

Between 1985 and 1990, global direct investment flows grew by 34 percent, compared to 13 percent for exports and 12 percent for GDP. Clearly, international investment is becoming a dominant vehicle for international commerce. Many jurisdictions, from Eastern Europe to Southeast Asia, are competing for job-creating investments. In seeking to attract investment destined to North America, Canada competes directly with the U.S. and Mexico.

Given the competition for international investment, Canada must offer an attractive, competitive business environment, and business and government must work actively to promote the benefits of investing in Canada to potential foreign investors. International investors must also be informed about specific investment opportunities. Our competitors are doing nothing less.

## Trade Diversification

The federal government is committed to an integrated, innovative trade policy that maintains and improves access to global markets. The GATT and its eventual successor, the World Trade Organization (WTO), will remain the cornerstones of Canada's trade policy.

The aggressive pursuit of strategic regional and bilateral opportunities will complement this multilateral approach. In addition, the government will apply all the tools of Canadian foreign policy to buttress and defend the market access gains Canada has made through the international rule-making process.

### The GATT and the Multilateral Trading System

The conclusion of the Uruguay Round of GATT negotiations in late 1993 was a crucial step in securing and diversifying Canadian access to global markets. World governments, faced with the challenges of rapidly shifting trade and investment patterns, changing technology, domestic pressures

from less competitive industries, and growing interdependence, have effectively responded by agreeing to a more open, comprehensively reformed rules-based system for conducting international trade into the next century.

This provides a sound economic platform for domestic economic growth and jobs creation, with components of particular importance from Canada's perspective.

- **Market Access** — While some details are still to be clarified, Canada's trade liberalizing package compares very favourably with that of other countries. Tariff cuts will average well over 50 percent with our European, Japanese, Korean and several other trading partners. Liberalized sectors of importance to Canada include pulp and paper, chemicals and petrochemicals, non-ferrous metals and minerals, computer equipment, office furniture, pharmaceutical, farm equipment, financial services and telecommunications.
- **Trade Rules** — Fundamental reform of GATT rules will help ensure that the new multilateral trading system has the effectiveness and credibility to remain the cornerstone of Canada's trade policy. Most noteworthy is our achievement of a strong subsidy/countervail agreement with a much clearer definition of subsidies and criteria exempting major regional programs and many R&D incentives from countervailing duties. These achievements will considerably limit the scope for other countries' harassment of Canadian exports.
- **Services and Intellectual Property** — The Uruguay Round outcome brings strong new rules to our economy's rapidly growing knowledge-based sectors. Canada was also able to exempt cultural industries from unacceptable services disciplines and intellectual property rules.