

I turn first to our trade with the countries of the Sino-Soviet world. I regard this trade as important in political as well as economic terms. Of course, we do not export to these countries goods and materials which are classified as strategic and which could contribute to their overall military capacity. This is a sanction we apply over a limited field of our trade. We do so in concert and by agreement with our allies and I think this is a policy that is well understood by all concerned.

But leaving aside the special case of trade in strategic goods and materials, it is our considered view that trade with the countries of the Sino-Soviet world provides a useful means of enlarging the area of understanding and contact with them. Surely the advantages of such trade from the point of view of the free world are self-evident. It draws these countries into the mainstream of international exchanges. It makes it unnecessary for them to rely exclusively on goods and services from within the bloc and to that extent lessens their dependence on one another in other spheres. It promotes contacts between businessmen and technicians on both sides. It familiarizes the countries of the Sino-Soviet world with the economic practices and methods of the free world. All the evidence indicates that this has not been without effect in influencing economic doctrine and managerial techniques in those countries. And taking a very long view, is it not reasonable to assume that rising prosperity and the evolution of a technological society in the countries of the Sino-Soviet world will give these countries a more firmly vested interest in international co-operation as such? Because the interdependence of interest which we have all come to acknowledge is not something that stops short of any national boundary in the world today.

I have referred to the political implications of our trade with the countries of the Sino-Soviet world because I think it is important that they should be understood. But, of course, our trade with these countries is not being conducted for political reasons. It is being conducted, as all trade is, for reasons of mutual benefit. On the Canadian side, that trade has taken the form largely of grain exports. Over the past decade we have exported to these countries some 700 million bushels of wheat and flour at a total value of nearly \$1.5 billion. More than half this amount has been exported in the past three crop years. I anticipate that the basis of our trade will be broadened as time goes by. This will depend, in part, on more general solutions being found for the problems that arise in trade between free market and centrally planned economies. Work on these problems is going forward both in GATT and in the United Nations framework. I am sure that, given the trend towards a more significant participation of countries with centrally planned economies in world trade, solutions to these problems will not elude us.

I would like next to say something about trade with the developing countries. These countries are engaged in long range efforts to advance their economic growth, to transform the structure of their economies, and to improve the standards of living of their peoples. They are doing all this against great odds. While they recognize that the major responsibility is theirs, they also realize that the success of their efforts will depend on an appropriate degree of international co-operation.