

various possible initiatives. The Government believes that in current circumstances there is no convincing evidence of the need for a radical shift in approach, such as, for example, pursuing the option of a full free trade or customs union. However, we will pursue new initiatives within the existing trade policy framework:

- careful consideration will be given to the advantages and disadvantages of limited free trade arrangements with the USA in particular sectors, such as urban mass transit equipment and textiles and clothing, where Canadian producers are internationally competitive or could significantly rationalize or improve their efficiency as a result of improved access to the USA market. This examination will be done in consultation with the provinces and the private sector.
- an open and constructive dialogue will be pursued with the USA with a view to promoting better understanding of domestic policy objectives and resolving bilateral trade issues; and
- joint efforts will be undertaken with the USA and others to strengthen and to improve the open multilateral trading system.

VIII. Other Trading Partners

The Review also recommends that Canada build on traditional ties with Western Europe and Japan in order to

- obtain better access conditions for Canadian products, particularly agricultural products, fish, forestry and manufactured products, and advanced-technology equipment;
- achieve a greater diversification in Canadian exports, particularly processed-resource, manufactured and advanced-technology products; and
- seek opportunities for close co-operation with European and Japanese industry through joint ventures, exchanges of technology and innovative ideas, and mutually beneficial investment.

As well the Government will encourage an expansion of commercial relations with our other partners, such as those in the Pacific Rim.