

But I am convinced that international economic policy is an integral and inescapable part of foreign policy and I want our review to reflect that reality.

Nowhere has global interdependence been more evident than in the field of trade and investment. Countries have become increasingly bound together by a network of commercial and financial flows. The development of a global economy is, however, creating a constant pressure on many of us to restructure and adapt industries, occupations, regions and enterprises.

In Canada, we recognize that to compete successfully in this rapidly evolving global economy, we must take a new approach to economic and trade policy. We must change both our economic relations with the rest of the world and the management of our domestic economy.

Canada as you know has always been a trading nation. We are remarkably open to the world. In 1984, approximately 30% of our GNP was directly attributable to trade. We have abundant natural resources, the natural resources that the rest of the world, including Japan, has envied and purchased as they have been in the past the engine of our growth. Natural resource wealth remains very very important to Canada. But I make the point to you and the Government of Canada understands it clearly that this traditional source of strength is not enough alone. New circumstances challenge our traditional assumption about uncomplicated, perpetual resource-led growth.

The U.S. is by far our largest export market. It is such a huge and powerful market that it has, historically, appeared capable of pulling us along forever. We have always been welcome there in the United States and we have drawn many economic advantages from our proximity to that great power. But strong protectionist sentiment in the U.S. is threatening our access to our largest market. The rapid penetration of the U.S. market by our competitors from other countries is altering the direction of U.S. trade. Also, the U.S. is adapting more quickly than most to changing global economic circumstances and we could find our position slipping in an enormous market which no longer has the same need of our goods and our services. That is the reality, that is not a lament. This new government is not here to lament events, it is here to take account of them, and to do what we can to control them. That is the reason we are discussing with the U.S. ways of liberalizing trade between our countries. In particular, we want to find ways of eliminating U.S. non-tariff barriers which pose real dangers to our bilateral relationship. Perhaps if we find some ways to do that we will tell you and when you find some ways to