

Fourth, at present the Canadian economic instruments aimed at Zone 2 countries are diverse and their management is fragmented. Steps have been taken to give more geographic and sectoral focus to CIDA's industrial cooperation programme and to coordinate several other instruments somewhat better. Greater coordination is also being sought for the international business development programmes of the federal and provincial governments. In an era of unrelenting fiscal restraint and to ensure greater policy coherence and the fuller marshalling of government-wide resources, it is for consideration whether to take one step further and establish a new economic and environmental cooperation mechanism to manage enhanced and more strategic partnerships with priority Zone 2 countries.

This co-operation mechanism could focus primarily on the institutional, government-to-government and private sector programmes outlined above in (e) through (g). It could consolidate in one location funding now provided through CIDA (industrial cooperation; some "institutions" financing; part of the current bilateral programmes), Foreign Affairs and International Trade (e.g., the major share of the Department's export promotion funding, with its new focus on small and medium sized enterprises and non-traditional markets), Canada Account concessional funding available through the Export Development Corporation, Canadian Wheat Board credits and part of the export financing provided through other government Departments. The new mechanism would focus on countries with good potential for economic partnerships with Canada, on key players on global environmental issues of interest to Canada, and/or on regional powers which could affect Canada's economic security. For selected Zone 2 countries, the activity supported under this mechanism could be reinforced through the negotiation of bilateral investment protection and taxation agreements, as well as a more comprehensive trade and investment framework on a case-by-case basis ((h) and (i) above).

Finally, it is also for discussion whether this new mechanism should report to an inter-departmental committee co-chaired by the Minister of Foreign Affairs and the Minister for International Trade to ensure maximum coherence in the management of Canada's foreign policy, especially in light of the much more extensive nature of Canada's relations with Zone 2 countries. The mechanism could be located within a single government department or it could have independent agency status (e.g., as a crown corporation with Board membership drawn from selected Government departments).

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continent"), and the importance of focussing Canada's bilateral ODA efforts on a limited number of countries. See *Canada in the World*, pp.40-7. The approach suggested in this Paper, however, would result in further movement toward sharpening CIDA's mandate.