

While multilateral, regional and bilateral trade agreements serve as the basic framework for Canada's overall trade relations, the critical task remains of identifying priority opportunities corresponding to Canadian strengths. International opportunities and the means to take advantage of them will vary among Canadian industry sectors, requiring the establishment of sector priorities as an integral component of coherent geographic strategies.

An effective international business development strategy must continually respond to a changing global environment to capitalize fully on emerging opportunities and to secure the greatest continuing return from existing trade development resources.

A successful long-term international trade strategy involves difficult choices. The federal government is committed to making the tough decisions needed to guide the development of an effective and responsive national trade strategy for Canada. The following regional situation reports will help form the basis of resource allocations and program priorities in the months and years ahead.

- **Pacific Rim** — This region's markets, which will have a projected 60 percent of the world's population, 50 percent of global production, and 40 percent of total consumption by the year 2000, are of vital interest to Canada. It is projected that this region's countries will be responsible for half of all global trade before the turn of the century — equivalent to at least five new Canadian economies. Asia, which has quickly become Canada's second most important trading partner after the U.S., offers the potential for significantly greater commercial success for the foreseeable future. Canada will focus increasing attention on these markets in its international business development and trade policy initiatives in the short term.

- **Latin America** — Latin America and the Caribbean offer a market of close to half a billion consumers in countries that constitute an increasingly modern, stable and democratic region. Longstanding Canadian trade links are rapidly expanding, and there is considerable potential in several markets for increased export and investment opportunities. By 1995, the economic growth rate of several Latin American markets should equal that of Pacific Rim countries. Canadian commercial success in Mexico has already expanded dramatically under the NAFTA framework.

- **U.S.** — The U.S. will remain Canada's principal trading partner, accounting for over three quarters of Canadian exports. NAFTA's implementation and further refinement will play an important role in consolidating and securing this crucial economic relationship.

Commercial prospects for enhanced Canadian exports and investment are brightening with continued border and market liberalization under the dual auspices of NAFTA and the GATT, and as the U.S. economy emerges from the recession. In addition, changes to U.S. technology policies and programs are under way which may offer further opportunities to Canadian firms. These developments should help smaller Canadian companies use the U.S. market as a proving ground before expanding their business activities overseas.

Record-setting monthly levels of exports to the U.S. in 1993 are expected to result in a 15-percent increase in exports over 1992. Based on U.S. economic trends, the Canadian government has identified six sectors as priorities for trade development support in the year ahead: computers and semiconductors; instrumentation; health