

Canada supports the initiation of a new round of multilateral trade negotiations in the GATT which will offer the opportunity to revitalize the system of rules, to address new and emerging issues such as trade in services, and to restore confidence and predictability to international trade. A new trade round would demonstrate international commitment to the multilateral trading system; the fact of negotiations would, in itself, be a valuable weapon in the battle against protectionism. Efforts will also be needed to reduce the trade-distorting effects of such government practices as subsidies and "Buy National" provisions. Improved rules, of course, would also apply to Canadians and, in certain situations, might make it more difficult for Canadian producers to obtain relief from foreign imports, unless these were unfairly traded. Domestic consultations are under way to define Canadian interests so that we can, in turn, help to establish the negotiating agenda. What do Canadians, especially business and labour, want to see on that agenda?*

Competitiveness, Investment and Exports

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Improved competitiveness can enhance our economic prospects significantly in the years ahead, help to provide more jobs for Canadians and increase our economic and political influence in the world. Our international competitiveness is, to a large extent, determined by our firms' capacity to invest and their ability to innovate, using their own R&D and applying the best technologies available. It needs to be backed up by economic diplomacy and combined with even more effective export marketing.

Investment is essential.

Investment is essential to competitiveness. It sustains expansion, creates jobs, generates technological skills and knowledge, provides a capital stock for future expansion and eases and facilitates the process of economic structural adjustment. Our own recent investment performance has been dampened by sluggish growth and soft resource prices. High real interest rates have encouraged many investors to put their money into debt instruments rather than equity. Much of the investment in Canada will be generated at home but we will need more and the competition for foreign investment may be intense. Our ability to attract foreign investment depends on our productivity, our receptivity and the returns investors can expect.

The United States will remain by far our principal foreign source of capital investment and technological expertise. But other sources will also be important, notably Europe, Japan, Hong Kong and the Middle East. Is there scope for closer government-industry-banking cooperation to attract productive investment to Canada? Should the federal government and Canadian industry and banks develop a program to prospect abroad for potential direct foreign investment?

Science and technology are crucial.

Upgrading our international competitiveness will take time. Science and technology are crucial to that process, especially achieving and maintaining mastery in core technologies such as microelectronics, biotechnology and advanced materials development. This means not just superior technology but superior technology management. Effective cooperation between government and industry is very important in these industrial sectors.

Future industrial competitiveness and growth require complementing our own research efforts with new, best-practice foreign technologies. Acquiring the most advanced technologies from abroad and disseminating them in

*Decisions on the MTN may also have to be taken before the Parliamentary review is complete.