becoming blurred. In the same way, the distinction between domestic policy instruments and trade policy instruments is in many instances meaningless. Regulatory and tax policies that unnecessarily inhibit export sectors must be revisited; regimes and restrictions that block constructive international investment must also be re-examined. As the world economy becomes increasingly open, Canada will inevitably be exposed to greater and more fluid investment flows. We need to ensure that Canada can attract the kind of high-quality foreign investment that will allow us to take advantage of technology transfers, to acquire materials and skills from global markets, and to remain at the hub of international linkages and alliances.

Yet the real key to encouraging productive investment lies in reducing government deficits. Only through greater fiscal responsibility can we ease the pressure on interest rates and exchange rates, eliminate the need for further tax increases, and help to restore business and investor confidence. This in turn can prepare the ground for a less restrictive monetary policy, one that will make more accessible the capital needed for investment and help put unemployed Canadians back to work. If we are going to promote export growth and high-wage jobs, then we need a domestic economic policy that spends less on the present or the past -- funnelling scarce resources into current consumption or past debts -- and more on investing in our future.

An aggressive, outward-looking trade agenda is critical to economic recovery and job creation. While Canada's international objectives remain unchanged -- opening up high-growth markets, encouraging internationally competitive industries and enhancing rules-based trading regimes -- our tools and approaches will need to be new, to reflect the realities of the new global economy.