

*North-South Relations*

ans. This is another issue on which the government will be vigilant in the Canadian interest.

Solutions to the problems we confront in the environmental sphere must be found although they are not easy to come by. Yet there is no question that Canada and other nations of the world have to focus now on the sort of planet we need to live in a decade or two or three away. We cannot ignore the active potential for ecological disaster that is building. We cannot, to coin a phrase, deregulate our responsibilities.

It is significant that this House recognized those responsibilities when we recently voted unanimously to provide the authority, through amendments to the Clean Air Act, to meet our obligations to the United States vis-à-vis transboundary air pollution. We are hopeful the United States will take the same step.

As "Foreign Policy for Canadians" pointed out, there is a close link between environmental ills and the quality of life in Canada and abroad. This theme covers the promotion of a sane and livable social environment as well as that of the ecology. Terrorism is a contemporary phenomenon which only determined international co-operation will control.

International drug trafficking is another area where the concentrated effort of all countries is necessary. But Canada can also promote the quality of the lives of Canadians through expanding and enriching our cultural links abroad, through human contact in science and education, as well as in the arts, binding and reflecting the bilingual and multicultural character of Canadian society.

Canada's economic development is inextricably linked to the overall international environment. External factors and how we deal with them will be of central importance to our economic growth. Every economic goal which we have in this country is subject to the influence of external factors. Whether we are talking about regional development in Canada, industrial adjustment, skill upgrading, finding markets for our goods, all are influenced by what takes place outside our borders. Canada must pursue policies which defend, support and promote our domestic economic growth.

Canada is increasingly dependent on the world economic system. Canadian exports as a percentage of GNP are greater than at any time in the past. We have a network of economic links with the world which are central to our economic well-being.

Canada is vitally dependent on an open and stable multilateral trade and payments system. We must work with our major trading partners and others to strengthen this system. The system at present is under considerable protectionist pressures from many directions. No member of the trading community can claim to be blemish-free in this regard. Who would have foreseen at the outset of the 1970s, for example, that in the 1980s there would be demands and pressures in the international trading system for restraints and adjustments forced on major industries which are too successful? This is an unfortunate sign of the times and a challenge facing the trading world.

A greater diversification of Canada's economic partnerships has been a principal cornerstone of Canadian foreign policy for a number of years. These efforts have been directed in particular at our industrialized partners, but the 1970s have seen the considerable economic growth of the so-called newly industrializing countries. These countries offer the possibilities for mutually rewarding economic partnerships for Canada in the 1980s. And they themselves are actively seeking such diversified trade relationships.

For Canada, not a member of any trading bloc, it is necessary to build a global network of trading partners. As Canada does not have traditional relationships with many of these countries, efforts must be made to build long-term and stable relationships with them from the ground up. Stable and long-term relationships will be particularly necessary for Canada in a world which threatens increased instability. A strong policy of strengthening bilateral relationships with key countries is necessary.

The improved technique of concentrating our bilateral relations which I announced on behalf of the government in January is in effect an updating and extension of the third option policy of 1972 by projecting our economic links beyond our traditional trading partners—the United States, Europe and Japan—to the Third World.

To illustrate how important the Third World has already become to Canada in trade terms, the following figures will be of interest to the House. Canadian exports to the developing countries constituted 9.7 per cent of total domestic exports in 1979. This figure rose to 11.6 per cent in 1980. From 1979 to 1980, while the value of total Canadian exports increased by 16 per cent, the rate of increase to the developing countries was 37 per cent. Particularly dynamic markets are China, Algeria, Brazil, Mexico and Saudi Arabia. Our exports to Brazil in 1980 rose by 111 per cent; those to Mexico by 104 per cent.

Furthermore, for several years our manufactured exports to developing countries have been of greater value than our manufactured exports to Europe. The Third World now also is the recipient of roughly 25 per cent of Canadian investment abroad. At the same time the rate of growth of imports to Canada from developing countries between 1979 and 1980 is greater than the average rate for all countries. This statement is true even if the export figures for the oil-exporting OPEC countries are eliminated from the statistics.

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Specifically, where in the Third World does Canada look for new partnerships of mutual benefit? The countries of the Pacific Rim, and more specifically those of ASEAN, offer many potentially new partners. The annual growth rate of the ASEAN economies of some 7 per cent over the last ten years has been twice that of North America and the EEC countries. The economic prospects of these countries remain particularly bright. There are growing links between Canada and ASEAN which, in particular, are stimulating the Pacific dimension of Canada's foreign policy.