

possible basis. On the other hand, we must be prepared to face increased competition from our trading partners, both in Canada and in world markets, and to undertake the necessary adjustments. More secure terms of access and a general move toward trade liberalization can have a significant positive impact on investment flows and technology transfers.

38. Although the U.S. is, and will continue to be, by far Canada's most important trading partner, there are significant benefits to be had in terms of improved access to other markets including Japan, the EC, and the newly industrialized countries. In multilateral negotiations Canada can join with others, including the U.S., in pursuit of particular measures of liberalization.

39. The government wants to develop the Canadian approach to the next round of trade negotiations with the full co-operation and assistance of the provinces and the private sector. This consultative process will continue and will intensify when specific issues are actually encountered in the negotiations, and the potential impact on Canadian firms, sectors and regions, in terms of exports, production and employment, will need to be assessed with greater precision. At this stage the consultative process involving the private sector and the provinces is important for the formulation of Canadian negotiating objectives and priorities.