

MAKING A DIFFERENCE GLOBALLY

economic framework right. In fact, the drivers of international and domestic competitiveness are one and the same: our economy, and every player in it, must be supported by an open, secure and competitive business climate in Canada.

This begins with our people. Maintaining an accomplished and skilled workforce is a key component of a productive and competitive economy. This means providing lifelong learning opportunities for Canadians and tapping into the dynamism of our immigrant population, which will provide all the net growth in our workforce within a decade. In filling labour market shortages, we face stiff competition for highly qualified individuals. Progressive immigration policies and more comprehensive support structures will encourage more people to choose Canada as their home and ensure their success once they are here. Forging international links between students, academics and universities can deepen mutual understanding, giving us an edge in skills recruitment.

But attracting investment requires more than a qualified workforce. A sound economic policy must also encourage investment and support innovation. Supporting Canadian companies as they commercialize their innovative technology will improve the competitiveness of our economy; building on the strengths of particular sectors and regions within Canada will consolidate it. We will also build a regulatory environment that attracts investment but safeguards Canadian quality of life. Regulation in the public interest is necessary, but not all regulation takes the right form. Superfluous restrictions hindering investment will be removed. By benchmarking our policies with those of major markets, we will facilitate new investment flows. Though this strategy already applies to building prosperity with our North American partners, the next challenge is to extend this model into the wider world.

Increasing Trade and Investment

The 21st century presents a dramatically different economic landscape for Canadian companies. While our current relationships with major trading partners will remain important, large developing countries are emerging as powers in their own right, with implications for our own prosperity. These economic

opportunities must be better understood today, so that Canadians can benefit from them in the decades ahead.

Emerging economic powers like China, India and Brazil are the key drivers of a new era of global economic growth. As a result, they will have a profound impact on Canada's long-term economic future. While China is poised to become the most important national economy in the 21st century, it still represents only one-tenth of 1 percent of Canada's direct investment abroad. We will increase the pace of our engagement with these new giants. But we must also recognize their different stages of development. China and Brazil are deeply embedded in regional economies, and while India is not yet a major player in supply chains, its knowledge-based industries, size and outward orientation make it an important player. Canadian policy must reflect an intimate knowledge of these dynamics.

With China in particular, Canada will continue building on the efforts of the Strategic Working Group, a crucial mechanism for expanding trade and investment through regulatory policy dialogue, cooperation in science and technology, and safeguards for foreign investment. Since China is also at the heart of regional economic consolidation in East Asia, Canada will respond to this shift by looking for new forms of entry to this regional market. Canada's proposed free trade pact with South Korea is one potential solution. With an advanced economy already the size of Canada's, and straddling value chains that link Japan and China, South Korea offers both a unique opportunity for Canadian business and a complement to broader strategies for the region.

India has developed largely on the basis of its own market and the considerable skills of its people. Building on the WTO, we will also pursue particular Canadian needs—such as air links, investment protection and science and technology partnering—that tap into the dynamics of India's information and technology sectors in particular. The new science and technology agreement with India will open the door to accelerated cooperation in this area.

At the same time, our traditional markets offer new opportunities. As we continue to develop existing economic relationships, our negotiations with the EU offer a model for the future. The negotiations toward a