

We face a period of even more rapid structural change, of increased innovation hence more intense international competition. These changes will directly affect resource production and secondary manufacturing which will continue as the heart of our economic development and of our export potential. A policy which encourages investment (foreign and domestic) and technological innovation will be central to efforts to ensure improved productivity, expansion and a healthy environment for business.

IV. Competitiveness

The key to a successful trade performance in a much tougher world environment will be improved productivity and competitiveness of Canadian producers. To that end it is vital that we continue to be guided by the principles underlying the Government's "6 and 5" policy. We will be looking to the provinces to adopt a similar approach in areas for which they have jurisdiction.

V. Protectionism

One of the hardest political choices of all involves decisions to provide relief or respite to beleaguered Canadian industries. The judgments are particularly difficult in times of high unemployment. Protectionist actions can carry a heavy price for consumers and exporters and short-term palliatives may only delay necessary adjustment for non-competitive industries and delay even further necessary shifts in priorities and in investment. Nevertheless, there are occasions when extraordinary measures are required, at least temporarily, to maintain employment or to permit vital sectors of the economy to adjust to increased competition. The review offers neither easy answers nor individual prescriptions. It suggests that we rely on the tariff and on an effective safety net of contingency protection within a generally accepted international standard, i.e. similar to that of our competitors, but that we avoid breaking new ground on protectionism, that we accept the longer-term objective of removing restrictions and that we allow and facilitate necessary adjustment.

At the Williamsburg Summit Canada, along with its major trading partners, agreed:

- to halt protectionism and, as recovery proceeds, to reverse it by dismantling trade barriers;