

I join Ambassador Roy¹ in welcoming you to the 8th annual Canadian luncheon in Davos. I also want to take a moment to recognize our co-hosts for this luncheon: the governments of British Columbia, Manitoba, Ontario and Quebec, and the executives of many Canadian corporations who are hosting individual tables. We appreciate their co-operation.

The Canadian luncheon has become a tradition and I am pleased to be part of its continuity. There is, however, one element of the tradition with which I am about to break. This year the speech will be short -- a very brief overview of developments in the world trading environment and the priorities of the Government of Canada.

If there is a consensus to arise out of recent Davos conferences, it is that we are living in an increasingly interdependent global economy. A virtual revolution in transport, telecommunications and computational technologies is rapidly blurring the distinction between domestic and international economies. Canada's ability to continue to attract the high-skill, high value-added industries and jobs of the future will depend directly on how we position ourselves in this emerging global economy. Or stated alternatively, any domestic growth strategy must, almost by definition, be an export-oriented strategy.

Yet the same process of global integration that is making trade and economic linkages so critical to Canada's future is also making the environment in which we must pursue these objectives increasingly complex. In the past, Canada had the good fortune to be allied to the world's major economic powers -- first Britain, then the United States --, which gave us a degree of international leverage and market access that our limited size would not otherwise have justified. Today, however, there is not one but three economic superpowers; meanwhile, we are witnessing a profound shift in the fulcrum of economic power from the Atlantic to the Pacific. How we construct the institutions and mechanisms to cope with this shift -- and how we avoid potential frictions -- is perhaps the central issue confronting the world community; one which is of particular concern to a trade-dependent nation such as Canada. Although the management of our critical relationship with the U.S. is of paramount concern, so too is the danger of being squeezed between rival trading blocs.

At the same time, the rules of the international game are changing dramatically. Increasingly, it is more accurate to speak not of trade policy as such, but of international economic policy. Jurisdictions and policy areas that have long been considered to be quintessentially domestic are now increasingly subject to international negotiation and rule-making. Both government and the private sector must now deal not just with

¹ Jacques S. Roy, Canada's Ambassador to Switzerland.