

of primary goods. We have been less successful with our manufactures. Why this should be so is a bit of a mystery. Part of the answer may lie in Canada's industrial structure, industrial habits and industrial policy. The tax concessions announced by the Minister of Finance are plainly relevant to the solution of this sort of problem.

The Government can also help by pursuing its efforts to strengthen Canadian ties with the EEC. Until recently, the Community was too absorbed in sorting out its internal problems to have much energy left to reflect on how it would relate to countries outside. Leaders of opinion within the Community were too preoccupied to make some distinctions that were important to us here. It has taken persistent effort to persuade them that analysis that treats North America more or less as an economic entity is quite insufficient. It will take continued persistent effort to ensure that the Community remains outward-looking, and that the Community's success in enlarging itself is not bought at the price of excessive readjustment for Canada.

On these matters, I am, however, hopeful. We have succeeded in persuading the Community to look at its future relationship with Canada in its own right. With others, I think we can succeed also in ensuring that the Community does not become protectionist. But when we have done so, the task of exploiting the trading opportunities offered by the new Europe will still remain. At which point we say "Over to the private sector".

Our relationship with Japan offers similar scope for expansion and diversification. Japan will continue to be both Canada's largest market in Asia and Asia's largest exporter to Canada. It is the content rather than the volume of trade that remains a problem. As in the Western European market, Canada remains too much a supplier of raw materials and foodstuffs, too little a supplier of semi- and fully-manufactured goods, while Japanese exports to Canada have been almost entirely finished goods. Our long-term objective will be, with the assistance of Canadian exporters, to change the rather unsatisfactory traditional content of our trade within a framework of a general expansion. My colleague Jean-Luc Pepin, the Minister of Industry, Trade and Commerce, has recently had a notable success in promoting this objective. Recent Japanese moves towards trade and monetary policies appropriate to Japan's industrial status and prosperity are in the right direction.

Finally, above all, most important of all and most difficult of all, is our relationship with the United States. At several points in this address, I have pointed out how closely perceptions in the United States of the changing nature of the world's power structure have paralleled perceptions in Canada. I have also pointed out how much it is to Canada's advantage in a multi-polar world to have greater international elbow-room. To some extent, we owe it to the United States that we have this greater elbow-room; the United States has, in effect, created it for Canada and other countries by adopting a less ambitious concept of its world role. Canada and the United States have recognized, at much the same time and in rather the same way, the shift to the multi-polar world. Sharing a similar world view, we ought, one would think, to move easily with the Americans in the new environment.