

cies and practices of other governments. Export credits from both private and public financial institutions are an increasingly determinant competitive factor in both export and domestic markets. While Canada cannot win a war of national treasuries, we must continue to meet the competition, especially for those exports from sectors with long-term growth potential. Meanwhile, efforts must continue to contain competition for government-sponsored export credits within multilaterally agreed guidelines and to encourage the greater participation in the delivery of export credits by the private financial institutions.

The multilateral trade and payments system embodied in the GATT and the IMF has basically served Canadian interests well. It has proven an effective means for Canada to improve access to world markets and to manage relations with larger trading partners in a system designed to promote stability, predictability and the rule of law. Over the next decade it will be important that we continue to seek to strengthen this system, concentrating on issues and sectors of primary importance to Canada's economic development, building on the results of the GATT Ministerial meeting. It will be equally important that Canada assert and observe rights and obligations deriving from the multilateral trading system. The role of the IMF is equally important and it too needs modernization to ensure that it has the resources to promote the necessary monetary stability.

It is essential that the government's trade objectives be given greater prominence in the pursuit of Canadian foreign policy interests in the 1980s. In the past, bilateral agreements and cooperation with particular trading partners have contributed to the development of a healthy trading environment. To this end we will need to strengthen the substance, character and tone of bilateral relations with each of our major trading partners — the USA, Japan and the European Community and pursue, where feasible, closer commercial ties with these entities. We will furthermore need to increase two-way trade between Canada, the developing countries, and smaller traditional trading partners.

In the case of the USA, we will need to give greater recognition to the fact that a positive and stable relationship is fundamental to achieving many of Canada's economic objectives and to the pursuit of productive relations with others. Forging closer trade links and improved trade flows with the United States can be achieved in a number of ways. Free trade remains an option, but is likely to continue to be offset by considerations of sovereignty. At a more realistic level, limited or sectoral free trade offers real opportunities which could seriously be considered in the decade ahead.

All regions of the country have benefitted from international trade and Canadian trade policy in the 1980s should continue to foster further economic development in all regions. In an era of increasing interdependence of domestic and international policies as well as federal and provincial programmes and activities, substantive and ongoing consultations with provinces, the business community, labour, and other interested groups, at all levels and through various committees and mechanisms, will be a matter of priority in order to:

- Enhance the effectiveness of Canada's trade policies and the conduct of trade relations and their responsiveness to domestic needs;