

one of the under-developed parts of Canada, ... this grant might, in fact, be taken into account in establishing tariffs or, in some way or other, moving in a protectionist direction. And so I repeat that the objectives beyond tariffs in these negotiations are, Number One, to deal with the whole question of non-tariff barriers and more broadly to try to get more of a sense of security for the next decade or more in the sense of your dealings with foreign markets and the like.

The second point that I think is important to bear in mind with regard to the current set of multilateral trade negotiations is the climate in which they now find themselves. They began, of course, in 1973 and, as all of us know (you businessmen in particular), 1973 bears very little resemblance in terms of the business climate to 1979, if for no reason other than the energy crisis that has intervened and a whole series of other developments such as some strains of considerable proportions on the world monetary system and the like. And so, therefore, there have been, particularly in the last three or four years, pressures (and certainly criticisms) that this whole round of tariff negotiations ought to be either shelved or diminished in its importance because of the current economic situation. Well it was our view, shared by all the industrialized countries of the world, that the exact opposite was, of course, the necessity — namely that, given the precarious nature of the world's economic situation, if there was not to be a determination and a strong commitment towards tariff reform and the various other matters to which I have referred, then the inevitable development would be an almost irresistible demand, in country after country, for more protectionism. This was the pattern back in the 1930s, when all saw the effects of the "beggar-my-neighbour" kind of approach to things. So it was why at the London "summit" in 1977, and again at the Bonn "summit" in 1978, the leaders of the seven major industrialized countries, including Prime Minister Trudeau of Canada, reaffirmed their commitment to comprehensive MTN and also to meeting the deadlines that we had set for ourselves as a counterweight to what was emerging in all of our countries, including Canada, as a perfectly obvious tendency towards greater protectionism.

In the Canadian context, of course, we have had particular problems with regard to protection and various demands of industries for greater shelter or for a greater degree of protection in one way or another from imports. And I should say, in this regard, that, while we are seeking through the MTN the kind of more secure and open world-trading environment to which I have referred, no country, least of all Canada, is going to take the position that we are totally devoid of any appropriate or entirely legitimate right to protect industries or sectors that are suffering or are threatened by excessive imports or, indeed, by inappropriate exporting techniques by other countries. And so, therefore, we have quite legitimately, under the existing GATT rules, moved in these last few years to protect some of our particularly vulnerable industries — two of which coming to mind, of course, right away being textiles and footwear (but there have been others as well). On the whole, however, I think a case can clearly be made that Canada is a country that would suffer most of all if there were to be an enormous increase in the tendency towards protection, particularly in our largest markets and those that are now rapidly developing.

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