

*The Budget—Mr. Sharp*

A tariffs and trade committee has been established, and has invited briefs from all Canadian interests concerned. There has already been a good response from Canadian interests, and briefs are coming in in volume. The Canadian business community is showing greater interest in these negotiations than in any previous negotiations, and I am certainly encouraged by the response we are receiving.

The committee is busy and the government is looking forward to having the benefit of its advice as the process of consultation, analysis and assessment goes forward. Later in the year a group will proceed to Geneva to negotiate in the Canadian interest, and we expect that through the actual negotiating stage necessary liaison with Canadian interests will be maintained through Ottawa.

Sometime during this debate reference was made to commonwealth trade. This was high on the agenda of the meeting of the commonwealth economic consultative committee I attended last May in London, on the eve of the GATT ministerial meeting, and at that time commonwealth ministers agreed on the continuing importance of commonwealth trade. They also agreed on the need for a general expansion of world trade and on the importance of this for all commonwealth countries.

Commonwealth countries generally have been playing an active role in the preparatory stages of the GATT trade negotiations. Whether they be developing countries, or chiefly agricultural exporters like New Zealand and Australia, or countries like Canada and the United Kingdom, each has made clear the important benefits for trade which they see possible through the Kennedy round, and there has been very strong support throughout the commonwealth for the forthcoming round of tariff negotiations.

As in the past, any major world trade negotiations involving substantial reductions in barriers to international trade will inevitably involve adjustments in the commonwealth preferences. To the extent, for example, that the United Kingdom reduces its most favoured nation rates, the margins of preference of commonwealth countries in access to the British market would be reduced. Similarly, a Canadian participation inevitably involves adjustments in preferences that, for example, the British are accorded in this market. While no detailed discussions have been held with the British government on this matter, we have been in touch and the two countries will be consulting closely throughout the negotiations with a view to ensuring that, whatever adjustments in the preferences may be necessary, they are worked out in consultation. Similarly, we

shall be in continuing close touch with the other commonwealth countries.

At the United Nations conference on trade and development, in which my colleague, the Secretary of State for External Affairs, participated, the question of extending new preferences and adjusting existing preferences is being actively studied as a possible means for assisting the less developed countries to improve their lot. It is important to understand that so far as our preferential arrangements with the less developed members of the commonwealth are concerned, criteria additional to considerations relating to Canada's trade directly with these countries will be brought to bear and may affect the future of these preferential arrangements.

Both my colleague, the Secretary of State for External Affairs, and I, have indicated to the house the sort of considerations that the government will be bearing in mind on this question of preferences.

Finally, Mr. Speaker, I would like to refer to the position of state-trading countries in relation to these international negotiations. As hon. members are aware, Canada has found some important and valuable markets within the Sino-Soviet bloc. There is every reason to believe that this area will continue to have substantial food import requirements that we should be in a position to supply. The framework for these commercial exchanges has generally been worked out through bilateral negotiations in which I had some participation, and in which, I understand, one of the ministers of the former government had also. It has so far not been found possible to bring state-trading countries into a multilateral trading framework.

One of the challenges of the future, as market economies seek to develop closer commercial ties with socialist planned economy countries, will be to see whether a broad and more or less continuing framework of multilateral trade can be developed, in which state-trading countries and the needs of market economies can be fitted together on a mutually satisfactory basis.

You will see, Mr. Speaker, from the problems I have discussed how difficult and complex a situation faces both the GATT conference, and the United Nations conference now in progress. The finding of the way through them will require patience as well as diligence. We should expect what appear to be delays and set-backs from time to time. This is in the nature of important world trade negotiations. However, I am encouraged by the progress that is being made, and look forward to the launching of the Kennedy round on May 4 next, and to the serious and worth-while negotiations that lie ahead. In them Canada will seek to play its full part.

[Mr. Sharp.]