

next range upwards of \$75 billion. Prices for primary commodities other than oil are lower today in real terms than they have been in three decades.

In a word the picture is bleak and these international developments have had a significant impact on Canada. As the Prime Minister said in his address last week, "The world-wide recession has cut our economy to the bone. No Canadian has been untouched." Canada is of course first and foremost a trading nation and has been from its earliest days. More than 30% of our GNP is generated by our exports of goods and services. Few countries are as visibly dependent on trade for the development of their economy as is Canada.

Our country does not possess a large internal market. It does not have preferred access to a larger market through a regional trading block. Our prosperity depends upon our ability to sell goods and services in many parts of the world, especially in 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 2 million Canadians whose jobs depend on exports. There is a strong and direct link between our export performance and our overall 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."

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? Firstly, 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 30's and governments, while