

APPENDIX "A"

REPORT BY EXTERNAL AFFAIRS MINISTER ON GENEVA TRADE CONFERENCE

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I know that the house would wish me to report on the results of the UN conference on trade and development which met in Geneva over the past twelve weeks and which ended yesterday.

The house will recall that this conference was called to consider how trade can play a greater part in the economic development of the less developed countries. If the pace of development in these countries is to gather sufficient momentum, they will need to increase their imports of capital goods and raw materials. These growing import requirements must be financed in large measure from their own export earnings. In actual fact, the less developed countries have experienced a continuing decline in their share of world trade and their export earnings have not provided them with resources commensurate with their import needs. It was to these problems that representatives of 119 countries addressed themselves in Geneva. I attended the opening ministerial session of this conference, and the statement which I made to the conference outlining the Canadian position on the issues involved has been tabled in the house.

The house will appreciate that these are complex and difficult problems for which solutions cannot be evolved at a single conference. What the conference has been able to do is to create greater understanding of the fundamental issues involved and to chart the course for future progress. A number of key issues emerged during the conference. One of these was the problem of how less developed countries could increase their export earnings from trade in primary commodities. Most of these countries are still dependent on a narrow range of commodities for a very large proportion of their export earnings. The conference has recommended a program of action designed to improve the terms of access to world markets for these products. It also agreed that new efforts must be made to arrive at international arrangements which would assure producers of primary commodities a more dependable source of export income.

Of course, as the house is aware, even the most effective international arrangements may

not be able to eliminate all fluctuations of commodity prices. Such fluctuations can disrupt development plans which, in the nature of things, must be based on longer term expectations of foreign exchange earnings. To help ensure that these plans can go forward without disruption, the world bank has been asked to study how these difficulties might be alleviated through new types of multi-lateral assistance.

The conference recognized that, however much the prospects for their traditional exports are improved, the less developed countries would come to depend increasingly on exports of the products of their new industries. This underlines the need for reductions in the barriers to world trade being made on a basis which will afford these countries the fullest possible opportunity of expanding their industrial exports. In the Kennedy round of tariff negotiations coming up in the GATT, industrialized countries will be expected to ensure that products of interest to the less developed countries are included within the scope of the negotiations without expecting full reciprocity from the less developed countries for benefits they may derive from these negotiations. As far as Canada is concerned, the likelihood of market disruption from imports of the less developed countries' manufactured goods would be lessened if there were freer access for these goods in the markets of the industrialized countries generally. There was, however, a difference of view on whether the industrialized countries should also grant tariff preferences to the less developed countries for their exports of manufactures. This difference was not resolved and the secretary general of the United Nations has been asked to arrange for further study of this difficult issue.

The conference acknowledged that, whatever part was played by trade, the international community would have to continue to support by means of aid the efforts of the less developed countries to accelerate their rates of growth. As the house is aware, the target of the current United Nations development decade is to enable these countries to achieve a minimum annual rate of growth of 5 per cent by 1970. In view of the rapid population