

While Canadian exports to all markets increased to \$84 billion, those to the United States rose 15 per cent to approximately \$56 billion. The U.S. continues to be our most important trading partner, representing two out of every three dollars of our exports, and it will continue to remain our major market. While our trade surplus with the United States bounced back to \$2.6 billion in 1981 compared to negligible surpluses in 1979 and 1980, our merchandise operations surplus with all other countries was lower in 1981 than in 1980, largely because of reductions in our exports to Western Europe and Japan and our substantial increase in imports from certain newly-industrialized countries such as South Korea.

Looking at exports of manufactured goods, we are doing a lot better than some critics would lead us to believe. Some 70 per cent of our merchandise exports take the form of semi-manufactured and fully manufactured products. Canadian firms have developed world-class expertise in such sectors as processing natural resources in remote areas, providing adequate transportation networks in rural and urban locations, establishing efficient telecommunications systems and producing quality foodstuffs. Canadian firms are capitalizing on this market potential now and I am pleased to be able to highlight two examples that are of particular interest to this audience:

1) In December 1981, SNC [a consultant group] was awarded a contract to supply consulting engineering services for the design, procurement and construction management of the Tintaya copper mine in Peru. The Export Development Corporation and a syndication of international financing institutions signed a \$215 million (U.S.) financing agreement with the government of Peru, opening the way for additional export sales of mining equipment and services from Canada.

2) I also want to mention a recent sale that demonstrates the way in which government and exporters can work together to be successful in export markets. You are aware that Bombardier [a vehicle manufacturing company] recently won the contract to build cars for the Mexico City subway. Not only was Bombardier competitive in price, quality, delivery and after-sale service, but the new mixed credit financing introduced by our government ensured that Bombardier was able to bid on an equal footing with the competition from France. This \$150 million project places Canadians in an excellent position for other upcoming subway projects in both Mexico and abroad. Additionally, Bombardier demonstrated their competitiveness in the United States with a sale of \$112 million of railcars and associated services to the New Jersey Transportation Department.

**Export performance must improve**

While our trade export performance has been good, and while we still have certain advantages, we all know that competition is fierce, not just from the Brazils, Koreas and Mexicos of this world, but also from our traditional competitors. We can't just sit still and admire our past performance, because all available evidence indicates that economic growth in Canada will continue at less than historical rates. The achieve-