

Canadians. Chemicals are too important a part of our industrial cost structure for that to be feasible. Indeed, in the chemical tariff negotiated during the Kennedy Round and enacted by Parliament, this Government has clearly opted for a policy of only moderate protection for this industry. To put it more bluntly, we have clearly rejected the more protectionist policies which chemical companies affiliated with those in Canada have often managed to secure in other countries. That means, then, that if we are to have a substantial chemical industry in Canada -- and I have in mind particularly the prospects of developing a healthy petrochemical industry -- we shall have to have access on a reasonable basis to the markets of other countries for those products, which, given the advantages of location and access to materials, can be efficiently produced in Canada.

The alternative policies are ones that, personally, I find quite unattractive. One is simply to export raw materials and import finished products. That is the sort of policy which Canadians rejected 100 years ago. The second is to seek some sort of special preferential arrangement with some other larger market. Such a policy, of course, would conflict with our traditional multilateralism -- which I am sure is in the broad national interest, and would certainly have implications going beyond commercial policy. Furthermore, there is no disposition on the part of any such larger market to offer any special arrangement for Canadian products. Alternatively, we could embark on a policy of high protection for certain selected sectors of our economy. This, I think, would be unacceptable to Canadians if only for the reason that it imposes intolerable costs on those other Canadians that have no choice but to compete with their products in world markets. These are the sort of considerations which must be kept in mind as we try to evolve sound and workable commercial policies.

Let me revert to the more general subject of the role of manufacturing in our economy. I have several points to make. The first is merely to observe that, while the growth in exports of manufactured goods has been substantial, these exports often depend in some measure on various forms of special assistance by government, or the operation of certain non-commercial factors. Manufactured exports have, for example, particularly benefited from the facilities of the Export Development Corporation (and its predecessor, the Export Credit Insurance Corporation). There are, too, the special provisions of the Canada-United States Defence Production Sharing Arrangement under which a rough balance over time is required between purchases and sales and under which Canadian defence goods enter the United States duty-free. Manufacturing exports also reflect the fact that many less-developed countries frequently want our aid in the form of our most advanced capital equipment and that our aid program has been growing. Manufactured exports also benefit from the substantial tariff preferences which remain in Commonwealth countries such as Britain and Australia. And then, too, there are the exports under the Automotive Products Agreement. When you take these factors together, it is clear that a significant portion, perhaps more than a third, of our exports of more advanced manufactured products in the last few years have been exported with the help of certain special facilities or arrangements.

Secondly, I should like to observe that we must now give more careful scrutiny to the growing competition in the Canadian market from imports which may be subsidized or dumped or are artificially competitive in some other way.