

Protectionism may not be rampant, but it is certainly thriving. For every tariff barrier that comes down under the GATT, another kind of barrier goes up somewhere. I sometimes think that man reserves his greatest creativity for building new kinds of walls.

We face other problems, as well. Some of our traditional trading partners, particularly in the Third World, have been forced by financial circumstances to go on an austerity régime. We face new and growing competition from nations that have been building their industries. High technology is sweeping the world, and new materials (such as plastics) are crowding out the iron and steel and copper on which the industrial revolution was built.

Because of oversupply, or underdemand, or changing tastes, the prices of many of our products, particularly our natural resources, have deteriorated in world markets. And, to complicate that, our currency, although it has not kept pace with the American dollar, has become more expensive in relation to most of the rest of the world's currencies, making our exports dearer as well.

This litany of limitations could continue, but I believe the point is clear. It's a jungle out there, and we, as a nation, have been slow to adapt to it. In 1968, Canada ranked fourth among the world's trading nations, ahead of Japan. Today, Japan's share of world trade is double ours, and we have dropped to eighth place. The fact that our balance of trade still shows a healthy surplus should not be a great comfort to us. Indeed, it may be a trap. It may have made us complacent. For the blunt truth is that, over the past decade, we have been losing our competitive edge.

We must regain it.

In the four months this government has been in office, we have been studying the ways open to Canada to improve our trade performance, to secure and enhance our access to markets abroad. We have come up with one immediate avenue and a number of longer-term options. Let me run through them with you.