

## TARIFF PREFERENCES FOR DEVELOPING NATIONS

The Secretary of State for External Affairs, Mr. Mitchell Sharp, announced recently that Canada, with the other developed countries that are members of the Organization for Economic Co-operation and Development (OECD) and New Zealand, had submitted to the United Nations Conference on Trade and Development (UNCTAD) firm offers of tariff preferences for developing countries. The Canadian offer is substantially the same as the provisional offer submitted last November, which was outlined by Mr. C.M. Drury in the House of Commons on November 14, 1969. Its main features are:

(1) duty-free entry for imports from developing countries of a wide range of manufactured and semi-manufactured goods which at present are duty-free only if imported from countries entitled to the British preferential tariff;

(2) tariff reductions amounting to at least a third of the most-favoured-nation tariff rates on most other manufactured and semi-manufactured goods originating in developing countries;

(3) tariff reductions of varying magnitude, in many cases complete removal of the tariff, on a selected list of agricultural products of special interest to developing countries;

(4) no quantitative limitations on imports of goods eligible for preferences;

(5) goods which have not been wholly produced in a developing country would still qualify for preferences if a substantial percentage of the value of the goods was attributable to the industry of a developing country. Provided other preference-giving countries are prepared to adopt similar rules of origin, Canada would treat as "local content" the value of processing performed in any developing country instead of just that performed in the country of export.

The Canadian offer, like those of other pro-

spective preference-giving countries, also provides for safeguard procedures under which the preferences could be withdrawn from particular products if imports of those products caused, or threatened to cause, market disruption or serious injury to domestic producers. In the case of Canada, application of this clause at the beginning of the preference scheme will mean that a limited number of sensitive products — mainly textile products for which Canada has requested or negotiated export restraints with countries exporting them to Canada — will be excluded from preferences at the outset.

The Government is convinced that its offer will provide maximum trading advantages to the developing countries consistent with the need of Canadian industries for tariff protection. In revising its offer, Canada took into account, to the extent possible, the comments made by developing countries at a meeting of the UNCTAD Special Committee on Preferences in Geneva last April. In reviewing the specific requests made at that time, the Canadian Government was also able to confirm that a great many products of export interest to the developing countries already entered Canada free of duty on a most-favoured-nation basis.

The Canadian Government is fully aware of the importance the developing countries attach to early implementation of the new preference scheme, and will continue to participate constructively in international deliberations aimed at bringing this about. However, it will wish to ensure that the scheme does not place an undue burden on Canada. As the preference system evolves, the Canadian position will be that Canada is ready to move in concert with other countries so that the burden of adjustment to the reduced tariffs, and the impact on the imports and exports of preference-giving countries will be equitably distributed.

### CANADIAN FOREIGN POLICY AND THE THIRD WORLD

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recognized by them. We have abided by UN resolutions on the sale of arms to South Africa. We give important and growing development assistance to the neighbours of South Africa and Rhodesia. We are extending our diplomatic ties with those countries. Polymer is in process of divesting itself of the small investment it has in South Africa. We strictly observe the United Nations trade embargo of the illegal regime of Rhodesia. We took the lead in expressing our concern to Britain about the resumption of arms sales by that country to South Africa.

It has been suggested that Canada should also

cut off or discourage trade with South Africa because it practises *apartheid*. I suggest to you that this is a debatable proposition. In principle (and with the exception of sanctions approved by the UN) Canada does not refuse to trade with a nation because it disapproves of its form of government or finds some of the actions of its government repugnant or repulsive. From time to time we had been urged to do so by Canadians and foreigners who dislike regimes like those in Cuba, China and the Soviet Union, but we did not follow this advice, indeed we encouraged trade with those countries as a means of promoting contacts between our respective peoples and I believe the great majority of Canadians approved of the Government's position.

The nub of the matter is the purpose of cutting