

to say that the continued health of the world economy depends on the progress we make in the Uruguay Round.

I, for one, find it frightening to contemplate our collective future is the absence of multilateral order based on non-discrimination.

Clearly, life would be particularly hard for the small and middle powers of the world -- those nations, like Canada, with a huge stake in trade but with limited power to intimidate or bully the major powers.

Fortunately, such trade disorder would be a disaster for all countries -- no matter how big and powerful. For in today's interdependent world, no nation is an island unto itself. Those who aim across borders inevitably shoot themselves in the foot - or higher.

Unilateral action to help one industry will merely prompt a unilateral response which hurts another. And unilateral trade action could even prompt a unilateral debt reaction, which could threaten the very foundations of the global economy.

It is obvious, therefore, that we simply must avoid failure. And our efforts should be redoubled in the knowledge that success will not only prevent a catastrophe - it will create the conditions for real and tangible progress.

Take, for example, the link between agricultural trade and international finance. One of the benefits of agricultural reform would be higher returns to the LDC's for their exports, thereby easing their debt burden. But a second benefit would be lower budgetary deficits in North America through the lowering of wasteful subsidies. And that, in turn, would surely have a beneficial impact on interest rates, which would ease the debt servicing costs of LDC's even further. Combine meaningful progress on trade with a credible U.S. fiscal policy, and one has the foundation for growth into the 90's.

As rational people, we can see such links. But, as we all know, national policies are not always rational policies. So success is far from assured. It is going to take much effort, and even more wisdom, to see our way through.

Equally challenging, in its own way, is our second goal -- to create a global mindset among Canadian traders so they raise their sights beyond North America.

We call our second term program our three pillar strategy -- a strategy to seize opportunities not just in the American market, but in Europe and Asia-Pacific as well.

In the U.S., we are investing additional resources in a multifaceted trade development program involving trade missions, trade fairs and an expansion of our trade offices.

Our strategy regarding the second pillar -- Europe -- can be stated simply.

We are closely monitoring the 1992 internal market process, and have created a number of working groups to identify risks and opportunities.

We will continue to use the GATT as the primary forum for Canada-E.C. relations, recognizing that the completion of the European internal market may require significant reform of external policies; and we hope to encourage strategic alliances in higher technology sectors to promote two-way investment.