

This paper deliberately does not focus on the multilateral trade negotiations (MTN). The successful conclusion of the MTN and the launching of a subsequent Round before the end of the decade must remain key Canadian objectives. Even a modest MTN package will bring useful market access gains for Canada, will contain improved disciplines on the use of trade rules (especially with regard to subsidy/countervailing duty practices) and, perhaps most importantly, will preserve a meaningful multilateral option to serve as a necessary backdrop to further regional integration. Nonetheless, much of the dynamism in international economic relations is now, and will continue to be found at a less "global" level. Regionalism matters and requires choices that are as forward-looking and dynamic as the economic changes that are occurring.

In the end, the ultimate strategic goal for a middle-sized, open and trade-dependent economy must be global access and globalized rules of the game that reflect our needs and circumstances in order to underpin domestic economic growth. Yet Canada's strategy for making these gains is surely an empirical, practical matter, especially over the next decade or so during which severe fiscal restraints will continue to govern the use of scarce financial and human resources by governments in Canada.

How can we best use scarce resources abroad? How do we build on evident regional strengths to achieve further "marginal" gains more "globally"? What follows represents a preliminary attempt to identify at least part of the answer to these questions. The full answer will determine the shape and direction of Canadian economic diplomacy over the next decade, as we seek to underpin growth in Canada, to limit the dangers of inward-looking blocs, and to prepare for the ever more ambitious and intrusive trade and economic policy agenda that lies just around the corner.

2. Europe: The Loosening Ties

Our economic relations with Europe merit a hard, critical look. Despite Canada's deep European roots, both Europe and Canada have changed enormously over the past generation. These changes have affected considerably the global context within which Canadian economic diplomacy must function effectively.

The movement toward European economic and political consolidation is an important and positive process in terms of securing long-term peace and prosperity within the Old Continent. We should wish them well. Nonetheless, European consolidation on the economic and trade fronts will tend to be, by and large, an