

better competitive positions in world markets. Thus it appears likely that the 1980s will be a decade of relatively slow growth in Canada's traditional major export markets, and increasing competition for these markets.

The structure of the world economy is undergoing rapid transformation. There has been a pronounced shift in industrial power away from the USA and towards Japan, Europe and the Newly-Industrialized Countries (the NICs). Despite the recent slump in world oil markets there has been a dramatic shift in wealth, hence purchasing power, to the major oil-exporting countries. Standard technologies are being transferred at a record pace to low-cost-labour developing countries which are increasingly better able to absorb new techniques. New technologies also require faster domestic restructuring and strain the adaptive abilities of industry in the developed countries. In short, the race to sustain competitiveness has accelerated as the growth of the world economy has diminished, and this is likely to be an endemic feature of the 1980s.

The value of world trade in 1980 reached some \$2,000 billion US, a six-fold increase in real terms since 1950. While world trade grew steadily following the founding of the GATT, most spectacularly during the 1960s, there has been a marked slowdown and even regression in the past two or three years attributable to recessionary conditions, and this has placed serious strains on the trade and payments system. For the first time since the GATT was established in 1947, there was no real growth in world trade in 1981, underlining the need to bring the situation under control. The situation was repeated in 1982.

Canada's share of total world trade has steadily declined over the post-war years, although not as dramatically as that of the United States. There was a brief turnaround in the late 1960s. Canada's share in 1968 stood at 5.2 percent compared to 3.6 percent in 1981. This has been cause for alarm on the part of some commentators. While there is cause for some alarm due to declining competitiveness, this should be tempered by the realization that much of the change was caused by the increased participation of other nations, starting with Europe and Japan following their post-war reconstruction, and more recently the developing countries, particularly the newly industrialized and OPEC countries. A further consideration is that because this data is usually presented in terms of US dollars, changes in the relative values of various currencies can have a profound impact on relative shares of world trade. Finally, the increased value of oil has distorted comparisons with the period before 1973. Despite frequent swings and large movements in individual prices, Canada's terms of trade (the price of exports relative to imports) are virtually identical to the level of 30 years ago.

The immediate economic prospects now offer some room for optimism, but in a period of prolonged recession with record levels of inflation and unemployment, it was not surprising that we saw increasing pressure for protectionism, for narrow versions of reciprocity and generally for a system which yields benefits with minimal cost to the beneficiary. Uncertainties associated with the energy situation, factors inhibiting investment and a period of continuing inflation suggest that, at best, we can look forward to relatively modest growth in international trade. Furthermore, the impact of the new technological revolution on industrial and trade structures will