

adjust will find themselves squeezed in international markets and facing increased pressures to protect domestic markets because their firms will not be able to compete in the trading world of the 1980's. On the other hand, a series of national responses to this industrial challenge which do not take place within an adequate international framework risk creating a new series of policy conflicts. International rules and consultative procedures will require strengthening to avoid this possibility.

Against this rather bleak picture of the challenges facing Canada and the world trading system over the next few years, where do some of the answers lie? Twenty years in public life, including eight years as Premier of Nova Scotia, has taught me that one should not look for panaceas and I have none to present to you tonight. I do firmly believe, however, that there are a number of steps that we can and should take to begin to meet the challenges I have just described and which, if we do meet them successfully, can lead to improved real standards of living for Canadians even in this more competitive environment.

The first thing we need to do is to work together with our trading partners to ensure the strength and stability of the world trading system. I have in mind primarily the GATT which, of course, is the linchpin of the world trading system. The GATT will be meeting at Ministerial level next month. This will be the first Ministerial-level meeting in 9 years and it will be important that we, at that meeting, ensure that the GATT continues to be in a position to play its crucial role. This will require a political reaffirmation of our collective commitment to the free trading system.

Beyond that, it will require us to take steps either at that meeting itself or in the period which immediately follows it to ensure that the GATT can withstand the pressures acting up on it. In order to do this, Canada believes it important that we develop a safeguards agreement to regulate effectively restrictive trade actions which will be necessary from time to time and to ensure that the system treats all trading countries equally. Similarly we believe that the GATT dispute settlement system must be strengthened in a number of ways to ensure that it can handle trade disputes which are bound to arise, in a dispassionate and adequate manner and one that enjoys the confidence of our domestic audiences.