

last week confirmed this study. More than half of those surveyed reported they had not lost market share in Canada, while 39 per cent said their exports to the U.S. market had grown. But the best is yet to come.

What has been obscured by the misery of the recession is the fact that Canadian businesses have been taking the necessary steps to become more efficient, more productive and, as a result, more competitive. You and I know these are not dirty words. They are the keys to our future prosperity. They are the basis for future jobs. They will generate the wealth to finance our social programs in the years to come.

Businesses from British Columbia to Newfoundland, from Calgary to Chicoutimi, from Saskatoon to Sarnia, have been retooling to become players in the global economy. The same CMA survey reported that nearly half of the respondents had increased capital spending since the FTA came into effect, while only 9 per cent reduced it. As a result, Canadian manufacturers have turned around the long-term decline in productivity and the rise in unit labour costs. Real manufacturing output per person rose an astounding 0.4 per cent in 1991. This is unprecedented for a recession year.

Since the FTA came into effect, there has been a marked improvement in Canada's investment picture, from a net foreign direct investment number in 1988 of \$4.4 billion, to an all-time record of \$6.6 billion in 1990 and a second-highest ever of \$5.9 billion in 1991.

Now, as economic recovery begins to take hold, we should begin to reap the benefits of these adjustments. Wood Gundy Economics forecasts that labour productivity in manufacturing should rise by 8 per cent this year and 12 per cent next year. As a result, we should see manufacturing in Canada take off as global demand recovers. The trend of the second half of the 1980s of increased manufactured exports to Europe and Asia Pacific should continue with renewed vigour. The next few years should see a substantial increase in the percentage of manufacturing that is exported. That, in turn, will translate into a substantial recovery in the jobs lost during the recession.

We are beginning to see a gradual diversification in Canadian export destinations and sources of imports. As Canadian companies become more competitive manufacturers and more confident exporters as a result of their U.S. experience, they are turning to markets across the Atlantic and Pacific. In fact, our trade commissioners around the world are reporting an upsurge in inquiries from new companies with a new interest in becoming involved in new markets. At the same time, overseas exporters and investors