

in processed forms. As resource industries are characterized by high levels of capital investment, advanced technology, large-scale production and often by multinational corporations, the sector approach would also allow developing countries to deal with problems arising from corporate and governmental policies affecting trade in these fields.

F) Low-cost imports

Action on tariffs does not necessarily answer problems of market disruption caused by low-cost imports, in certain sectors in which developing countries have already significant competitive advantages such as textiles.

The situation with regard to international trade in textiles is very difficult because of the restrictions maintained by a number of importing countries -- and we all know the pressures in the U.S.A. for more restrictive measures. In these circumstances, the relatively open Canadian market is rather inviting for suppliers who are constantly seeking out alternative markets.

This highly restrictive world environment has had a double impact on the Canadian industry. Firstly, the restrictions by other industrialized countries have led to increased pressures from "low-cost" competition on the relatively open Canadian market. Per capita, overall penetration by "low-cost" textile products is more than double the level reached in the U.S.A., and many times more than the degree of penetration in the countries of the EEC. Canada can hardly be accused of not having done its share to accommodate "low-cost" suppliers. Secondly, the tariffs of other countries have severely limited the access for Canadian textile and clothing exports, thus limiting the attainment of full competitive potential for the Canadian industry.

It is for this reason that some established Canadian sectors of the textile industry are particularly vulnerable and are being seriously damaged. Plants are often located in slow-growth areas, where Canada too has problems of industrial development.

In the recently-announced textile policy, I indicated that Canada is prepared, indeed anxious, in step with others, to move toward a more liberal international trade regime in textiles. In the meantime, however, Canada could not be expected to leave its established industry unreasonably exposed. In the current period, therefore, while Canada has not sought comprehensive limitations on textile exports to Canada, we have found it necessary to seek protective arrangements on a relatively narrow range of specific items.

We look forward to the transformation and restructuring of some of Canada's traditional industries into international viable industries, but this could only take place gradually. We've got to have the right mix of trade and industrial policies and we are moving in that direction.

In fields where we have already experienced problems of adjustment caused by low-cost imports, we must press other industrialized countries to do their share so that we can look ahead to a continuation of a progressive liberalization and orderly growth of international trade.