

economic development in Canada -- a world that is far less predictable, and one that calls for more stable and steady relationships if we are to survive.

It's no secret that the course of events in the seventies radically changed the rules of the game. The power shifts resulting from the realignment of energy prices, the impact of technology on traditional cultures and the generally more volatile nature of international relations have broken the traditional roles of economic and political power.

A decade ago, at the time the Third Option was first initiated, our objective was diversification of our international economic relationship. We saw diversification as a means of strengthening our relationship with the European Community and Japan. This is still a valid goal but the decade of the seventies taught us that the world is much wider than just obvious and traditional partners from the industrialized countries.

Likewise, a decade ago we could not have foreseen or even imagined the transfer of wealth to oil producing countries that has taken place. This gave new and strong economic power to not only the Middle East, but also to countries like Mexico, Venezuela -- whose lovely representative is at the head table today -- Nigeria, Algeria and Indonesia. States like these have emerged as new centres of strength and influence. They are now where a lot of the action is in matters of commerce and economic development.

And so, for Canada -- for both the private and public sectors -- new perspectives, opportunities and problems have come over the horizon. In a number of fields, the eighties are likely to provide increased competition for us. Our manufacturing sector will be under pressure from this competition -- particularly our traditional manufacturing industries. Lower labour costs in Third World countries and increasing automation in the manufacturing sector of our industrialized competitors will both offer severe challenges to Canadian manufacturing. The outlook is somewhat brighter for those areas where a Canadian specialty technology has been developed, or where manufacturing activity can be tied directly to the Canadian resource base.

You may ask why a Canadian foreign minister is attempting to peer into the future of Canadian industry. My answer is that I believe that Canada's foreign policy must