



As a nation highly dependent on trade, but one that accounts for a modest amount of worldwide trade flows, Canada must work vigorously to advance and defend its interests. This means not only strengthening the institutions and the rules that govern international trade, but also ensuring that other countries live up to the commitments they have made, so that Canadian firms will have access to their markets, producing growth and prosperity at home. Employing the various tools at its disposal, the government will act to ensure that Canada's exporters and investors benefit fully from international trade agreements.

Trade (and Investment) is a Two-way Street

Canada recognizes that trade and investment are two-way streets. The importance of imports, which amounted to \$233 billion in 1996, is often overlooked. Imports play a critical role in Canada's economy and are vital to the success of our overall trade picture. Without imports, Canada's economy would be less robust, our exports would be less successful, industries would be less competitive and consumer goods would be more expensive.

Similarly, investment, both inward and outward, plays a vital role in ensuring Canadian prosperity in a world where total annual investment flows have exploded from US\$60 billion to US\$300 billion over the past decade. Inward investment brings with it economic activity, and hence jobs (a recent Industry Canada study suggests that a \$1 billion increase in foreign direct investment in Canada creates about 45 000 new jobs); and successful investment abroad brings profits home, creating more wealth and economic activity in Canada.

Given the importance of maintaining healthy two-way trade and investment flows, Canada and a range of its key partners around the world have forged close relationships where economic issues of mutual interest are discussed. Through these dialogues, variously sustained at the level of leaders, ministers and officials, Canada can often resolve access issues without having to resort to the formal dispute settlement mechanisms available in the WTO and NAFTA.

About this Document

This document outlines Canada's priorities for improving access to key markets through multilateral, regional and bilateral initiatives over the next year. Its geographic scope includes the United States, important regional initiatives in the Asia Pacific, Europe and Latin America, and several other key markets. Information in the report has been drawn from the Department of Foreign Affairs and International Trade (DFAIT), other federal government departments, provincial governments, Canada's offices abroad, and the private sector.

The report describes Canada's efforts to improve market access for trade in goods and services; and, recognizing the importance of rapidly increasing global investment flows, it also outlines Canada's objectives for developing international rules governing investment. For individual markets, this document presents a brief overview of the trade relationship and market access conditions, along with examples of specific tariff and non-tariff barriers that the Canadian government is seeking to reduce for the benefit of this country's exporters and investors. Together, the markets covered in this report accounted for over 95% of Canadian exports in 1996.

In illustrating Canada's international market access priorities for the next year, this document is not intended as an exhaustive catalogue of government activities to improve market access, nor as a comprehensive inventory of foreign barriers to trade. This document succeeds the *Register of U.S. Barriers to Trade*, prepared by DFAIT annually since 1993. While recognizing the huge importance of the U.S. market, the current approach reflects Canada's broader interests and the importance of work in such fora as the WTO to strengthen the disciplines governing global trade and investment flows.