

border measures covering a wider range of sectors, including so-called voluntary export restraints and orderly marketing arrangements, currently affect 18% of world imports.²⁵ These measures will be with us for some time to come. The draft MTN text on safeguards may help to limit the use of such grey area measures as VERs and OMAs, while the text on subsidies and countervailing duties represents an important step forward in the process of more clearly defining the relevant rules, thus limiting the potential for unilateral actions by Canada's trading partners. Nonetheless, the current texts do not complete Canada's agenda. With respect to countervail, for example, concepts such as "net subsidies", as well as a tighter definition of "industry", including regional industries, require further effort in future negotiations in order to secure Canadian exports more completely from harassment in major markets, particularly the U.S.

(ii) Trade Policy Responses:

The above issues and practices are not new and will continue to require considerable dedication of resources to ensure their successful management in a manner consistent with Canada's trade and economic development interests. Tariffs and quantitative restrictions still impede access for Canadian exports. Further consideration will have to be given to reducing unilaterally Canadian import duties on essential inputs facing lower duties when imported into the U.S. by competitors, especially in light of the FTA and NAFTA obligation applicable to almost all products to phase-out duty drawbacks (i.e., the refund of import duties on inputs when the final product is exported). Rules of origin will require careful management. More work is required to liberalize cross-border trade in services. There remains much more to do on the procurement front. And trade remedy reform is still needed (in this regard, the discussion below on competition policy is relevant).

V. The New Agenda

The management of traditional trade policy concerns will remain critical to ensuring continuing economic prosperity in Canada. Yet globalization has pushed new issues forward (e.g., environmental practices), and dragged others more firmly toward centre stage (e.g., treatment of foreign investment, competition policy, research and development). We will deal with each of these issues in turn.

²⁵ OECD, *Progress in Structural Reform: An Overview* (Paris, 1992), pp.37-41.