

it obtained from all the other participating countries.

For our highly competitive resource-based industries (metal and minerals, forestry and fisheries), the further reduction and removal of barriers will strengthen their base of operations and enhance their already demonstrated ability to develop and expand their traditional trade.

However, the most important long-term benefits from the tariff agreements in the Kennedy Round are the linear reductions being made by principal industrialized countries in the manufactured goods sector. Fifty percent reductions are being made over very wide ranges of goods in this category, with the final rates in many areas being 10 per cent or lower. While Canada is currently a relatively minor supplier of manufactured goods in the world market, our exports of such products have been rising rapidly and it is essential that we should further enlarge our share of this, the most rapidly growing sector of world trade. Their continued advance can importantly affect the strength of the whole Canadian economy.

In our major market, the United States, over \$2 billion of our current exports will enjoy significantly reduced tariffs. Maximum concessions obtainable were secured on virtually every product for which Canada was a major supplier to the United States. This includes 50 percent cuts in most tariffs and complete removal of duties in such areas as fisheries and lumber where duties already were law. When the final reductions from the Kennedy Round are made, over 60 per cent of our total current sales to the United States will be free of duty.

As a result of the overall reduction of world trade barriers, many existing margins of preference between Canada and Britain will be reduced. This narrowing of preference in our historic markets in Britain will, however, be more than offset by the general expansion of trade and increased demand in the United Kingdom, as in other countries. In addition, our present duty-free access to the United Kingdom on virtually all our exports is being retained.

Canada's exports to other major overseas markets, such as the European Economic Community, other Western European countries and Japan, have been concentrated traditionally in a relatively narrow range of commodities. Wheat is the main single item and many of our other exports are in the primary commodity field and already duty-free. In the more highly processed and manufactured goods sector, however, our exports to overseas markets have been relatively small having in mind the massive size and rapid rate of growth of those markets. We have obtained tariff cuts on many of our current exports, totalling some \$300 million, but the overall reduction of tariffs in Europe and Japan in the processed and manufactured goods sector creates important new opportunities for our future export trade.

In the agricultural sector, the most important gain was the negotiation of the basic elements of an International Grains Arrangement, which were incorporated into such an arrangement negotiated in Rome later last year. As I informed the House on October 25, when tabling the International Grains Arrangement, it was the intention to place this arrangement before Parliament at the appropriate time for