

CANADA'S TRADE RELATIONS WITH FRANCE

During his recent visit to France, the Minister of Trade and Commerce, Mr. Robert H. Winters, addressed the *Chambre de Commerce France-Canada* in Paris. The following is part of his speech:

...The prospects for the Canadian economy in 1966 are excellent. Indications show a further rise in capital spending by the business sector. Domestic demand is further reinforced by steadily rising incomes and continuing strong advance in consumer expenditure, especially in durable goods.

In spite of the healthy growth of our economy, it is difficult to avoid, in present conditions of rapid expansion, an imbalance in our payments position. We anticipate for 1965 a deficit of the order of \$1 billion, and we may go beyond this level in 1966. To help meet our mounting foreign-exchange requirements and sustain the momentum of our economic advance, we shall require capital inflows and foreign investments. We welcome French capital in Canada. Your investments are already contributing significantly to our economic growth. In the automotive sector (Peugeot and Renault), in oil prospecting and mining (Cie, Française des Petroles), in chemical fertilizers (Hyperphosphates Reno, Paris; Mines Domaniales de Potasses d'Alsace, Paris), heavy electrical equipment (Neyrpic of Grenoble), cement plants (Lafarge), pharmaceuticals (Poulenc). This is just to give you a cross-section. In portfolio investments, there are also important holdings by French banking interests in Canadian concerns.

INCREASE IN INTERNATIONAL DEBT

The substantial growth in the investment of foreign capital during the past decade has been largely responsible for a fourfold increase in our international indebtedness, from 1951 to \$20 billion in 1964 — that is about \$1,000 a head in Canada. This shows the measure and role of foreign investment in our economic development and future. We need to borrow to expand, but as we grow and mature we expect to rely less on foreign resources. With the rise in standard of living and prosperity, Canadians will be investing more and more of their savings into Canada.

To reduce our current payments gap, we shall also be seeking to make the most of export opportunities in foreign markets. In view of the sustained advance in the United States economy and the prospect of growth in major markets, our export trade has every promise of maintaining and exceeding present levels. Our present contracts also envisage a large movement in wheat sales.

It is equally important for our increased production to be matched by efficiency to enable us to compete effectively in world markets on the basis of quality and price. As a country whose exports of goods and services account for over one-fifth of its gross national product, we must keep abreast of developments in world trade. We must also deploy and attune our trade promotion efforts to changing needs and markets. Yesterday, I met with our senior trade commissioners in Europe for a first-hand review of market conditions and prospects.

We also attach great importance to the present "Kennedy round" of tariff and trade negotiations. Improved access to world markets is central to our economic viability. We, and the other trading nations, have a major responsibility to try and make these negotiations a success. We all have a great deal at stake; our future prosperity and economic well-being may well depend upon the outcome. I hope, therefore, that the next few months will see the negotiations substantially advanced in all sectors, industrial and agricultural as well as in the areas of interest to less-developed countries. I shall be meeting with our delegation in Geneva in a few days, to acquaint myself at first hand with the present state of negotiations and to examine possibilities for the lowering of trade barriers.

FRANCE-CANADA TRADE DISAPPOINTING

In presenting to you this picture of our dynamic growth, there is one element that I find surprising and disappointing. That is the level of trade between our two countries. It's almost incredible, but true, that while you are the fourth leading nation and we are the sixth, our bilateral trade accounts for only one per cent of our world trade. While you remain our customers for our primary industrial materials, wheat and flaxseed, I am encouraged by the fact that our exports of manufactured goods have doubled since 1962, and now account for one-fifth of France's purchases from us.

There is a very broad range of manufactured products which we can provide you to meet the increasing demands of your dynamic economy. No one who has followed the trends of the French economy since 1958-59 can fail to be impressed by its *élan vital* and your achievements.

With the rise in incomes, increased productivity and higher levels of domestic demand, full employment has been virtually achieved. This is a tribute to performance under your Fourth Economic Plan and stabilization policy since 1963. Prospects under your Fifth Plan appear bright. On the trade side, your current-accounts balance envisages an overall payments surplus of the order of \$1 billion in 1965. Your imports have more than doubled since 1953. Your exports receipts have also increased by about 50 per cent over the last three years. This is an impressive trade record. It is all the more reason to suggest, therefore, that with such trade expansion there is room for growth in the proportion of our bilateral trade.

CANADA AND EEC

Your thriving economy requires materials, machinery and equipment. We can provide these competitively. We appreciate that the growth of your trade has largely been with the other members of the European Economic Community, which accounts for about 40 per cent of your import trade. I might add the EEC as a whole accounts for 14 per cent of our exports and 17 per cent of our imports. We should like to hope that, as the Community develops into one of the