



Statements and Speeches

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INTERNATIONAL ECONOMIC DEVELOPMENTS AND THEIR IMPLICATIONS FOR CANADA

Address by Gerald Regan, Minister of State (International Trade), to the Canadian Institute of International Affairs, Toronto, October 29, 1982

...Tonight I want to talk to you about international economic developments, their implications for the Canadian economy and trade and the challenges and opportunities which will confront us in the months and years ahead.

First, let me touch briefly on the international economic environment. Since 1980, economic growth in the industrial countries has been sluggish and output has been virtually stagnant for over a year. There has been virtually no growth in world trade over the past 18 months. International economic forecasters have revised downwards their projections of growth for the last quarter of this year and 1983 for almost all industrial countries. Economic recovery, which has been widely predicted for over a year, has not yet taken hold. The impact has been seen in an intolerable increase in the level of unemployment throughout most of the Western world.

Looking beyond the industrialized world we see similar problems elsewhere. Non-oil exporting developing countries are now experiencing average growth of only 2.5 to 3 per cent — the lowest level in years. The oil-exporting countries have as well experienced severe declines in growth in the past three years. Current account balances have shifted dramatically since the second oil crisis, with the industrial countries now registering a slight surplus and the oil exporters of the Organization of Petroleum Exporting Countries (OPEC) a deficit. Estimates of the combined deficits of non-oil-exporting developing countries this year and 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.

Bleak picture

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 per cent of our gross national product 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
