



CANADA

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NEW ECONOMIC HORIZONS FOR CANADA

In a speech to the Stratford Chamber of Commerce on September 14, the Minister of Trade and Commerce, Mr. Mitchell Sharp, expressed doubt whether, though some persons might wish "for a return of the good old days", Canadians as a whole "would exchange the economic opportunities of today for the economic frustrations of those pre-war years". "Let me then suggest for your consideration," he went on, "how best we can take advantage of the opportunities presented to us as a nation". His prescription follows in part:

...First, I suggest that it is in our interests to support strongly the international efforts towards freer trade. This means support for the so-called "Kennedy round" of trade and tariff negotiations. These negotiations, if successful, could result in the most wide-ranging advances so far made in the freeing of trade on a global scale. They are to concern all classes of products, including agriculture, and will deal with non-tariff as well as tariff barriers. The major industrial nations, in particular the United States, the European Economic Community and Britain, have agreed that, with certain exceptions, the negotiations should be conducted on the basis of across-the-board tariff cuts rather than on a selective commodity-by-commodity basis as in previous negotiations.

This is a major undertaking of a kind and dimension that has not previously been attempted. No quick and easy solutions can be expected but, if the negotiations are successful, they will be of historic significance as a major step forward in shaping tomorrow's trading world.

For Canada, the success of the "Kennedy round" is of significant importance. Better access to the U.S.

and other markets could, in many cases, provide the necessary incentives for longer production runs and increased specialization which are so necessary to many of our secondary industries. Improved access might also open up possibilities for the development of new products and new export markets.

A POLICY NOT SUITED TO CANADA

At the ministerial meeting of the GATT held a year ago, it was formally agreed that a formula of tariff reductions based on equal linear cuts would not be appropriate in Canada's case. It was pointed out at the meeting that, for a country like Canada, with its limited domestic market, its patterns of production and trade, and its relatively small range of exports, it would be difficult to find a single formula which could achieve the necessary balance of advantages.

A programme of linear tariff cuts would provide much less in terms of sales opportunities in world markets for basic industrial materials than for manufactured goods. Manufactured products at present make up two-thirds of Canada's imports but only about one-sixth of our exports. Consequently, an acceptance of a linear approach by Canada would provide much more scope for the expansion of sales of manufactured products in Canada than for the sale of Canadian products abroad.

A DIFFERENT KIND OF CONTRIBUTION

This was recognized at the ministerial meeting, and it was agreed that participation by countries such as Canada could be on a different basis ensuring reciprocity of benefits. Our contribution will thus take a different form and one carefully adapted

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