

markets for our goods, all are influenced by what takes place outside our borders. Canada must pursue policies which defend, support and promote our domestic economic growth.

Canada is increasingly dependent on the world economic system. Canadian exports as a percentage of gross national product are greater than at any time in the past. We have a network of economic links with the world which are central to our economic well-being.

Trade

Canada is vitally dependent on an open and stable multilateral trade and payments system. We must work with our major trading partners and others to strengthen this system. The system at present is under considerable protectionist pressures from many directions. No member of the trading community can claim to be blemish-free in this regard. Who would have foreseen at the outset of the 1970s, for example, that in the 1980s there would be demands and pressures in the international trading system for restraints and adjustments forced on major industries which are too successful? This is an unfortunate sign of the times and a challenge facing the trading world.

A greater diversification of Canada's economic partnerships has been a principal cornerstone of Canadian foreign policy for a number of years. These efforts have been directed in particular at our industrialized partners, but the 1970s have seen the considerable economic growth of the so-called newly industrializing countries. These countries offer the possibilities for mutually rewarding economic partnerships for Canada in the 1980s. And they themselves are actively seeking such diversified trade relationships.

Emphasis on  
bilateral  
relations

For Canada, not a member of any trading bloc, it is necessary to build a global network of trading partners. As Canada does not have traditional relationships with many of these countries, efforts must be made to build long-term and stable relationships with them from the ground up. Stable and long-term relationships will be particularly necessary for Canada in a world which threatens increased instability. A strong policy of strengthening bilateral relationships with key countries is necessary.

The improved technique of concentrating our bilateral relations which I announced on behalf of the government in January is in effect an updating and extension of the third option policy of 1972 by projecting our economic links beyond our traditional trading partners — the United States, Europe and Japan — to the Third World.

To illustrate how important the Third World has already become to Canada in trade terms, the following figures will be of interest to the House. Canadian exports to the developing countries constituted 9.7 per cent of total domestic exports in 1979. This figure rose to 11.6 per cent in 1980. From 1979 to 1980, while the value of total Canadian exports increased by 16 per cent, the rate of increase to the developing countries was 37 per cent. Particularly dynamic markets are China, Algeria, Brazil, Mexico and Saudi Arabia. Our exports to Brazil in 1980 rose by 111 per cent; those to Mexico by 104 per cent.

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