

"... The prospects are that the 'Kennedy Round' will rank with the important trade negotiations that have taken place under the auspices of the GATT since the end of the war....

"Canada will not, of course, be negotiating on the basis of across-the-board linear tariff cuts. Our trading partners have recognized that such a system would not be appropriate for countries such as Canada. For us, the objective is an exchange of concessions of equivalent value. Our participation should, I suggest, be guided by the following considerations.

"First is the principle of reciprocity. There must be a reasonable balance between concessions obtained and those which we grant, which must be judged in terms of their practical effects on trade. Moreover, account must be taken of the degree of adjustment and time required to adapt to tariff reductions in terms of shifts in resources and employment.

"A second key consideration is that the outcome of these negotiations should contribute to the balanced growth of the Canadian economy. Certainly, we shall be seeking to expand the opportunities for our traditional exports of raw materials and foodstuffs. But these negotiations will be more concerned with manufactured products and we must keep clearly in mind that the expansion of efficient secondary industries is necessary to provide adequate employment opportunities for Canada's growing labour force. For this reason, we shall be looking for those particular tariff reductions abroad which will open up new export markets for the products of our secondary industries. This will help them to achieve better economies of scale, which are vital to the attainment of cost efficiency.

"A third important consideration is that there must be a reasonable balance between concessions given and concessions gained for the various sectors and regions of the Canadian economy. Each of the major productive sectors should get some benefit from and should make its contribution to the negotiations. This should be broadly true also for the various regions.

"A fourth consideration relates to our balance-of-payments position. A successful tariff negotiation should help all the participating countries to become more efficient and more productive. But, clearly, it cannot help them all to improve their balance-of-payments position. In our situation of continuing large current-account deficits, we must be especially careful that any tariff bargain we strike does not aggravate our balance-of-payments position.

"Guided by these considerations, Canada will play an important part in the 'Kennedy Round'."

That is exactly how we went about negotiating agreements for Canada in the "Kennedy Round". For us, these trade and tariff negotiations had three parts: