

the United States, Western Europe and Japan. In the important area of employment, it is estimated that some 950 000 Canadians owed their employment directly to exports in 1981 while a further 950 000 employees in such service industries as transportation, communications and insurance indirectly owed their employment to exports. That adds up to almost two million Canadians whose jobs depend on exports. There is a strong and direct link between our export performance and our over-all economic performance.

But Canadians are obviously not alone in the international market-place. Once again, as the Prime Minister said, "The decline into the deepest recession in half a century has created a harder, leaner world, hungrier for customers, for investment, and for advantage.

"Our challenge, simply put, is to restore Canada's fitness to survive economically in a world where the survival of the fittest nations has become the rule of life."

**Protectionism**

Trade, which is so vital for our economic well-being and prosperity will, in the immediate future, occur in an international economic environment much less hospitable to our interests. It is imperative that we understand the forces at work and have a strategy to deal with these new realities. What then are the challenges that face us? First, protectionism. Record levels of unemployment in the industrialized countries have generated tremendous political pressures for protection. Fortunately, the world has not forgotten the lessons of the Thirties and governments, while taking some actions, have avoided the massive "beggar-thy-neighbour" policies of the 1930s. But these protectionist pressures are exerting tremendous stresses and strains on governments and on a multilateral trading framework. Unless there is some relief soon, these stresses could become intolerable. In the period ahead, some trade-restricting measures by governments will be unavoidable. What will be important is that governments work together to minimize the adverse effects of these measures and to ensure that these actions do not impair the functioning of the world trading system.

**Keen  
competition**

Secondly, the tightness of international markets has led to keener competition, particularly in Third World markets which have been growing relatively more quickly. This has involved aggressive innovations in export credit financing, increased mixing of official credits with aid funds to soften the financing terms of various export transactions, increased attention to barter transactions and buy-back provisions and the increased use of export subsidies. Price and quality of goods are not the only determinants of export sales. Financing considerations, particularly for major capital projects, have become crucial. What we are witnessing is a race amongst industrialized countries treasuries who can ill-afford these expenditures. Greater international disciplines must be negotiated. In the meantime, we remain committed to ensuring that Canadian exporters are not placed at a competitive disadvantage.

At the same time as we face these problems of slow growth and greater protectionist

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