

While Canada currently enjoys a relatively small share of world trade in manufactured goods, our exports in this category have, nonetheless, been rising rapidly. In five years, exports of end-products - ready for the market - have increased fourfold, until they now account for better than one-quarter of our foreign sales.

This development, of course, is most encouraging and it highlights the opportunities provided by the Kennedy Round results for us to enlarge considerably our share of international trade in manufactured products - the most rapidly expanding sector of world trade.

We should not, of course, forget that the rapid expansion of our population and labour force, together with a significant rise in employment and incomes, is causing the domestic market to become much more attractive to manufacturers of consumer goods.

Taken in total, these trends represent substantial changes in our business environment and opportunities for growth and development.

Diversification Trend

Although many of Canada's secondary industries remain dependent upon agriculture, mining, fishing and forestry, there has been a continuing trend toward diversification in our manufacturing activities. Specialization in more complex and sophisticated fabrication processes has led to spectacular increases in the value of factory shipments for such items as transportation equipment, machinery, electrical and electronic products and metal fabricated parts and equipment. For example, the rate of growth in production of transportation equipment has been approximately double the growth rate for the manufacturing sector as a whole.

The rapid changes in the resource sector and the increased rate of industrial growth has led to some fundamental changes in our economy. Capital investment, one of the chief determining factors in economic growth, has increased substantially in recent years. In the manufacturing sector alone, we have seen capital expenditures in new and expanded facilities grow from an annual rate of \$1.1 billion in 1958 to a mid-year estimate of \$2.6 billion in 1967. I think these statistics are significant as they highlight the need to increase the flow of investment capital into the manufacturing sector if we wish to maintain the growth trends of recent years in our economy.

In this period we have seen rapid expansion in a number of industries, but spectacular progress has been achieved in several fields which are worthy of note, since the developments concerned have involved a number of multimillion-dollar projects. I am thinking particularly of the expansion of the pulp-and-paper industry in both Eastern and Western Canada, where we have seen new facilities established in several of the Prairie Provinces for the first time, as well as diversification and expansion of activities in other provinces. The chemical, petrochemical and mineral processing industries have experienced a similar acceleration in their rates of growth.