

Creating Prosperity on a Sustainable Basis

Our prosperity depends on an open, liberal and rule-based trading regime. As a high-wage and high-cost country, Canada's sustained prosperity depends on improving the productivity and skills of our labour force in the existing industrial and resource base while expanding further the knowledge-based industries of the future. We need to ensure continued market access for our large natural resource exports given environmental concerns in major markets.

Trade policy and domestic policy (including environmental considerations) will become more and more integrated. Given international coordination and harmonization of economic, industrial and trade policies, we need to anticipate future trends in such coordination to ensure timely and effective adjustment to continued globalization.

At the same time, the adjustments flowing from globalization are increasing trade friction among the major economic powers and are hampering substantive progress in multilateral trade and economic negotiations. As a medium-sized country with limited fiscal resources, we have a vital interest that the major players in the MTN are able to agree on ways to reduce agricultural and other subsidies and otherwise improve and strengthen a rule-based multilateral trade and payments system.

While our multilateral objectives are clear – successful completion of the Uruguay round, obtaining consensus on export financing and management of debt problems – regional trading arrangements such as the FTA and NAFTA will continue to advance, in an immediate and effective manner, our trade and investment interests. The new trade policy agenda – investment, services, intellectual property protection – will be pursued in all negotiations to assist Canadian industry to become more competitive.

While the gains in global economic growth have been most dramatic in Asia, internal reform within developing countries and Eastern Europe – sound macroeconomic policies, privatization, deregulation and institution building – will enhance development prospects in these countries. The role of the international financial institutions (IFIs) in establishing framework policies for development assistance and programs of debt relief is central to coordination and harmonization of such policies among donor countries. Such multilateral coordination ensures that limited aid funds are used to greatest effect. We need to ensure that our influence in formulating such policies is effective and reflects our priorities. Debt relief, where appropriate, can complement programs of domestic reform. Constant care must be taken to ensure complementarity between the use of assistance and debt relief. Such measures should encourage greater foreign and domestic private sector investment.