
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 vigorously address itself to establishing the stable and steady relationships to which I referred earlier.

**Foreign and
domestic
policy tie**

Economic development in Canada is clearly a matter of priority attention for the federal government — as it is for the provincial governments. And there must be a viable consensus about what direction that development is to take, but I contend that this consensus must include our foreign relationships simply because the foreign trade and development dimension of the Canadian economy is becoming more fundamental than ever.

Important as they are, I believe we cannot continue to view this dimension solely in terms of the marketing of Canadian exports. Our economic development calculations must also take account of the various ways in which our foreign relationships can contribute to Canada's economic growth. We have to begin thinking of foreign countries as sources of investment, skilled labour, technology, energy and strategic natural resources. Foreign countries also provide opportunities for Canadian investors and entrepreneurs, and they thus become potential partners. Our relationships with them can take the form of project development, industrial expansion, licensing arrangements, etc. All of these things in varying degrees can be key inputs into Canada's economic development. It's logical, therefore, to begin seeking out those potential partnerships which can serve our interests best.