

WHAT IT'S ALL ABOUT

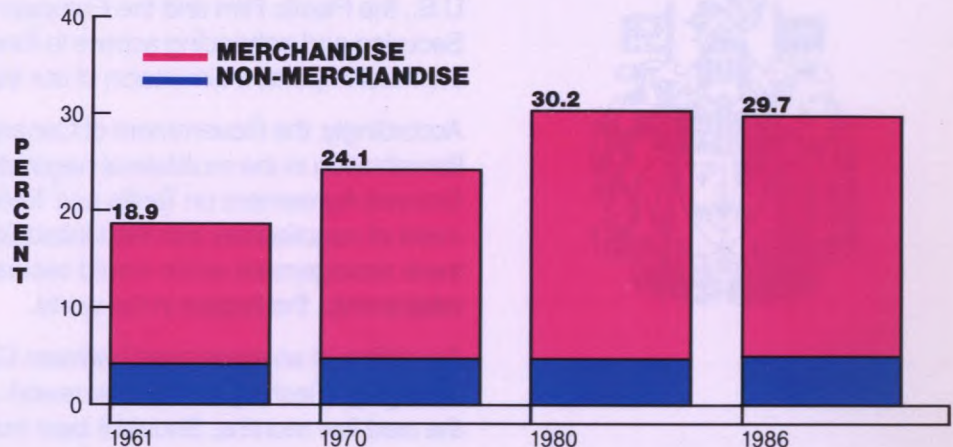
Market access for our exports – security and predictability of access; better and broader access to bigger markets for Canadian goods and services. That's what our two-track trade negotiations are all about. They are also a key to our economic future. Thirty per cent of our national income and three million jobs depend on trade.

Through 40 years of trade liberalization our exports have multiplied 10 times, our national income has more than tripled and the number of jobs doubled. But our share of the world market place has been declining in the face of fierce global competition. And the mounting tide of protectionism is increasingly raising barriers to the sale of our goods in international markets.

Canada is working hard in the new round of multilateral trade negotiations to fortify the role of the General Agreement on Tariffs and Trade in international trade, to eliminate tariffs, reduce other barriers and extend the agreement's discipline to agriculture and services. We are also in the midst of complementary bilateral negotiations with the United States on "the broadest possible package of mutually beneficial reductions in barriers to trade in goods and services."

Canada and the U.S. are each other's biggest customers, doing the biggest volume of trade in the world – over \$170 billion. Seventy-seven per cent of our exports go south of the border. Over two million Canadian jobs depend on this trade. It makes sense to try to secure, enhance and enshrine our access to the U.S. market

CANADIAN EXPORTS AS PERCENTAGE OF GDP



in a comprehensive, long-term, binding treaty consistent with Canada's GATT obligations. The U.S. government regards our discussions as the most important bilateral negotiations it has ever undertaken.

SECURING ACCESS

- We are negotiating a new regime on trade remedy law. We seek to limit recourse to contingency protection – trade remedies that provide for the imposition of anti-dumping duties, countervailing duties, and safeguard measures such as quotas. American trade remedy actions have affected about \$6.5 billion worth of Canadian products in many sectors, most recently and notably softwood lumber. The creation of a new dispute settlement mechanism is central to successful negotiations and vital to every export industry.

ENHANCING ACCESS

- We want to phase-in the elimination of tariffs and non-tariff barriers over

a transition period. Most trans-border shipments enter duty free in each direction, but remaining tariffs are significant obstacles to the exports involved. We also wish to harmonize customs procedures and rules of origin.

- We are seeking agreement on non-tariff issues such as government procurement restrictions, regulatory, administrative and technical impediments to trade, and intellectual property rules – patents, copyrights and trademarks. These matters are important to many businesses.
- We are discussing for the first time trade in services. This sector accounts for more than two thirds of Canada's gross domestic product and about 12 per cent of total exports of goods and services, mainly to the U.S. While Canada has a merchandise trade surplus with the U.S., we have a deficit in services. We are looking for a framework of principles which permits progressive liberalization