

2. It is urged that in regard to the current negotiations among the European Economic Community countries and between them and the United Kingdom, the Canadian Government do everything within its power to preserve the present system of Commonwealth preferences and forestall the imposition of higher tariffs or new forms of restrictive trade practices against Canadian goods.
3. It is recommended that encouragement be given to the increase of exports from Canada by means of appropriate tax incentives. (See Appendix "A" (a) 4, p. 796.)

Many of Canada's basic manufacturing and extractive industries depend heavily on export markets for their health and vigour and for the maintenance of a high level of employment in these industries.

Traditionally, Canada has been a supplier of basic materials to the world. Many countries seem anxious to buy raw materials and to ship their highly manufactured products to us in exchange. This pattern of trade is contrary, however, to the whole trend of Canadian economic development which is and should be oriented towards the expansion of manufacturing. Canada's employment problem will not be solved by a trade policy which tends to perpetuate the patterns of the past.

Canadian manufacturers are competing in world markets at a serious cost disadvantage arising from high wage rates, high taxes and a relatively small domestic market base; nevertheless, sales of Canadian manufactured consumer and technical goods are being achieved abroad on the basis of technical superiority, attractive styling and dependable quality. Although these exports represent only approximately 15% of the total exports, their high labour content means that the impact on employment is substantial. The expansion of exports of these products provides a two-fold advantage in that the wider distribution and consequent lower cost of production makes the manufacturer more competitive at home and abroad and provides higher and more stable employment.

The Association is seized of the great importance of expanding Canada's exports of manufactured products. Accordingly, much of its activities is directed towards this end, stimulating more interest in export trade through meetings, circulars and publications, providing a medium of export education through its Export Study Clubs, and giving direct assistance in solving the day-to-day problems of export selling and shipping techniques.

The Association commends the action of the Minister of Trade and Commerce in calling together the trade commissioners from all over the world for an export trade promotion conference and for making their counsel available to exporters and prospective exporters, at one time, in Ottawa. It is hoped that the results of this well-conceived, well-organized project will be seen in justifiable measure in renewed determination and impetus in Canada's foreign sales effort and in a sizeable addition to the list of businesses and products entering into the trade.

A continuing programme of energetic trade promotion, backed by services and support in line with those offered by the governments of competing countries, is essential for the expansion or even maintenance of our trade. The programme of trade fair participation, of trade missions and of continuing promotion through the Trade Commissioner Service is well worthwhile and should be kept dynamic, while the great importance of an expansion of manufactured exports requires that it should receive recognition at the highest level in government, business and labour.

The Association believes it to be of the greatest importance that in the current negotiations which are taking place in Europe, Canada should impress upon the United Kingdom and other Commonwealth countries the importance of maintaining the present system of Commonwealth preferences.