

13. Moreover, exports are assuming an increasing share of Canada's Gross National Expenditures, accounting for 19.7 per cent of GNE in 1963, 24.9 per cent in 1973 and 27.7 per cent in 1983.

Table 1

Exports of Goods and Services as a Percentage of Gross National Expenditures - 1963-1983

1963	19.7	1974	26.4
1964	20.9	1975	24.5
1965	20.2	1976	23.9
1966	21.1	1977	25.1
1967	22.1	1978	27.2
1968	23.0	1979	29.3
1969	23.5	1980	30.6
1970	24.7	1981	29.6
1971	23.5	1982	28.4
1972	23.4	1983	27.7
1973	24.9	1984	N.A.

Source: Statistics Canada

B. Canada's Performance In World Trade

14. Canada trades with virtually all countries. In the not too distant past, Canada ranked fourth among world traders, with a solid export performance based on agriculture, resource industries and, increasingly, manufactured exports. However, our competitiveness has been slipping and the European Management Forum now ranks Canada seventh. This declining trend requires us to focus our efforts on restoring our competitive position and securing the production, investment and employment which go hand in hand with expanding exports.

15. Our declining competitiveness is due to many factors, some within our control, such as lagging productivity gains, high unit costs, and the requirement to keep pace better with research and development needs. Other factors we can attempt to influence lie in the international trade environment. This environment poses difficult challenges and intense competitive pressures. Moreover, there are important regional influences within Canada in terms of exports of natural resources, manufactured goods and services.

16. It is impossible to predict precisely how the international trade environment will evolve. A combination of slow economic and export market growth, increasing protectionism, high interest rates and other uncertainties generated by the high U.S. budget deficit as well as the debt problems of developing countries, could stifle growth in world trade, investment and technology exchange. Moreover, there are likely to be continued volatile