

Canada's market access objectives must serve the public interest and remain compatible with domestic policy interests. The prime objective is to secure improved access for Canadian exports of goods and services to foreign markets. Priorities include the elimination or reduction of tariff rates and non-tariff barriers affecting goods that we now export or will likely export in the future. Improving access in sectors and markets targeted by Canadian service providers and investors is also a priority.

International rules are now moving beyond the traditional focus on tariff and non-tariff border measures. They are now beginning to address questions of domestic regulation with trade impacts. The key management challenge remains to find the right balance between domestic interests and concerns, and the pressures of accelerated globalization and market liberalization. To this end, several initiatives are being pursued concurrently:

□ Identifying trade and investment barriers

Government will consult with private-sector and non-government organizations to develop a coherent trade policy strategy to promote the domestic policy agenda and be supported by key domestic constituencies. Canada must identify whether and if so, how further liberalization and rule-making would be in our national interest, and where our market access priorities lie. We must anticipate issues that our trading partners will put forward. Preparations for trade negotiations entail extensive consultation with Canadian stakeholders, including provincial governments, industry and other non-governmental interests. These consultations will also serve to enhance public understanding of the role of trade in the Canadian economy.

Provincial governments expect to play a greater role in international trade negotiations when issues within their responsibility are affected. We want to build on the close working relationship that already exists, and ensure that provinces are involved in the policy-making process. This reflects both their constitutional responsibilities and our interest in their full participation in the evolution of the trading system. In turn, the provinces' involvement and commitment to results is critical to ensuring effective implementation of negotiated undertakings.

□ Negotiating trade agreements

Bilateral, regional and multilateral trade negotiations present significant opportunities to improve the framework for enhanced trade and investment. They can complement and reinforce efforts to expand and diversify Canadian exports and to increase Canada's share of foreign direct investment, while contributing to domestic and foreign policy goals.

In December 1999, Canada will participate in the Third WTO Ministerial Conference, which is expected to launch new negotiations on trade in services, agriculture and possibly other issues or sectors that affect market access. To prepare for this conference, WTO Members are working to identify issues that warrant attention and to prepare recommendations to trade ministers. These recommendations will cover the implementation of existing agreements, the ongoing work program, mandated negotiations and the scope and format of new negotiations.

To prepare for such negotiations, and in recognition of the increasing interdependence of domestic and international trade policy issues, the Canadian government is engaging in an extensive outreach and consultation process with the Canadian business sector, the provinces, other interest groups and the public. By developing clear, practical and well-supported objectives, Canada will be well prepared to engage fully, constructively and effectively in the continuing development of an open and fair international trading system. Canada's initial negotiations position will be articulated in late 1999 and will reflect the domestic consultation process.

The focus in Latin America in 1999 will be on the FTAA negotiations, and enhanced trade relations with MERCOSUR. In Asia, APEC has agreed to send the results of its work on sectoral trade liberalization to the WTO to seek expanded participation. In Europe, we are negotiating a free trade agreement with EFTA and working actively with the EU on a trade action plan.

Given the growing influence of developing countries and emerging economies, the need to build consensus on a complex array of issues, and the diverse number of regional and other trading arrangements, Canada should capitalize on its experience in trade policy to build a stronger network of trade policy partners. We place a high priority on providing trade policy technical assistance to developing countries, to help them fulfil their Uruguay Round obligations. This will enable Canadian exporters to benefit from improved access to those markets.