

from country to country. Little of this process is observable to date. Outside the United States, with very few exceptions, trade-related investment activity has remained moderate. The expanding demand for exports has been mainly satisfied from existing capacity.

The large trade deficit in the United States and concern about jobs in certain key sectors will continue to fuel protectionist pressures in a wide variety of sectors in that country. Protectionist pressures are also clearly evident in economies where the trade deficit may not be as spectacular as that in the United States, but where economic recovery itself has been less notable. In Europe and North America, market access has in recent years been further tightened or become more uncertain in such sectors as agriculture, consumer electronics, automobiles, textiles and clothing and steel, among other sectors.

On the positive side, in the Canadian government and the private sector we both recognize the vital role trade plays in our economy and the need to be internationally competitive. As the Right Honourable Joe Clark said in a recent speech: "We have to put a premium on making Canadians competitive, and keeping us that way. We have to pursue every export opportunity, large or small, traditional or new." This demands that Canada participate in the search for ways of improving access to export markets.

Canada enters the search for a more stable world trading environment in the knowledge that Canada's exports have increased substantially in the past two years. For this performance, the export community in Canada is to be heartily congratulated. The export community, members of your association, are the front line troops in this very tough competitive fight and they have to date done remarkably well. Moreover, the possibility of further trade liberalization is now clearly a prospect. Our largest partner, the USA, is sending out signals that, while they are very uncomfortable with the *status quo*, particularly their enormous trade deficit, they want to move forward rather than backward, to keep trade flows moving and to further reduce barriers through mutually beneficial negotiations.

### Opportunities and challenges

In the above context, Canadians have a major opportunity and a challenge. An opportunity to build upon the export success of recent years and upon our many comparative advantages in order to gain increasingly liberalized access to major world markets. And the challenge: a challenge to prepare ourselves adequately and in sufficient detail to allow us to strike the best possible bargain for Canada. Decisions taken over the next year or two with respect to trade negotiations will shape the trading framework for Canadian exporters for the remainder of the twentieth century.

The most important issues on the Canadian trade policy agenda this autumn are preparations for new multilateral trade negotiations and consideration of the initiatives for achieving trade liberalization with the USA. There is no single element in Canada's trade relations which is as vital as our trade ties with the United States.

Mitchell Sharp has addressed today the question of bilateral negotiations with the United States. There has been less public discussion of the prospects for and possible content of a new round of multilateral trade negotiations.