

As the scope of the work expands, as we reflect on how best to craft the unfinished rules of the game - and not just for the so-called new issues, but also for important outstanding business such as trade in agriculture - we need to address how Canada can best ensure three key results:

- first, dynamic, outward looking regionalism that will, over time, encourage broad multilateral liberalization in ways that serve Canada well;
- second, greater and more secure access to the Japanese, EU and U.S. markets, as well as to dynamic Asian and Latin American economies; and
- third, the effective management of the "new" issues, including competition policy, the environment, and emerging technology and innovation questions, so that negotiated results reflect as closely as possible the needs and realities of a small, reasonably open, trade-dependent economy such as Canada's.

By continuing to build on Canada's post War tradition of expanding, in a measured and responsible manner, the scope of two-way market access and of the rules governing that access, we underpin the preference of Canadians and foreigners alike to invest in Canada. We also reinforce on-going efforts to encourage Canadian producers to look beyond their immediate marketplace and become traders capable of competing with off-shore competition that has become increasingly diverse and will not go away unless faced head on.

### **3. SOME CONSIDERATIONS ON THE OPTIONS: MARKET ACCESS AND OUR FRIENDS IN THE GAME**

#### **3.1 Sectoral Versus Comprehensive Free Trade**

One option is to explore the prospects for sectoral free trade with selected countries. Proponents of this approach point to the success of the 1966 Canada-U.S. Agreement Concerning Automotive Products (the Auto Pact). Multilaterally, the Tokyo Round led to the creation of a number of sectoral instruments: the Arrangement Regarding Bovine Meat, the International Dairy Arrangement, and the Agreement on Trade in Civil Aircraft. More recent examples of sectoral initiatives include efforts to develop a Multilateral Steel Agreement (MSA) on the margins of the MTN and a proposal by the Canadian steel industry to establish a North American arrangement in this product sector.