

rized the situation prevailing before the outbreak of the Second World War as follows:

The successful outcome of the triangular negotiations of 1938 served to stabilize trade relations with the two chief outlets for Canadian products. A goal had been achieved towards which Canadians had been striving ever since the days of Canada's immaturity as a nation. In reaching this goal Canada had won the respect and high regard of her trading partners. The basis was laid for that partnership, which would take the lead towards the promotion of world trade through multilateralism.¹

The disruption of the world financial and trading system in the 1930s and 1940s convinced many countries of the need for a fresh start. The USA, Britain and Canada were the principal proponents of a new trading order based on reciprocity, non-discrimination and multilateralism. The result was the General Agreement on Tariffs and Trade, which Canada has strongly supported since its ratification in 1948. The agreement has become Canada's main trade agreement and the basis for the conduct of Canada's trade relations. The GATT is discussed in more detail in Chapter VII. It has provided the forum for continued multilateral negotiations aimed at gradually liberalizing world trade.

In the past few decades the Canadian government has sought to increase output, employment, productivity, and incomes by seeking access to larger markets, by encouraging international specialization, and by providing for a more competitive environment in the Canadian market. In the 1950s, priority was given to seeking reductions in foreign barriers to Canadian exports of industrial materials, foodstuffs and selected manufactured goods. Reciprocal reductions were made at the same time in selected tariffs protecting Canadian secondary industry. In the 1960s, Canada gave higher priority to obtaining improved access for fully manufactured products while the protection enjoyed by secondary industries in Canada was gradually reduced. Multilateral trade liberalization achieved through successive GATT negotiations was supplemented by two important bilateral deals with the USA—the Automotive Products Trade Agreement, and, to a lesser extent, the Defence Production Sharing arrangements. These developments took place against the background of diminishing importance of Commonwealth preferences. In the 1970s additional bilateral non-preferential trade and economic cooperation agreements were concluded with the European Community and with a number of other countries.

An important exception to the general trend in the post-war era of gradually moving towards freer trade occurred in a range of standard-technology, relatively labour-intensive industries, including textiles, clothing, and footwear. Japan, in the first instance, but soon followed by a number of developing countries benefitting from relatively low production costs, achieved unacceptable and disruptive levels of import penetration into the Canadian market (as well as into the markets of other industrialized countries). Special temporary measures of trade protection were, therefore, adopted to provide these industries with time to make the necessary

¹ L.D. Wilgress, *Canada's Approach to Trade Negotiations*, Private Planning Association of Canada, 1963, p.13.