

In its formal response to Canada's *Foreign Policy Review*, the federal government identified three main objectives for its international actions in the years ahead:

- promoting Canada's prosperity and employment;
- protecting Canadian security, within a stable global framework; and
- projecting Canadian values and culture.

In pursuit of the first of these objectives, the Government of Canada launched a series of "Team Canada" initiatives in October 1995. These initiatives are designed to help Canadian businesses capture emerging global market opportunities while creating jobs at home. They are also intended to build strong partnerships between government and the private sector, to ensure that maximum benefit is derived from available resources, and to eliminate unnecessary overlap and duplication among governments.

A critical element of the Team Canada approach is its focus on Canadian small and medium-sized enterprises (SMEs). Recent data confirm that smaller firms are responsible for creating the vast majority of new jobs in Canada. SMEs are also central to the Government's efforts to broaden Canada's trade, technology and investment relations to fast-growing markets worldwide.

Canada's International Business Strategy (CIBS) is an integral part of the federal government's Team Canada approach. By encouraging direct and active consultation between government and the private sector, CIBS provides Canadian industry with a real opportunity to influence government international business strategies and priorities. At the same time, CIBS works to streamline the allocation of resources and rationalize federal (and increasingly provincial) international initiatives.

This strategic overview is intended to complement the 22 sector strategies, jointly developed by government and industry, that constitute the main component of CIBS. Its purpose is to lay out the Government's broad trade policy and international business development priorities.

Trade Policy Priorities

Managing the Canada-U.S. Economic Relationship

Canada's economic relationship with the United States remains the most complex and substantial among any two countries in the world. Managing this relationship effectively must therefore remain Canada's overriding trade and economic policy priority.

While the overall Canada-U.S. relationship has been extremely positive, continued vigilance is needed to defend Canadian interests whenever U.S. regulators or special interests attempt to bend the rules of either the North American Free Trade Agreement (NAFTA) or the World Trade Organization (WTO). The Government will seek to resolve a number of issues that currently strain bilateral relations.

Canada will also pursue reforms that reduce the possibility of disputes with the U.S. with respect to subsidies, dumping and the operation of trade remedy laws.

Establishing an Effective World Trade Organization

The federal government's most important multi-lateral trade policy objective will be to work toward the full and effective implementation of the WTO. To this end, Canada will seek to establish the WTO as a strong institution capable of overseeing the operation of the multilateral trading system and conducting multilateral negotiations.

Other priorities include monitoring and, where possible, accelerating the implementation of the Uruguay Round agreements, and pursuing or launching negotiations in a number of new areas.

Improving International Rules Governing Foreign Direct Investment and Anti-competitive Behaviour

Canada will continue to pursue a "multi-track" strategy to improve international rules governing foreign direct investment and anti-competitive practices. This strategy rests on: negotiating new bilateral foreign investment protection agreements