

We have followed this policy because Canadian farms and industries need the widest possible markets of the world in order to take advantage of specialization and economies of scale, in so doing providing better employment in Canada.

Freer international trade also serves the interest of the Canadian consumer in providing him with goods and services of wider variety and at a lower cost.

How does this GATT-oriented policy apply to our trade relations with developing countries?

Since the large majority (70) of developing countries have become members of the GATT-- it is no longer a rich man's club -- Canada exchanges the most-favoured nation (MFN) treatment with them through the GATT. With countries such as Mexico, Colombia and Venezuela, which have not acceded to the GATT, we have bilateral arrangements of non-discrimination.

As for our Commonwealth trading relations (which predates GATT), the GATT obligations have meant a freezing of the margins of tariff preferences exchanged on a contractual basis with countries such as the West Indies at the levels existing in 1948, when the GATT was formed. Multilateral tariff reductions have tended, over the years, to erode the significance of the Commonwealth preferences.

The ground rules of the GATT have also emphasized reciprocity as a major feature of international trade. The significance of this rule for developing countries has, in fact, been considerably diluted over the years, to the point where the GATT obligations tend to be applied unilaterally to the developed members. Indeed, the non-reciprocity principle has been incorporated in 1965 into Chapter IV, added to the GATT to deal with development problems.

A policy of freer international trade as it applies to Canada has completely eliminated tariffs on almost 70 per cent of imports from developing countries.

1. PRIMARY COMMODITIES

How can developing countries market their primary products in the best possible way?

As an important commodity trader, it has been Canada's experience that an expansion of this traditional type of supply is geared to the industrial activities in the industrialized countries. This applies to the exports of industrial materials of developing countries as well.

a) Freer access for industrial materials

- i) Canada has strongly pressed for multilateral free trade in industrial materials and resource-based industries, such as forest products and non-ferrous metals, in both primary and processed form. We continue to support this objective.