

exports continue to run well above the figures for the last quarter of 1969. Our sales to countries other than the United States have been the most buoyant over the nine-month period. Indeed, on a seasonally-adjusted basis, sales to other countries are higher by 14 per cent over last year.

Clearly, one of the most important facts about Canada in the 1970s and 1980s will be the increasing demand from our neighbours on three sides -- the United States, Western Europe and Japan -- for industrial materials and energy supplies. A decade ago, very few people foresaw that we should be making long-term contracts for coal to be shipped to Japan, and require a new harbour to service these contracts -- developments of particular interest to you -- or that we should be considering the economics and the ecology of a pipeline from the Mackenzie Delta to southern markets. Nor did many people take into account the prospect of an energy shortage in the United States and the impact that would have on the demand for Canadian oil and gas.

Of course, there are contrary developments. For example, there are the restrictions imposed by the United States on our oil and uranium. Then, too, there is the decision of the British Government, under its regional development arrangements, to induce several large aluminum companies, including a Canadian one, to develop aluminum production facilities in the United Kingdom rather than to continue to purchase a growing volume of aluminum from Canada. Obviously this will have some impact on our sales to Britain, and it is all the more important that, in the negotiations looking to British accession to the European Economic Community, our British friends seek the removal of the common external tariff on this product.

Nonetheless, I think that there will be a growing demand for our raw materials and energy sources. I also think that in the 1970s the development and export of Canadian resource materials and energy supplies will be one of the driving forces in the Canadian economy. It seems to me we are justified in meeting these demands as long as we are assured of a fair price and as long as we reserve ample supplies to meet our own needs.

It is within this context of competition for our resources that we shall have to assess the changing role of manufacturing in the Canadian economy. I know that it is rather trite to draw attention to the growth in secondary manufactures and fully-manufactured products in Canadian production and exports. It may be trite as well to emphasize again that we need more manufacturing in Canada to provide the necessary number of jobs for our growing labour force, which is expanding more quickly than that of any other industrial nation. These jobs are not going to be provided by the highly capital-intensive extractive industries.

But the nature and scope for the manufacturing sector in the trade of a country such as Canada must be carefully assessed. Let me mention a number of factors which we in government will be examining more carefully as we develop new policies for the 1970s and 1980s.

First -- and this is not in any order of importance -- there is the difficulty that continues to confront Canada from the growing economies of scale resulting from the steady development of new technologies. For a