

The potential for closer economic relations with key Latin American and Pacific Rim countries goes much beyond the immediate and foreseeable export benefits. The even broader challenge is how to address the increasingly comprehensive and thus intrusive international economic agenda so that the system "works" for Canada, both through the establishment of clear economic rules that reflect Canadian interests and through the acceptance of these rules by the three majors.

The rule-making scope of the international trading system has expanded considerably over the past ten years. Issues such as cross-border trade in services, non-discriminatory investment rules, intellectual property rights and the nature of dispute settlement processes have moved far beyond the hesitant, tentative beginnings of reform of the early 1980s. Although the rule-making is far from complete multilaterally, this agenda now enjoys much broader acceptance. Yet, the 1990s promise to push this "trade" agenda much further.

In fact, trade negotiations are quickly becoming economic negotiations with profound impact on a wider range of policies long considered essentially domestic. The new agenda includes trade and the environment, competition (or "anti-trust") policy, and key issues related to industrial and innovation policies. As the scope of the work expands, as the rules of the game are made - and not just for the "new" issues, but also for important unfinished business such as trade in agriculture - we need to ask ourselves how we can ensure three key results:

- dynamic regionalism that will, over time, encourage broad multilateral liberalization in ways that serve Canada well;
- greater and more secure access to all three Triad markets,<sup>30</sup> including for processed resource and agricultural products in Japan and the EC, and government procurement and trade remedy reform in all three; and
- the effective management of the "new" issues, so that negotiated results reflect the needs and realities of small, open, trade-dependent economies such as Canada.<sup>31</sup>

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<sup>30</sup> The U.S., the EC and Japan.

<sup>31</sup> I address this matter more fully in "Globalization", Policy Planning Staff Paper No.93/01 (e.g., vis-à-vis competition policy convergence on pp.46-50); see also Laura Tyson, "Managing Trade Conflict in High-Technology Industries", in Martha C. Harris and Gordon E. Moore. eds., *Linking Trade and Technology Policies* (Washington, D.C.: National Academy Press, 1992), pp.75-8.