

The World Trade Organization remains the cornerstone of Canadian trade policy and the foundation for Canada's relations with its trading partners and our bilateral and regional agreements and initiatives. Canada is actively engaged in the ongoing WTO negotiations on agriculture and services, and will continue its efforts to build confidence in the world trading system and to establish consensus on expanded negotiations.

On April 20-22, 2001, the Prime Minister will host the third Summit of the Americas in Quebec City. A key element of the Summit process is the ongoing negotiation of a Free Trade Area of the Americas (FTAA). As we have for the past two years, Canada will continue to play an active leadership role in the FTAA negotiations, which hold the potential to create the world's largest free trade area – 800 million people and a combined gross domestic product of nearly \$17 trillion. The FTAA would build on Canada's free trade ties with the United States, Mexico and Chile and our expanding links elsewhere in the hemisphere, allowing Canada to take full advantage of emerging hemispheric markets.

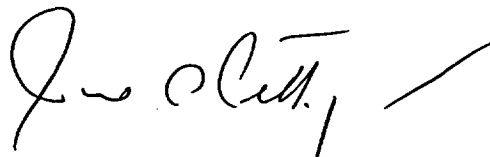
Canada entered into free trade negotiations first with Costa Rica in early 2000, then later in the year with El Salvador, Guatemala, Honduras and Nicaragua, and in early 2001 with the economies of the Caribbean Community. The conclusion of free trade agreements with these countries will reinforce Canada's continued commitment to the hemisphere and help realize the potential for further developing the trade relationship between our countries, particularly with respect to our small and medium-sized businesses.

Canada and the United States share the world's largest and most comprehensive trading relationship. With 86 percent of our merchandise exports destined for this market, representing 33 percent of our gross domestic product, Canada-U.S. trade relations will remain a top priority for the Government. While the vast majority of our trade is dispute-free, we will continue to ensure that the disputes that will inevitably arise are managed carefully. A significant challenge is the management of the softwood lumber issue, where we remain

committed to ensuring access to this large, traditional market for Canadian producers. We will also work with the United States and Mexico to reinvigorate the NAFTA and continue to facilitate and enhance trade in these key markets.

In closing, I want to stress that the Government of Canada is committed to maintaining an ongoing dialogue with Canadians on trade issues. We will pursue the priorities outlined in this report in full consultation with Canadians. The Government maintains an extensive program of outreach and consultations with the provinces and territories, the business sector, non-governmental organizations (NGOs), other interest groups and the public. In addition to being a source of information on the Government's actions and intentions on a range of trade issues of importance to Canadians, this report is intended to stimulate thinking and the submission of views by readers.

I would also encourage those interested to visit the Trade Negotiations and Agreements Web site, which provides the most current information on Canada's trade policy agenda. This report and the Web site are two of the key mechanisms that we have developed to encourage you to provide us with feedback on trade issues. I invite you to register your views via the Department of Foreign Affairs and International Trade Web site (www.dfait-maeci.gc.ca) or the Trade Negotiations and Agreements Web site (www.dfait-maeci.gc.ca/tna-nac). By doing so, you join our team and improve our prospects for advancing Canadian interests and ensuring our continued prosperity.



The Honourable Pierre S. Pettigrew