

how the direction of our trade shifted; and also how manufactured products are becoming increasingly important as a proportion of our total exports.

The Canadian Government has been quite active during this period. In fact, it sometimes likes to believe that it was instrumental in influencing some of these mutations, e.g., through its participation in the Kennedy Round; because of its having negotiated the Auto Pact; thanks also to its trade-promotion programs; its aid to export financing; its industrial-development schemes, etc.

I should like to outline for you now some of the main trade pre-occupations currently facing Canada and how the Government envisages them.

Multilateral Matters

Broadening of the EEC

Britain's latest bid to enter the EEC appears to have been more favourably received than were its previous ones. We are, of course, concerned about Britain's terms of entry and how they might affect our access to its market.

Some two-thirds of our exports to Britain would be subject to less favourable terms of access if Britain adopted the existing EEC import regime. Without knowing the actual terms of entry which the British may negotiate with the EEC it is difficult to be precise on what the effect would be on individual commodities. The impact would be mitigated, however, in the case of manufactured goods, by the implementation of the Kennedy Round concessions, which are resulting in a reduction of the EEC tariff. We have, nevertheless, been pressing the British for consultations before, during and after their negotiations with the Community.

Also of concern to us is the fact that Britain's entry into the EEC may open the door to a further enlargement of the Community. This could result in a major shift of world trade towards greater regionalization. In our view, therefore, the British EEC negotiations should be accompanied by parallel or consecutive multilateral negotiations to ensure that the enlarged EEC would result in trade creation rather than trade diversion.

Foreign Government-Assisted Export Financing

Canadian manufacturers of machinery and equipment are being adversely affected by imports financed abroad under foreign government-assisted export financing programs. Many representations have been made to us on that subject.

Government export-financing facilities have been made available by all major developed countries for many years. Until recently, however, the interest rates available under these facilities were generally equal to, if not higher than, the domestic lending rates. Its use was, therefore, confined almost entirely to support sales to the developing countries, which lack indigenous capital and the ability to attract it on the required scale from conventional sources.