

The shift of Canadian exports from a resource-base to a more advanced industrialized economy is set to continue in the future. In the face of globalization and rapid changes in information and transportation technology, workers and firms in Canada are responding to market forces and are making the necessary structural adjustments. The upshot is that:

1. Canada's foreign trade is vigorously contributing to the speed of restructuring;
2. Canada's foreign trade pattern has shifted to a knowledge-based economy;
3. Canada is set to move up the ladder of advanced G-7 economies.

Policy discussion. The key question is whether government policy has facilitated, or obstructed, beneficial structural change in the economy. If the myths outlined above in this paper are allowed to obscure the realities, there is a danger that policymakers and bureaucrats will not formulate the forward-looking trade policy that is necessary to assure Canada's success. There is the danger that organized lobbies of well-entrenched sectoral interests could unduly influence the policy making process. Such an outcome will be to the detriment of sectors which are increasingly important for the fast evolving Canadian economy.

Given that the shift toward knowledge-intensive activities will continue:

- Government **domestic policies** should be aimed at eliminating or minimizing distortions that could hinder competitive market forces in allocating resources in Canada.
- Regulations and barriers to entry in the Canadian marketplace should be abolished.
- More private saving and investment will improve quality investment and raise productivity of workers and firms, including exporters, in Canada.

Imports are beneficial not only because they expand consumer choice but also because knowledge-intensive imports bring in new technology and know-how which can be used as inputs for high-tech goods and services for both domestic and export markets. However, only successful and competitive Canadian exporters will be able to support and create jobs in Canada.