

include debt-servicing, tourist expenditures, transportation and insurance. If our borrowing abroad is to be kept within manageable proportions, much of our foreign-exchange needs must be covered by the continued growth of exports.

In the long run, Canada must achieve a degree of international competitiveness which is not limited to any particular industry sector but which is, instead, based on the "exposure" of a large part of our economy to all the hard facts of international competition. The very future of Canadian industry in an expanding and increasingly technological world is at stake here. These are the harsh realities of the market place, and we must adjust to them.

Canada must keep up with the times, both technologically and competitively. This will require a degree of specialization and scale of operation in individual enterprises greater than the Canadian market, by itself, can support. We are, therefore, obliged to look outward.

#### MANUFACTURED EXPORTS STRESSED

In expanding our exports, the manufactured-goods sector must lead the way. We are all aware of Canada's leading position as an exporter of primary products and industrial materials. But world trading emphasis has been on manufactured goods and the result is that exports in this category have been growing at more than triple the rate of primary products. In the case of Canada, however, manufactured goods have accounted for a smaller share of our exports than in any other highly industrialized country. We have been improving. There has been a substantial increase in Canadian exports of manufactured goods, but highly-manufactured products still represent only about 20 per cent of Canada's export package. For Canada, in the latter half of the twentieth century, this proportion is not good enough. If we are to achieve our export goals, much, therefore, will depend on the initiative and leadership of our manufacturing concerns.

#### MEASURES TO INCREASE EXPORTS

Now let me tell you of some of the things we are doing, or have planned, to step-up our export drive in the months ahead. First, and perhaps most important of all, is the work being done under GATT in Geneva. I hope and expect that substantial new trading opportunities will be opened up by the results of the "Kennedy round" of negotiations taking place there. We are looking to the successful conclusion of these negotiations by mid-1967. If all goes well, we stand to benefit from reductions in the order of 50 per cent in many of the tariffs affecting our access to the United States and other major industrial markets....

In next April and May, we shall bring to Canada the senior trade commissioners from all of our 67 offices abroad. They will cross this country, visiting major business centres. There will be opportunities for Canadian exporters to discuss problems and prospects with our trade commissioners who have firsthand familiarity with foreign markets. A depart-

mental team is already hard at work preparing for this programme, and details of the itinerary will be publicized in ample time to arrange interviews.

I am particularly hopeful that companies which previously have not exported will take this opportunity to discuss with our officers from abroad foreign trade prospects and the many services provided by the Department of Trade and Commerce, so that they may be better prepared to join the export community.

#### TRADE MISSIONS

We are also expanding our trade-missions programme. Emphasis is being given to incoming missions, whereby foreign buyers and potential customers are being brought to Canadian plants and places of business. The Department participates in many trade fairs and exhibitions throughout the world, and Canadian manufacturers have an open invitation to join this programme....

Expo '67...will offer real trade development opportunities.

...We shall have millions of visitors all looking over Canada and seeing what we have to offer that will be of interest to them. To make it easy for these foreign business people to meet the Canadian business community, and each other, Expo has arranged a Business Development Bureau, which is being provided by the chartered banks in the International Trade Centre. This Bureau is a joint project in which the Departments of Trade and Commerce and of Industry, provincial governments, the Canadian banking community and trade associations will be working together.

In October, I indicated my intention to establish an Export Advisory Council made up of leaders of the business community and their associations, so that the Department and I may have the benefit of a flow of fresh, creative ideas about how the Government can improve our export climate and services. This Council will also provide another medium for close liaison between business and Government which I deem to be so necessary. I expect, soon, to be able to announce the membership of the Council and to have it meet early in the New Year.

#### SOCIALIST-BLOC MARKETS

Last summer, on two separate trips, I visited the Soviet Union and five other Eastern European countries - Bulgaria, Czechoslovakia, Hungary, Poland and Yugoslavia. As a member of the Canadian Government, I was most cordially received in all six countries. These state-trading nations, along with mainland China, are already valued customers, principally for our wheat....

So far, most Western countries have sought to establish the basis of their relations with the planned-economy countries through a system of bilateral agreements. Canada has developed its trade by various arrangements - combining exchanges of most-favoured-nation treatment with parallel purchase commitments and long-term wheat agreements. We now have formal trading arrangements with all of the countries of Eastern Europe except Roumania