

Canada's great natural resource wealth ... in petroleum, hydro-electricity, minerals, forests, fisheries and in agricultural production ... are well known. These provide an on-going base for the national economy in all regions and a major source of comparative advantage for resource-based and energy intensive industries.

Canada's highly developed manufacturing and service sectors benefit from the base of our natural resource wealth. But, for many years now these sectors have gone far beyond that base in their diversity and innovation.

All of these advantages have made Canada a prime target for international investments, inflows of foreign direct investment have increased from \$3.8 billion (Canadian) in 1984, to \$10.2 billion in 1987. We are confident these levels of investment ... along with important technology transfers and joint ventures ... will increase for 1989 and the future.

Looking ahead, Canadian governments and businesses face a series of challenges:

- to build on the opportunities created in the North American market by Free Trade;
- to achieve a more open global trading environment through the Multilateral Trade Negotiations;
- to take advantage of emerging possibilities provided by the internationalization of business, particularly in Europe and the Pacific Rim; and
- to continue Canada's more prominent role on the world stage through the United Nations ... where we now hold a seat on the Security Council ... Economic Summits, the G-7, the OECD, GATT, the World Bank, the IMF and in the Commonwealth and the Francophonie.

Canadians have recognized that to prosper and grow we must compete effectively in global markets. We have shifted fundamentally from the approach of the 1970's and