

It is a pleasure for me to be in Toronto today, and an honour to speak to the Institute for Political Involvement. The level of understanding that IPI members bring to any discussion of national issues is impressive to say the least. Since trade is an issue of great importance, I feel privileged in being able to be here with you today.

You have all heard, I am sure, that one of the main themes of the new Progressive Conservative Government is national economic renewal, the pursuit of all means at our disposal to promote balanced and sustainable economic growth. This involves putting our fiscal house in order. It involves redefining the role of government so that it provides a better framework for growth and job creation. It involves establishing proper incentives for investment, both Canadian and foreign. And it involves doing everything we can to promote and encourage our exports to the rest of the world.

All of this is a very large order. It is a challenge that will affect all Canadians, and we therefore are actively seeking the views of Canadians on what should be done and how. My primary purpose today is to invite you, the members of IPI, to take part in the dialogue regarding the future of Canada's trade, and particularly our trade with the United States.

To put it bluntly, Canada's trade performance in recent years has been disappointing. In 1968, we ranked fourth among the world's trading nations, ahead of Japan. Today, Japan's share of world trade is double ours, and we have dropped to eighth place. The terms of trade have not been operating in our favour, certainly not to the advantage of our resource base. But we have been slow to adjust. We cannot afford to sink further. Restoring Canada's stature as a first-class world trader is fundamental to economic renewal.

To regain our stature, however, involves facing a host of trade policy issues of great complexity. The international environment is undergoing rapid change. It is intensely competitive, more so than it has ever been. It is also being threatened with increased protectionism. Let me set the scene.

The world economy is now recovering from a serious recession, the impact of which was felt all over the world. Recovery has been uneven, however, and serious economic and financial difficulties remain.

There is a significant risk that growth in world trade, investment and technology exchange will be stifled by a