
investments. They provide considerably more effective mechanisms to resolve disputes through the rule of law rather than the exercise of unilateral market power. The new deal will bring improved overall growth prospects for the world economy and for WTO members in particular, whatever the calculus followed in weighing the specific results. Moreover, the new deal already identifies several important areas where WTO members agree that further work must be completed over the next few years.

Growth creates new players in the global economy.

- Canada is one of the major world trading powers, along with its key partners, the US, the EU and Japan, all members with us in the G-7 and the Quadrilateral Group. Our trading, investment and technology relationships are the most intense with these partners and, above all, with the US. They are at the centre of the world economy today. We must continue to ensure that these relations are managed with care.

Globally, the leading exporters now also include Korea, Taiwan, China, Mexico, Brazil and others. Moreover, economies such as Taiwan, Korea and Hong Kong have emerged as important sources of overseas direct investment. On the other side of the ledger, developing countries attract about one third of foreign direct investment flows, with the bulk directed to the larger countries of Asia and Latin America. These new players compete with Canada for market share and quality investments, while providing increasingly attractive markets for the export of Canadian goods and services. Using all available foreign policy instruments in a coordinated way, we must build relationships with them and with other dynamic developing economies to reflect their current and growing economic importance to us.

Unfinished business remains on the trade policy agenda.

- Despite useful progress made in the establishment of the WTO, the international community still has a considerable distance to travel to adequately discipline the trade and investment distorting subsidization of agricultural production, particularly by the US and the EU. As well, improved disciplines on the use of antidumping measures will continue to be a Canadian priority. These are examples of policy areas where frictions between economies remain because the rule making to date is incomplete.

New trade policy issues in the global economy.

- The gradual reduction of more traditional trade and investment distorting barriers through successful trade negotiations has raised