

OPENING SESSION OF "KENNEDY ROUND"

The following is the text of a statement made in the House of Commons on May 11 by Mr. Mitchell Sharp, the Minister of Trade and Commerce, as he tabled the official report adopted at the previous week's ministerial session of the "Kennedy round" of trade and tariff negotiations in Geneva:

I have just returned from the opening ministerial session of the "Kennedy round"... Let me deal briefly with the main decisions of the GATT meeting, particularly as they relate to Canada.

A CANADIAN GAIN

First, the trade negotiating committee explicitly recognized that Canada is a country with a trade and economic structure such that the simple across-the-board formula for tariff negotiations would not yield reciprocity of benefit. The procedures for our participation have been agreed. Canada will begin the negotiations by offering concessions equivalent in value to the trade and economic benefits we may expect to receive.

Second, for the main industrialized countries - including the United States, the European Common Market, Britain and Japan - the working hypothesis will be an across-the-board cut of 50 per cent in their tariffs.

Third, it has been agreed that the exchange of offers will be made on September 10.

Countries participating on the basis of across-the-board cuts will on that date notify the other negotiating countries of their list of exceptions to the general 50 per cent rule. Canada, on the other hand, will be starting from a positive list of offers of concessions. I confirmed that we are prepared to table our offer on the same date - September 10.

Fourth, it was decided that, for the countries participating on the basis of across-the-board cuts, exceptions are to be limited to a bare minimum required by overriding national importance.

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COMMODITIES BRANCH SUBDIVIDED

The Department of Trade and Commerce has announced the division of the former Commodities Branch into the Industrial Materials Branch and the Manufacturing Industries and Engineering Branch. This move is in response to the generally increased tempo of Canada's foreign-trade activities and attendant demands for specialized services in trade promotion and development.

There has been a marked increase in Canada's foreign trade. Of particular note has been the increase in engineering services, capital equipment, and manufactured-goods exports. In the past three years exports of manufactured products have increased by more than 50 per cent. Especially interesting has been the expansion of contracts abroad for capital equipment. Consulting engineers have also increased the scope and range of their activities in seeking foreign business.

UNRESOLVED QUESTIONS

As far as tariffs on industrial goods are concerned, these were the main decisions. The difficult question of disparities between tariff levels and how to deal with them is not yet resolved. Nor has satisfactory progress yet been achieved with respect to procedures for the negotiation of agricultural products: As Honourable Members will see when they read the report I have just tabled, the ministers confirmed that the negotiations shall provide for acceptable conditions of access to world markets for agricultural products. While detailed negotiations have already been initiated with respect to wheat and other grains, the general rules and procedures for agricultural negotiations have yet to be worked out. Canada and other agricultural exporting countries expressed in strong terms their concern with this lack of agreement as to the treatment to be applied to agricultural products, and it was agreed that the necessary rules and procedures shall be established at an early date.

On behalf of Canada, I expressed support for Poland's participation in the negotiations. It was agreed that it should be feasible to work out practical arrangements to this end, thus contributing, I believe, towards the solution of the problem of trade relations with state-trading countries.

On the whole, I believe this was a useful meeting. It committed the members of the GATT to a timetable and to a number of procedures that should facilitate the forthcoming negotiations. Needless to say, we did not resolve all our difficulties. Much remains to be accomplished even before September 10, and the subsequent negotiations themselves will probably last for many, many months beyond that date. Nor is this surprising, for never before has the world attempted such a far-reaching attack on international barriers to trade.

NEW NEEDS AND PROBLEMS

In the industrial-materials field there are the growing requirements of the business community for specialized services and attention to marketing. On the international scene there are problems both of scarcity and surplus, and others involving restrictive measures imposed or threatened by importing countries, as well as concern with stockpile disposals, international commodity agreements, etc. With the development of more favourable conditions of competition, Canadian firms supported by the trade-promotional programme of the Department are discovering new opportunities in markets abroad for raw materials, semi-fabrications and related products.

The Industrial Materials Branch will comprise the Chemicals Division, the Forest Products Division, and the Metals and Minerals Division. The Manufacturing Industries and Engineering Branch will comprise the Appliances and Commercial Machinery Division, the Engineering and Equipment Division, and the Textiles and Consumer Goods Division.