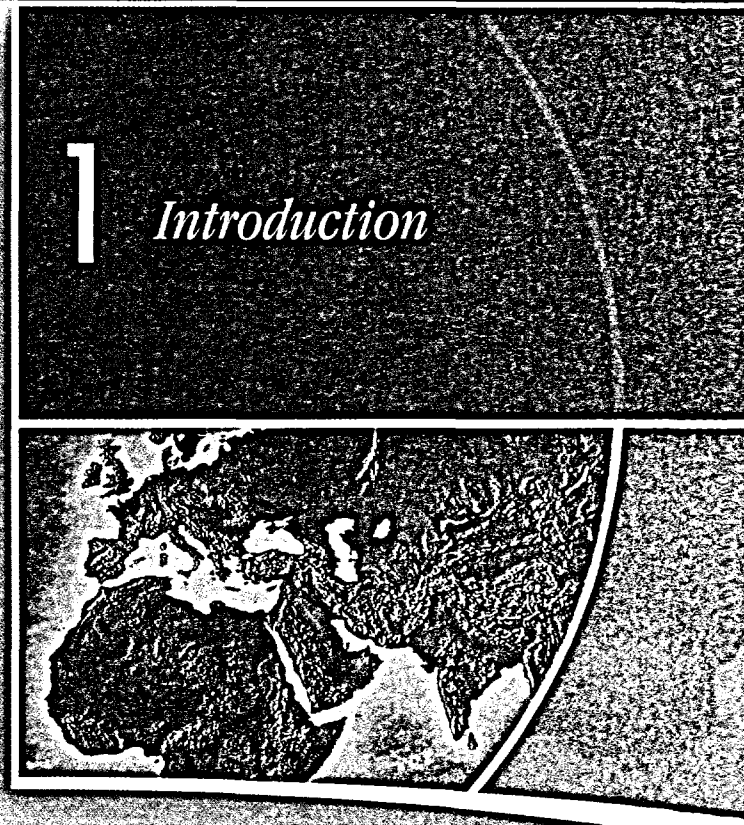


## Introduction

The disruptions in the flows of goods and services between Canada and the United States and the consequent negative impact on both economies as a result of increased border security in the wake of the September 11, 2001 attacks served to remind Canadians and Americans that our current and future prosperity and security depend on a border that operates efficiently and effectively under all circumstances. Recognizing this, Canada and the United States signed on December 12, 2001, a declaration on the creation of a Smart Border for the 21st Century. It includes a 30 point action-plan based on four pillars — Secure Flow of People; Secure Flow of Goods; Secure Infrastructure; and Coordination and Information Sharing — to assist in determining and addressing security risks while efficiently and effectively expediting the flow of legitimate goods and people across the border, using enhanced technology, coordination and information sharing. The heightened interest in border-related issues may ultimately improve Canada's vital trade relationship with the United States and lead to measures that will ease the flow of goods vital to Canada's economy.

Thanks to the efforts and flexibility of customs and immigration officials, and other supporting agencies, in both Canada and the United States, wait times at the border were reduced relatively quickly, which minimized the direct impact on trade flows and the two economies. Overall, the reduction in Canada's exports to the United States in 2001 can be attributed to the economic slowdown in the United States rather than to problems at the border. Moreover, despite the reduced U.S. demand for Canadian exports, Canada enjoyed a good year in trade in 2001, recording a trade surplus of \$54.7 billion on exports of goods and services of \$467.6 billion and imports of \$412.9 billion; and the prospects for 2002 are good.

2001 also saw a number of significant achievements in the area of trade policy, including: the launch of a new round of multilateral trade negotiations at the World Trade Organization; Canada's successful hosting of the Summit of the Americas in Quebec City, where a deadline was set for the Free Trade Area of the Americas (FTAA) negotiations; securing the agreement of our FTAA partners to release the draft negotiating



documents; the clarification of NAFTA Chapter 11 investment provisions; the conclusion of a bilateral free trade agreement with Costa Rica; and the launch of trade negotiations with El Salvador, Guatemala, Honduras and Nicaragua (the Central America Four), and Singapore. The government will continue its efforts to bring down barriers in key markets so as to further secure and maintain predictable access for Canadian traders and investors. The government will also continue to strengthen the institutions and the rules that govern international trade and investment, forge relationships with new partners, and ensure that other countries live up to their commitments.

*Opening Doors to the World: Canada's International Market Access Priorities — 2002* presents significant market-opening results achieved over the past year and outlines the Government's priorities in 2002 to further improve access to foreign markets. The Government will pursue these goals multilaterally, through the WTO; regionally, through the North American Free Trade Agreement (NAFTA) and the Free Trade Area of the Americas (FTAA); bilaterally,