The fact is that we live in an increasingly interdependent world facing rapidly growing trade in goods and services, more foot-loose capital flows, many additional competitors for market share and quality investments, and ever more pressing concerns related to the environment and population growth and movements. An increasing number of policies heretofore considered to be primarily domestic in nature are subject to international scrutiny. Evolving international practices <u>will</u> have an impact on Canada. The only real question is whether Canada can ensure that it will have an important role in shaping the rules to reflect Canadian priorities and sensitivities and in ensuring that rules are transparent, unambiguous and enforceable so as to limit the capacity of the economic super-powers and others to act unilaterally.

In this multilayered process, there are issues with regard to which close collaboration with one or more of the Triad economies might well be appropriate (e.g., further multilateral action aimed at limiting greenhouse gas emissions, including in such major players as China; or cooperation to open financial services markets in ASEAN countries or to strengthen international investment-related disciplines on government actions that are otherwise trade and investment distorting).

On the other hand, many Zone 2 countries share Canadian concerns about Triad unilateralism and at least partially share our objective of developing clear, transparent and binding rules. Such countries are often active players who "count" in the international arena. Collaboration with these partners on an issue-specific basis can be potentially helpful with regard to such matters as the development of an appropriately balanced international forestry convention or further reform of trade-distorting agricultural practices. The work of the Cairns Group on agricultural issues during the Uruguay Round[20] is illustrative of the potential for influencing international rule-making that we could explore further on this and many other matters.[21]

Frankly speaking, we need to facilitate such collaboration through a holistic marshalling of the various economic instruments of Canadian foreign policy to reinforce the concept and practice of creative economic partnerships. The most likely non-traditional partners are found among Zone 2 countries. And they are most likely

[20] The Cairns Group comprised Colombia, Brazil, Argentina, Uruguay, Chile, Thailand, Indonesia, Malaysia and the Philippines, as well as Canada, Australia and New Zealand.

[21] Such issues also include trade and the environment in the World Trade Organization, high seas fisheries conservation, further reform of antidumping practices, the use of trade sanctions to pursue social policy harmonization objectives related to environmental and labour practices, certain provisions of U.S. trade law enshrining unilateralism (e.g., Section 301).