

Trade policy. Trade policy in a knowledge-based and advanced industrialized economy must reflect the importance of both the import and export sides of the trade coin. Imports are beneficial not only because they expand consumer choice but also because knowledge-intensive imports transfer new technology and know-how which can be used as inputs for high-tech goods and services for domestic and export markets. Continuing growth in exports produced by Canadian workers, managers and companies is essential to pay for incremental imports. Therefore, access to distortion-free markets abroad is indispensable for the expansion of knowledge-intensive exports from Canada. To assure Canadian companies and workers the advantages of unhindered international markets in goods, capital and services, we must keep our markets open as well. Such a trade policy will allow Canadian companies to remain competitive and in-shape to contest international markets. Only successful and competitive Canadian exporters will be able to support and create jobs in Canada.

- A sound and outward-oriented **trade policy** will help Canadian companies remain competitive and able to contest international markets.

Trade development. An efficient and effective trade development programme should dovetail with the changing composition of Canadian exports. It may be necessary to reassess and recast trade development programmes to reflect a Canadian economy which is exporting an increasing proportion of knowledge-intensive goods and services, but would not neglect our strong performers in the resource sectors.

By their very nature, knowledge-intensive goods and services tend to be complex whether sold as final products or intermediate inputs. Different sets of skills may be necessary to understand and effectively promote the output of more advanced industries than was necessary for the promotion of resource-products. Established sectors often have a much larger presence on the policy scene, simply because companies in these industries have been around that much longer and have established good connections with policymakers. On the other hand, new sectors that are fighting to establish their comparative advantage in international markets are often comprised of little-known, new, small and medium-sized "start-up" companies. The issue is whether each incremental dollar spent in trade development would bring a higher return to the Canadian economy from a firm in the new sector or from one in the established sector? Depending on the answer, a reallocation of