

Canada and the G20: Trade Diversification

Context and purpose of Canada's trade diversification strategy

The Government of Canada is committed to securing trade opportunities that make Canada the most globally connected economy in the world. Canada is, and always has been, a trading nation, and today Canadians recognize that trade can be a positive force for change. It drives economic growth and creates good, well-paying jobs.

Trade diversification is a national imperative for the Government of Canada. Over the next six years, starting in 2018-19, Canada's export diversification strategy will invest \$1.1 billion to help Canadian businesses access new markets. This strategy will focus on three key components:

- investing in infrastructure to support trade
- providing Canadian businesses with resources to execute their export plans
- enhancing trade services for Canadian exporters

Trade agreements are key pillars of Canada's approach to trade diversification. Canada is the only G7 country to have concluded trade agreements with all other G7 countries. These include landmark agreements such as the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the new trade agreement between Canada-United States-Mexico Agreement (CUSMA). In total, Canada has 14 free trade agreements (FTAs) covering 51 countries, connecting the country to 1.5 billion consumers worldwide. In addition, Canada has modernized agreements with Chile, Israel and Ukraine, and has accelerated exploratory trade talks with the Association of Southeast Asian Nations (ASEAN) in the Asia-Pacific region.

With the Fall Economic Statement the Government of Canada is proposing new measures to help businesses seize new opportunities at home and abroad, including:

- Launching a Trade Diversification Strategy, in order to increase Canada's overseas exports by 50 per cent by 2025;
- Providing resources to SMEs to help them explore new export opportunities;
- Enhancing trade services for Canadian exporters; and
- Helping Canadian innovators add value, succeed and grow.

Supporting Canadian businesses also means attracting and supporting highly-skilled workforce creating competitiveness on the world stage.

As part of Canada's Trade Diversification Strategy and the *Fall Economic Statement*, the Government is also investing millions of dollars to create services specific to Canadian digital industries looking to diversify and expand their business in foreign markets.

In addition, free trade agreements such as CETA are creating tremendous opportunities for Canadian companies of all sizes to conduct business with vast and dynamic markets. Once implemented, the CPTPP will open 10 other markets to Canadian businesses including the thriving Asia-Pacific region.

Through its trade commissioner service, the Government is also well equipped to provide aftercare service once free trade agreements are in place helping companies especially SMEs, navigate the complexities of international markets and make the best decisions for their business.

To further support trade diversification, the Government of Canada launched free trade negotiations with the Pacific Alliance trading bloc countries of Chile, Colombia, Mexico and Peru, and with the Mercosur bloc, which includes Argentina, Brazil, Paraguay and Uruguay. Together, these have the potential to increase trade with Latin America's fast-growing markets.

Trade enhances domestic competitiveness, improves productivity, increases sales of goods and services, raises real wages, and can be an important stimulant to innovation. Increased trade and investment leads to wealth creation, which in turn leads to more good-paying jobs to help strengthen the middle class. Barriers or impediments to the smooth flow of goods can hurt economies, their businesses and workers and limit the capacity to be competitive on the world stage.

The importance of the WTO and rules-based trade

Canada will continue to promote and advance its trade diversification initiatives through enhanced bilateral and multilateral engagement and participation in international economic forums, such as the World Trade Organization (WTO), the Organisation for Economic Co-operation and Development (OECD), the Asia-Pacific Economic Cooperation (APEC) and the G20. Throughout these engagements, Canada has affirmed its strong support for the global rules-based trading system and the important role that the WTO plays in facilitating world trade.

Canada has a strong record of proven leadership at the WTO. Just last year, at the Eleventh WTO Ministerial Conference in Argentina, Canada led the charge on the Joint Declaration on Trade and Women's Economic Empowerment, which aims to level the playing field and advance women's economic empowerment around the globe.

This year, in October, Canada hosted the Ottawa Ministerial on WTO Reform, which aimed to identify concrete and tangible ways to enhance the WTO by improving its efficiency and effectiveness, safeguarding and strengthening its dispute-resolution system, and reinvigorating its negotiating function. The Government of Canada will continue to lead discussions at the WTO on transparency, dispute settlement and the development of trade rules for the 21st century.

Canada will continue to actively engage at the G20. Also, initiatives led as part of Canada's G7 presidency will continue to bring a high level of ambition to key areas including prioritizing job creation, economic growth, the environment and gender equality.