistically combine to enhance a nation's economic security. Historically, however, the two elements of a nation's international business strategy have not been closely integrated in Canada. They have sometimes been called the "two solitudes" - trade development is activity-driven and transaction oriented, while trade policy is influenced by the overall policy agenda and is driven to a very large extent by intergovernmental interaction. While the trade development function has always taken account of market access considerations, most activities involving formal representation and advocacy on market access issues have been an Ottawa-based activity or focused on a few key foreign missions, -- the mission in Geneva for GATT disputes, the embassy in Washington and to a lesser extent the missions in Brussels and Tokyo.

Although Canadian industries and governments have spent millions in litigating high-profile trade disputes, such as Softwood Lumber, in the U.S. market, that is the exception. Canadian governments and industry have tended to rely upon trade negotiations as the primary vehicle to improve market access. There is much merit in this approach. Although they are skill and knowledge-intensive, trade negotiations require only modest resources. A single export financing default can impose higher costs upon Canadian governments than a decade of effort in trade negotiations.

At the same time, however, a more aggressive approach to implementation of international trade and economic agreements now seems to be called for. Certainly, the United States government regards vigorous advocacy to be a key element in trade promotion.