



## CANADIAN TRADE POLICY REVIEW: HIGHLIGHTS

The government's decision to undertake a comprehensive review of Canadian trade policy underlines the priority which this government attaches to a strong trade performance. Exports have been, and will continue to be, one of the main engines of growth and job creation in the Canadian economy. Canadians need to appreciate more fully that exports are the key to further economic development and that continued export success will depend on Canadian producers being competitive and productive and seeking out new markets around the world. The results of this review of trade policy provide a framework of basic trade policy principles to guide future decision-making.

### I. The Importance of Trade to Canada's Economic Well-being

Canada is a major trading nation. A strong trade performance is vital to the health of the Canadian economy. Trade contributes significantly to the economic development of the regions. The contribution of exports to our GNP has steadily increased from 20% in 1965 to nearly 30% at present. In absolute terms, Canada's exports have increased five-fold since 1970 - from less than \$17 billion to nearly \$85 billion last year. A great many people in Canada depend on exports for their livelihood.

Trade is, of course, a question of both exports and imports and its two-way nature contributes importantly to the efficient development of the economy. We trade essentially in order to increase the wealth and to improve the economic well-being of Canadians. Exports contribute significantly to increased employment opportunities for Canadians. We sell products in which we are competitive, efficient producers and where we enjoy a comparative advantage. Imports of goods not produced in Canada (either competitively or in sufficient quantities to meet the needs of various industrial users) play an important role in the development of an efficient industrial structure. Consumers also benefit from access to a wider range of consumer goods and essential commodities. Similarly, access to foreign technology, knowledge and investment has been instrumental in sustaining a high standard of living and diversified economic structure. The health of our economy thus depends heavily on a strong trade performance and our small population, hence small domestic market, necessitates a disproportionate emphasis on both exports and imports.

### II. What is Canada's Trade Policy

The broad objectives of Canadian trade policy can be briefly summarized as follows: