

market access arrangements with the United States. Thus, we believe that bilateral trade discussions with the United States should also be pursued at the same time, and we commend the federal government for inviting the United States to enter into such discussions.

Economic Relations with the Third World

In the long term, Canada has several reasons to be concerned about the Third World -- political, economic and humanitarian. Famine and crushing poverty in any part of the world are disturbing. Canadians continue to be moved by the spectre of starvation and deprivation globally. Unfortunately, this problem is likely to remain acute in the coming decades, and Canadians will continue to search for ways to offer assistance.

Canada also has extensive economic linkages with developing countries. Canada is certainly affected by the Third World's serious debt problems. Simply stated, if the Third World cannot repay its debts, the banking system will be faced with enormous non-performing loans with dire consequences for the world financial and trading systems. While the crisis atmosphere of 1982 and 1983 has passed, recent events indicate that the debt situation remains fragile. Exports of several of the major debtor countries are only now beginning to rise dramatically -- Brazil and Mexico are striking examples -- and the absolute levels of debt remain very high. Continuing high real interest rates have made debt repayment an especially complicated problem for the international community.

Nevertheless, the world has managed the international debt situation well to date. Institutional cooperation, including the exchange of vital