

"Further, the preference arrangements with trading partners in the Commonwealth provide special advantages in the markets of the United Kingdom, and a number of other Commonwealth countries.

"The use of discriminatory restrictions, which have been maintained in many markets against Canadian goods, have, as a result of strong pressure, all but been eliminated. Although setbacks have occurred in some of the less-developed countries, most of the countries of Western Europe no longer maintain restrictions for balance-of-payments reasons.

"Similarly, efforts have been and are being directed to have restrictions on trade in agricultural products of importance to Canada relaxed. The eventual agricultural policy of the Common Market is a major issue before the GATT Tariff Conference now taking place in Geneva. I would hope that there is a reasonable prospect of obtaining further reductions in tariff barriers against Canadian trade in Europe and in the United States market.

"The broad framework of Canada's international commercial relations has been established, but this is not enough. Foreign trade is increasingly a highly competitive business.

#### PROBLEMS OF NEW YEAR

"The 1960's will present Canada with major new problems. To meet them we are continuing to utilize existing forums of international co-operation and among them the principal one is still the General Agreement on Tariffs and Trade.

"The difficulties arising out of low-cost imports are being closely studied. Japan is one of the leading export markets and is particularly important to our wheat producers and West Coast industries. I trust that Japan will be more closely identified in the immediate future with the multilateral conception of trade to which Western nations subscribe.

"Detailed discussions have been under way throughout the summer looking to a new international organization to strengthen economic co-operation between the European and North American countries. Rapid progress has been made and prospects are that the Convention for the Organization for Economic Co-operation and Development, in which Canada and the United States will participate as full members, should be ready for signature at a ministerial meeting in Paris next week.

#### CANADA AND COMMONWEALTH TRADE

"At the Commonwealth Trade and Economic Conference in 1958, it was agreed that the Commonwealth preferential system had been of mutual benefit to Commonwealth members. However, the formation of the European Free Trade Association has already entailed some loss of preference on products of interest to Canada, *vis-à-vis* the continental members of this trading group -- though it has not, of course,

affected preferences over the United States and over the members of the European Common Market.

"The meetings of the Canada-United Kingdom Continuing Committee in June, 1960, and of the Commonwealth Economic Consultative Council in September, provided opportunities for discussing these developments and for considering together the possible future course of events in Europe. At these meetings, the Canadian representatives emphasized the importance attached to the preservation of the free entry which now applies to practically all Canadian products entering the United Kingdom and to the significant preference on a large number of other products, particularly manufactured goods.

"The less-developed nations of the Commonwealth are enjoying rapid economic growth which should open up fresh opportunities for Canadian exports. Canada is doing its part to help them by extending economic aid under the Colombo Plan and under the West Indian and African aid programmes. Closer trade links with these newer members of the Commonwealth must be encouraged.

"Canada stands ready to trade with each and every country in peaceful goods, and is prepared to negotiate trade agreements with all countries wherever terms advantageous to both sides can be worked out and which are in harmony with Canada's existing trade obligations.

"Trade relations with the United States are of fundamental importance to the Canadian economy. In recent years co-operation has not been wanting.

"Problems which cannot be settled by agreement between officials at the administrative level can be taken into the Joint Canada-United States Committee on Trade and Economic Affairs, where understandings at the executive and cabinet level can be reached and solutions worked out.

#### TRADE WITH UK

"I should like to say a few words on trade with the United Kingdom and on the importance of the progress made in expanding this trade in the last three years. The success in stepping-up trade with overseas countries, notably the United Kingdom, is responsible for the new export records being achieved in 1960 -- at a time when sales to the United States, Canada's principal market, are running below their 1959 levels.

"Canada's total exports to the United Kingdom in the first ten months of 1960 amounted to \$764 million, a postwar record, and \$173 million, or 29 per cent, more than in the comparable period of 1957. Canada's purchases from Britain have risen also, amounting to \$483 million in the January to October period of 1960, a gain of \$60 million, or 14 per cent, over the corresponding 1957 total. These increases have resulted in the United Kingdom