

## 1. INTRODUCTION

The early 1990s have been an intense period for Canadian trade policy. The conclusion of the NAFTA, the two side agreements on environmental and labour cooperation, and the work programme related to trade remedies reinforce and expand our trade and economic relations with the U.S. and secure new opportunities in the growing Mexican market. The successful completion of the Uruguay Round of multilateral trade negotiations entails useful improvements in our access to markets in Europe, Japan and a broad range of developing countries, especially in the Pacific Rim and Latin America. It also strengthens international trading rules, with the new disciplines in the area of subsidy/countervail being particularly important for Canada.

A huge sigh of collective relief is almost audible as negotiators look back on three years of riding the NAFTA rollercoaster and the more than seven years dedicated to moving the MTN to a conclusion. There is a sense of accomplishment mingled with exhaustion. This reaction is understandable, but insufficient.

The day after the implementation of the NAFTA and the conclusion of the MTN is not the time for trade policy complacency. We can only benefit from identifying sooner rather than later our responses to two fundamental questions: (a) What remains to be done substantively? and (b) Given the likely trading environment for the rest of the decade, the shifting nature of real market opportunities and finite negotiating resources, where should Canada focus its attention over the next 12 to 24 months? The rest of this Paper represents a preliminary response to these questions. Particular attention is put on identifying negotiating options (Part 3 below).

## 2. THE UNFINISHED AGENDA

The NAFTA recognizes that there is more to do. For example, it envisages additional negotiations in the area of government procurement (less than 10% of such purchases have been liberalized, while they account for perhaps one-sixth of North American production annually). There is also further significant work envisaged with regard to cross-border trade in financial and other services. Most importantly, considerable effort will be dedicated to seeking solutions with regard to anti-dumping and subsidy/countervail issues through the two recently established working groups. This work will include the relationship between competition law and trade, including the possible replacement of anti-dumping regimes within the free trade area. The tactics of how to move these files forward require close attention.