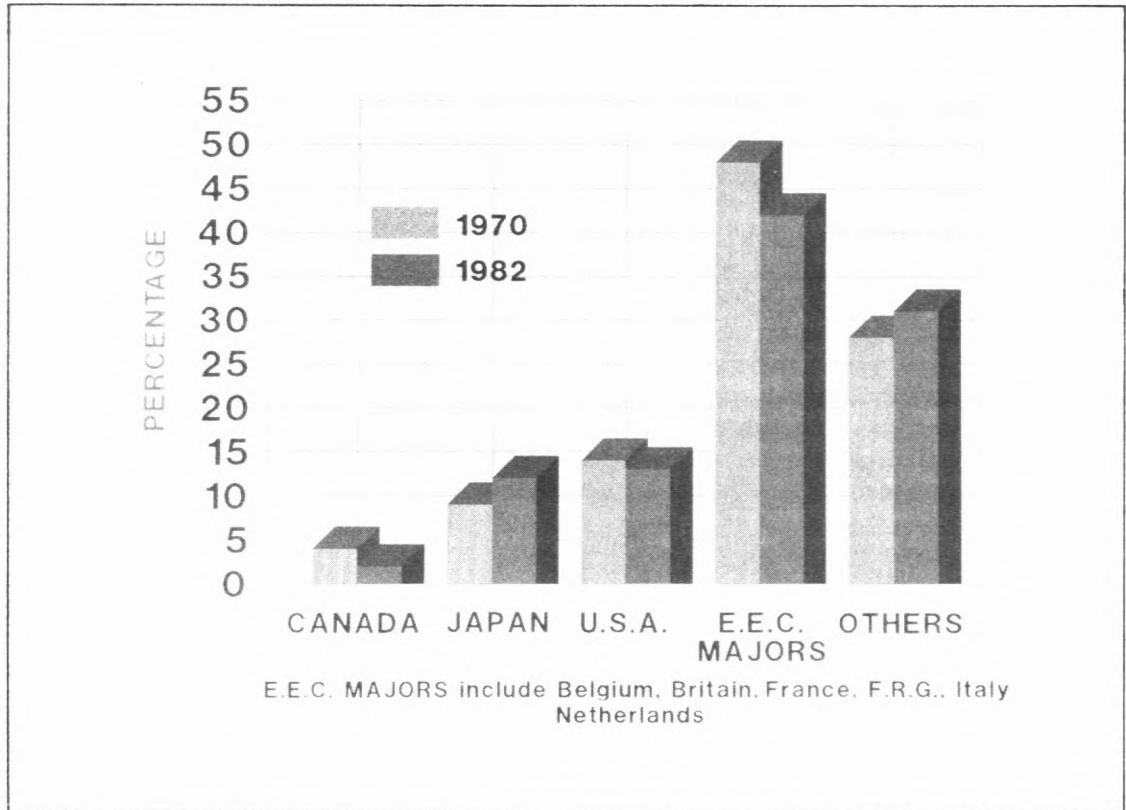


Figure 7: SHARES OF REAL MANUFACTURED EXPORTS TO WORLD MARKET ECONOMIES



Source: Real Trade Data, prepared by INFORUM, University of Maryland, from U.N. World Trade Data Base, January, 1985.

While previously Japan was in a class by itself as an aggressive exporter in certain key sectors, now there are several more.

It is a sobering thought that, while in 1968 Canada exported about as much as Japan, today Japan exports twice as much as we do. It is also sobering that, while previously Japan was in a class by itself as an aggressive exporter in certain key sectors, now there are several more — among them South Korea, Hong Kong and Singapore.

Our Productivity

One of the reasons for Japan's strength on world export markets is its remarkable growth in manufacturing productivity. Canada has lagged in this measure of competitiveness. Many factors contribute to productivity such as the character of investment, the effectiveness of management and the efficiency of labour. The quality of supporting public services, education, health, transport, communications and public policies is also an important factor.

The trend of our productivity growth in manufacturing is a cause for concern.

Between 1970 and 1981*, Canada's growth of manufacturing productivity (defined as GDP per worker) was fifth among the seven Summit countries. (See Figure 8.) For 1982, in the depths of the worst recession since the Thirties, the data indicate a fairly sharp productivity decline. As economic growth resumed in 1983 and 1984, productivity appears to have improved.

*The last year for which internationally comparable OECD productivity indices are available.