

This document sets out the Government's strategies for meeting the challenges of a rapidly changing world market. Important developments are making the world a smaller, and more open, dynamic and complex place, with implications for our society, economy, security and identity that are explored in all sections of the International Policy Statement. Canada has many strengths, including a private sector that has been quick to adapt to these changes, developing new ways of doing business that transcend national borders, locating specific activities in whatever continent, country or community that makes business sense and organizing themselves around flexible networks and value chains.

In this world, any distinction between a country's domestic economy and the broader global economy is artificial. Domestic decisions affect the international competitiveness of Canadian companies, while competition within our own marketplace is increasingly shaped outside our borders. Prosperity rests on the twin pillars of global economic competitiveness and robust international engagement. The Government's commerce strategy incorporates both these areas to create sustainable economic advantages for Canada.

While Canadian business is active globally, there are clear priorities in our commercial relationships and in the needs of business. These dictate a focus on our North American relationships—not just with the United States, anchor of our prosperity, but increasingly with Mexico; on our relationships with other key drivers of global innovation and investment, notably Japan and the countries of the EU; and on today's new economic powers, Brazil, India, China and their partners in global value chains. Our engagement with countries outside this core focus must increasingly take account of how they advance our principal interests, whether through their own strategic links (e.g. between Australia and New Zealand and East Asia) or through their future economic power (e.g. Russia, and the Gulf countries).

To get the most out of these relationships, the Government must get the domestic business climate right, ensuring that Canada remains an investment location of choice and a competitive player in the global

economy. This is integral to the Government's overall economic strategy. It must also ensure that the conditions are right for sustainable, mutually advantageous commercial relationships, built on solid political relations between governments, reliable multilateral and bilateral trade and investment rules, and innovative non-governmental initiatives in numerous areas such as R&D and education. And, to give our businesses the edge they need to be competitive in trade, investment or any other form of international business, the Government must intervene in precise, targeted ways.

It will take sustained attention to the instruments of economic and commercial policy to pursue this strategy. We must leverage our advantages to ensure we remain a location of choice for modern business. We are in a race with many countries in this respect—one we cannot afford to lose. Above all, we must apply the Government's assets in the right way, with the right partners, at the right time, and in the right places—from trade negotiations to promoting strategic two-way investment, from government-to-government dealings at the highest levels to promoting networks of knowledge and influence spanning provinces, territories, business, academe and civil society. We will face choices as we pursue our strategy. The Government is committed to working with all Canadians in making these choices in our best interests as we meet the challenges of today and secure our prosperity for tomorrow.

To deliver on the International Policy Statement, the Government has to have the right foreign policy and international commerce functions in place. We need to have the tools to deliver foreign policy that is coherent across government and fully represents Canadian interests abroad. Canada's international commerce strategy has to be able to get both the domestic business climate and our international economic relationships right and provide the services that Canadian businesses need. To this end, the Government will establish an advisory and consultative process to consider how this can best be achieved, in light of issues raised in Parliament and by stakeholders.