

Major examples where federal and provincial policies bear on international trade and trade agreements are in the areas of government procurement, government subsidy and support programmes and regulations on product standards.

The Tokyo Round experience of consultation with the provinces helped to improve the awareness and sensitivity of the federal government to provincial priorities and concerns and demonstrated to Canadian business and our trading partners that there can be effective federal-provincial consultations in striving to enhance market access conditions for Canadian exporters and thus improving Canada's trade performance. In the run-up to the GATT Ministerial meeting in November there were again frequent federal-provincial discussions which were instrumental in preparing Canadian positions. Through regular contact at the Ministerial and Deputy-Ministerial levels (the first Federal-Provincial Meeting of Trade Ministers was held in June, 1982) and through federal-provincial committees, a more structured framework for consultations on international trade matters now exists, including the Federal-Provincial Committees on Trade Relations and on Export Development at the senior officials' level. These now play a useful role in the effective management of Canada's trading interests, and will contribute to greater coordination and harmony between federal and provincial programmes and activities.

One of the most important challenges of this ongoing consultative process in the 1980s will be to ensure that Canada's trade leverage internationally is not undermined or dissipated by conflicting domestic interests, policies or programmes. Equally, predatory trading practices by foreign governments that may otherwise be tempted to play-off one set of internal interests against another must be countered by a common and more coherent federal-provincial approach. Similarly, because Canada's international competitiveness depends significantly on its ability to maximize the economies of scale offered by its own integrated domestic market, and because its negotiating trade leverage is considerably influenced by the attraction of its entire domestic market to foreign suppliers of goods and services, this consultative framework should contribute to a better understanding of the importance of ensuring an effectively functioning common domestic market. There is clearly room for a stronger national consensus on the need for a free flow of goods and services internally and for the prevention of the balkanization of the Canadian market.

*Conclusions:*

- Canada's trade performance would be enhanced by a stronger national consensus on the need for, and the benefits to be derived from, a freer flow of goods and services internally.
- A consensus on trade and economic goals would be enhanced by regular and open consultations with the provinces and with private sector interest groups.
- Canadians, both in government and outside, need increasingly to demonstrate Canada's reliability as a competitive and stable producer of advanced-technology as well as resource products.