

These pressures apply not only to our trade with the U.S., but everywhere. Anyone out selling in a foreign market today -- especially if it is a market outside the membership of the OECD -- knows that doing international business has become a very complex affair.

Three developments are contributing to this. One is what can be called managed trade. This is where governments negotiate 'voluntary export restraint' or 'orderly marketing agreements' with each other - or failing that, unilaterally impose import restrictions.

Approximately half of all world trade is now subject to some sort of 'management'.

We do this here in Canada in textiles and clothing, footwear and Japanese automobiles. We also manage some trade in agricultural products as an extension of our domestic supply arrangement regimes.

Yet whenever trade is managed, some sort of rationing scheme must be applied to existing and potential exporters. This may make life easier for some of them, but for most, business will become more difficult.

Subsidization is a second development which complicates trade. This occurs to some degree in any trade which is government-financed, when the export finance is provided at less than a commercial rate of interest.

There is an enormous range and variety of subsidy mechanisms, all of which conspire to defeat pure market forces to some degree. In this regard, Canada is not all that different from other developed nations. A very large part of our trade with developing countries and COMECON countries, and a good deal of all trade in capital goods, is now caught up in export financing price wars. This poses for us the difficult question of the amount of government resources we can realistically devote to meet the competition of our much larger trading partners.

Then there is counter-trade, which is sort of a modern version of barter trade. To get the business, the exporter undertakes to do something for the importing country: anything from taking goods in part payment, to providing technology, to establishing a local assembly capability. Somewhere between five and eight per cent of world trade now takes this form - and the proportion is growing.