

something of a price. If we want increased access to your market, we will have to give you increased access to ours. Since Canada is the only major industrial country without unimpeded access to a market large enough to permit substantial economies of scale, we understand that.

You have no doubt heard of the importance our government has given to improving our relations with the United States, which is the closest thing we have to our own mass market. Let me reassure you, however, that our approach to the United States will not be at the expense of our relations with Germany or our other trading partners. Indeed, closer relations with the United States can mean more opportunities for us to do business together. For example, we are reequipping our Armed Forces; we are currently building six new frigates for our navy, we are evaluating proposals for a low level air defence of our bases here in Germany, and there will be more requirements in the future. Firms that will be awarded contracts in this venture are those which invest adequately in Canada and assure a significant technology transfer. Moreover, firms established in Canada can also bid for defence requirements in the United States, thanks to our defence production sharing programme with that country.

There is also an emerging international consensus, led by the United States, in favour of a new round of multilateral trade negotiations under the GATT. These negotiations will provide an opportunity to reduce barriers to trade, to tighten discipline on the use of non-tariff measures, to facilitate the adjustment of industries which are internationally threatened, and to secure increased commitments to multilateral trading obligations from newly industrialized and developing countries. As economic summit partners in the Group of Seven, Canada and Germany together will need to examine, as a matter of priority, the preparations necessary for a new round of GATT negotiations, and the opportunities such negotiations might present.

It would, of course, take several years to complete another round of GATT negotiations, but since the results will have a profound impact on the environment in which businesses must trade and make a profit, I can only suggest that you, as international business people, take an active interest in the negotiations, and in the discussions that lead up to them.

I would also like to suggest that you pay a certain amount of attention to the progress that the new Canadian government manages to achieve in establishing new directions for our country. We intend to demonstrate fiscal responsibility. We intend to do away with unnecessary and