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Canada's market access objectives must serve the public interest and remain compatible with domestic policy interests. The prime objective is to secure improved access for Canadian exports of goods and services to foreign markets. In the medium term, priorities include the elimination or reduction of tariff rates and non-tariff barriers affecting goods that we now export or will likely export in the future. Priorities also include improving access in sectors targeted by Canadian services firms.

International rules are now moving beyond the traditional focus on tariff and non-tariff border measures. They now address questions of domestic regulation with trade impacts. The key management challenge remains to find the right balance between domestic interests and concerns, and the pressures of accelerated globalization and market liberalization.

***To this end, several initiatives are being pursued concurrently:***

**Identifying trade and investment barriers**

Government will consult with private sector and non-government organizations (NGOs) to develop a coherent trade policy strategy to promote the domestic policy agenda and be supported by key domestic constituencies. Canada must identify where further liberalization and rule-making would be in our national interest and where our market access priorities lie. We must anticipate issues that our trading partners will put forward. Preparations for trade negotiations entail extensive consultation with Canadian stakeholders, including provincial governments, industry and other non-governmental interests. These consultations will also serve to enhance public understanding of the trade agenda and strengthen domestic support for trade liberalization in general.

Provincial governments expect to play a greater role in international trade matters when issues within their responsibility are put on the table. We want to build on the close working relationship that already exists and ensure that provinces are involved in the policy-making process. This reflects both their constitutional responsibilities and our interest in their full participation in the evolution of the trading system. In turn, the provinces' involvement and commitment to results is critical to ensuring effective implementation of negotiated undertakings.

**Negotiating trade agreements**

Bilateral, regional and multilateral trade negotiations present significant opportunities to establish the framework for enhanced trade and investment. They can complement and

reinforce efforts to expand and diversify Canadian exports and to increase Canada's share of foreign direct investment, while contributing to domestic and foreign policy goals.

We will strengthen the WTO and advance multilateral trade liberalization by contributing to the further development of disciplines in the "new" trade policy areas, such as competition policy, intellectual property and foreign investment. We will continue to work in the WTO and other relevant institutions to analyze the linkages and promote consistency of goals in trade policy, environment and labour standards.

We will examine ways to improve the operational efficiency and effectiveness of the WTO. We will continue implementation of the Uruguay Round agreements, with particular focus on the recently concluded agreements on basic telecommunications, financial services and information technology equipment. We will also emphasize the built-in agenda, particularly in areas where our interests require improved rules and improved market access. Among the items in the built-in agenda are the commitments to begin negotiations for further liberalization in agriculture (1999) and services (2000).

These commitments will be the building blocks for additional negotiations within more comprehensive multilateral negotiations, likely to begin in the 2000/2001 fiscal year. By then, WTO membership is expected to grow to encompass all major trading nations, including China and Russia. These accessions, coupled with greater participation and influence of developing countries, could alter the character of the WTO system and Canada's influence on the WTO's agenda. We will continue to cultivate closer working relationships with these new players, with our Quad partners, and with other, more traditional partners to build support for a stronger multilateral trading system.

The government will continue to focus on implementation of the NAFTA. With an increasingly integrated North American economy, we will need to consider whether Canadian interests would be served by deepening NAFTA and how that might be done.

Important developments in Latin America in 1998 include implementation of the Canada-Chile FTA, the launch of hemispheric FTAA negotiations, and enhanced trade relations with MERCOSUR. In Asia, APEC has agreed to examine further sectoral trade liberalization; in Europe, we are working actively with the European Union on a trade Action Plan and on an enhanced trading relationship with the European Free Trade Association (EFTA).