

EXECUTIVE SUMMARY

In light of the implementation of the NAFTA and the conclusion of the multilateral trade negotiations (MTN), this Paper briefly summaries the outstanding substantive agenda which still remains, including both "old" and "new" trade policy issues. However, most of the Paper addresses the modalities for extending trade liberalization further. In particular, where should Canada focus its attention over the next 12 to 24 months, given the likely trading environment for the rest of the decade, the shifting nature of real market opportunities and finite negotiating resources?

The Paper weighs the pros and cons of our negotiating options: sectoral versus comprehensive free trade; the prospects for initiating new multilateral trade negotiations through the World Trade Organization (WTO) recently agreed to in the MTN; comprehensive bilateral free trade with selected partners; and seeking greater regional free trade (e.g., through NAFTA accessions and/or the transformation of Asia Pacific Economic Cooperation (APEC) into a negotiating forum). The Paper concludes by suggesting a four-prong approach:

- the effective establishment of the new World Trade Organization by mid 1995 with a forward-looking and balanced work programme (including exploring the prospects for creative coalition building with other middle sized trading nations);
- vigorous follow-up to the NAFTA trade remedy work programme now agreed to;
- use of the GATT/WTO accession process to pursue our immediate market access objectives with respect to China, Taiwan and Russia; and
- the initiation of preparations for possible accessions to the NAFTA by selected Latin American and Pacific Rim countries, especially in light of the U.S. legislative requirement to identify priority countries and negotiating modalities (bilateral negotiations versus accession) by mid 1994.