

taxation, regional industrial development, transportation, competition, manpower, business/labour relations and various other government regulatory activities. The regulatory regimes may need to be amended to reflect the requirements of an efficient and internationally competitive environment. Similarly, there is a need to maintain links between macro-economic and trade policy objectives and the means to achieve them in order to foster an outward-looking economic environment.

The capacity of Canadians to take advantage of market opportunities, both at home and abroad, will be increasingly dependent upon more direct investment, a greater capacity to develop new products, an increased commitment to innovate through the industrial application of the latest technologies, and by a stronger R&D performance. There is a need to convince both Canadian and foreign investors that Canada is a reliable and profitable place to invest. Equally, there is a need to convince and encourage Canadians that investment in technology and R&D pays long-term dividends.

The instruments of Canadian trade policy have developed over a period of decades and are continuing to evolve in response to changing circumstances. They have been and will continue to be key tools of economic development and should contribute to the development of a more efficient and productive economy. In a situation where the norm is not free trade, it will be necessary to maintain an adequate level of tariff protection to promote viable domestic production and an adequate safety net of contingency import protection, within the framework of Canada's international rights and obligations, and in a manner consistent with Canada's economic objectives. The current overhaul of the Canadian import regime, when completed by mid-decade, is designed to meet this objective and be responsive to changing circumstances.

Substantial gains have been made over the years in improving market access for Canadian products but significant barriers to particular Canadian exports remain. Preserving and improving foreign market access conditions and using available access to the markets of the USA, Europe, and Japan for agriculture, fisheries, processed industrial resource products, a range of manufactured and advanced-technology goods and related services will remain a central condition for sustaining and enhancing profitability of producers and achieving the necessary economies of scale.

Canadian export development programmes, both federal and provincial, have achieved considerable success. There is room for improvement but such programmes do not substitute for aggressive and sustained marketing activities by the private sector. They need to be geared to such activities such as providing export assistance and attracting more firms to export to a wider range of markets. They need to concentrate resources effectively on new markets with strong growth prospects. Government programmes to encourage and assist Canadian firms to find buyers for their goods and services abroad will thus continue to be a central element in pursuit of the government's trade policy objectives.

Canadian exporters will face fierce international competition in their pursuit of markets in the 1980s. Government programmes and policies should thus ensure that efficient Canadian producers are not at a competitive disadvantage due to the poli-