

Canada and North America

Canada's economic relationship with the United States demonstrates the benefits of a rules-based international trading system. Within this relationship, however, our vulnerability to unwarranted protectionism and trade actions requires us to adopt new approaches to advocacy and representation. The softwood lumber dispute shows that challenges to Canadian exporters posed by special-interest lobbies may be countered by targeted communications and sustained cross-border alliances.

Canada's need to maintain growing trade and investment flows may require new measures in border management, infrastructure improvement and regulatory cooperation in order to boost confidence among investors and travellers, and to reduce transaction costs for traders and shippers. Canada needs to assess how best to achieve these changes that will enhance our prosperity, including whether to consider adjustments to existing institutions and arrangements or new measures to advance our interests. In considering such measures, of course, it will be crucial to protect the integrity of Canadian social policies and quality of life.

Globalizing prosperity

Although increased economic integration has opened remarkable new opportunities for trade and commerce, it also presents new challenges. The past decade's financial crises in emerging markets have highlighted vulnerabilities resulting from the faster flow of information and capital. International efforts have helped to contain economic crises, and there must be further efforts at improving early warning systems and ensuring timely collective action.

Globalization has brought great prosperity, but it is not without its problems. It has benefited many developing countries, including some of the least developed ones; yet those benefits are not being shared equally among and within countries. Over the past decade, financial crises in Mexico, Asia, Russia and South America have raised concerns about the effects of fiscal austerity, privatization and market liberalization. Addressing the needs of the most disadvantaged groups will require continued efforts by international financial institutions—including the International Monetary Fund in designing assistance programs for crisis-afflicted countries, and the World Bank in designing programs to promote development and poverty reduction in emerging markets. A critical challenge for the years ahead is managing globalization to provide for social progress and environmental sustainability.