

further in subsequent sections, one key policy question for Canada is how to build on the NAFTA to ensure that it remains an instrument for promoting the elimination of remaining barriers to exports of Canadian goods and services within North America as well as elsewhere.

At present, just over one-quarter of Canada's trade and economic relations staff posted at bilateral missions abroad is located in the U.S.²⁶ Given the greater familiarity of Canadian exporters with the U.S. market and the high level of industry integration in several key sectors, a greater share is likely not needed, although the increasing "legalization" of trade relations generated by the FTA and NAFTA will require giving further attention to enhanced personnel training in trade policy, as distinct from trade promotion.

5. Redefining Our Backyard: Latin America and the Pacific Rim

Our relationship with the Triad economies of Japan, the EC and the U.S. is critical to Canadian economic growth prospects. Yet there are other attractive opportunities elsewhere. Attractive both in terms of access to markets and strategic cooperation with a view to managing more effectively our relations with the majors.

The Pacific Rim countries have managed their economies well over recent decades. They have, in most instances, implemented consistently responsible fiscal and monetary policies at home and pursued successful export-oriented trade development abroad (although not always opening their own markets at the same pace). Average annual real GDP growth rates of 8%-9% in the 1970s and 6%-8% in the 1980s were frequently the result, with even higher growth in some instances. Independent analysts predict modestly lower, but still impressive growth through the end of the decade.²⁷ Asian markets (less Japan but including the increasingly vibrant Chinese economy) accounted for 3% of Canada's merchandise exports in 1970, rising to 5% in 1990. Moreover, higher value-added fabricated materials, machinery, equipment and consumer manufactures increased from 48% to 60% of those exports over the same period, including a high proportion of processed resource-based products that sustain quality jobs in Canada. Moreover, several Pacific Rim

²⁶ EAITC/MCBA.

²⁷ For example, see the estimates of DRI/McGraw-Hill and The WEFA Group.