

has actively pursued this with its NAFTA partners. We are also working on a range of measures to ease cross-border movement; these are more important than ever in the wake of the September 2001 terrorist attacks. And we intend to exploit every opportunity the FTAA or WTO negotiations may provide us to address such perennial issues as U.S. farm subsidies, or its countervailing and anti-dumping duty procedures.

Looking to the future, management of the Canada-U.S. trade relationship needs to take into account our increasing economic integration. This means the Government must manage differences over social, cultural and economic policies. We must also see whether it is possible to reduce the differences through harmonization, regulatory cooperation and mutual accommodation, or whether we simply have to live with those differences. Whatever the scenario, Canada faces a threefold challenge in this relationship:

- We traditionally have to work hard to get the attention of U.S. policy makers, especially in Congress, whose priorities are generally domestic.
- To the extent that such concerns as homeland security still leave "policy room" for the U.S. government to look outside its borders, there are many rivals for America's attention—Mexico, for instance.
- We do not start from a firm Canadian consensus. For example, some people equate harmonizing rules with adopting a strictly American standard and abandoning Canadian solutions and Canadian values; this can lengthen the search for innovative solutions that build on those values.

In sum, trade policy alone does not cover all the issues in this kind of relationship, and it certainly does not hold the solutions to all the problems.

Although any list of priorities for Canadian trade policy has to respect the importance of our trade relations with the United States, matters do not end there. After the United States, Canada's second- and third-ranking export markets are the European Union and Japan. At present, trade problems with both are being dealt with through the WTO or through targeted