

- As a result of the rise in global protectionism, new developments in international trade and problems left over from the Tokyo Round such as agricultural trade, subsidies and safeguards. Canada, the United States and certain other OECD countries have called for a new round of GATT negotiations. In addition to the old trade issues, new areas such as trade in services, counterfeit goods, high technology trade and intellectual property will likely be included in any future round of multilateral trade negotiations.
- The emergence of Japan and the European Economic Community (EEC) as major economic powers has created a multipolar world economy.
- In contrast to the 1960s and early 1970s, the growth rate of world demand is much slower and there is excess global production capacity in most resource and manufacturing sectors, the reduction of which is an increasingly important part of the adjustment process.
- The rise in global interdependence and multipolarity has increased the policy interdependence of nations as well as the sensitivity of each nation's economy to the domestic policies and legislation of its major trading partners and, at the same time, has generated great pressures upon the existing international economic institutional framework.
- The expansion of trade into new areas such as services, the increase in international capital movements and the rise in the use of non-tariff barriers have further compounded the complexities of the trade policy issues confronting national governments.
- Above all, the single most important factor facing citizens and governments is the great uncertainty about their future economic prospects and development.

The above points summarize briefly the global economic and trade policy environments in which the various bilateral trade policy options will be evaluated. To a considerable degree, the changes in the economic environment that bear on North America come from outside the continental economy, and the onus is on North American industries and economies to adjust to the competitiveness and dynamism of those offshore. This is important to recognize since for certain Canadian industries--for example footwear, textiles and