

most countries, procurement from domestic sources over foreign imports is given support, sometimes through legislation, as we see in a number of US measures. Exports may be restricted for security reasons. Such policies and measures affect international trade.

In times of economic difficulties, such as we have been experiencing over the last few years, the tendency to protect domestic industry from the brunt of foreign competition becomes much greater. Governments are under strong pressures to enact measures aimed at preserving employment either through actions at the border to limit imports or through export support mechanisms such as subsidies which distort international trade. The last few years have witnessed a multiplication of measures affecting trade ranging from regular safeguard actions taken under the GATT to bilateral arrangements (such as voluntary export restraint agreements) to subsidized exports and fierce export credit competition. You are also well aware of proposals now before the US Congress for domestic content legislation and for trade reciprocity legislation.

I am not saying that all these measures are illegitimate or unjustified. Indeed safeguard actions constitute an integral part of the international trade system embodied in the GATT: countries have the right to resort to safeguards when imports create or threaten to create injury for domestic producers. What I am saying, however, is that the rise in unemployment and the crisis situation in which many of our industries find themselves have engendered in some quarters a negative attitude towards imports: there is a greater tendency now to blame our economic woes on "unfair" competition from abroad and to justify protective measures by the fact that others are also resorting to them. This is a trend that must be resisted forcefully by governments if we are to avoid the disastrous experience of the Thirties.

Economic recovery will no doubt help to ease the pressures but we should not allow ourselves to become complacent about the threats facing the international trading system. The GATT ministerial meeting last November reconfirmed the international community's commitment to open trade and to resist protectionist pressures. It adopted a work program which, if implemented diligently, will help to restore the health of the trading system. The momentum achieved last November must be maintained and efforts must continue to preserve and strengthen the multilateral trading system.

Canada's stake in the open multilateral trading system is enormous. Approximately 30 per cent of our gross national product is generated by trade, which makes our economy one of the most open in the world. This means that our economy is even less insulated than others from the trends in the world economy and the present crises has been felt particularly strongly in Canada in terms of high inflation, interest rates and unemployment. The Canadian government, like that of other industrialized nations, has been and continues to be under strong pressures to protect its industry

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