

What I mean by this is that we are bound to look for those opportunities where a significant tariff adjustment in the markets of the great economic entities would provide us with the opportunity to move out of the confines of our small national markets and produce and sell on the same continental or intercontinental scale as do the industries of the United States and the European Community.

The Canada-United States Automotive Products Agreement was one essay in such a policy. We realized that to improve the efficiency of our industry we had to make a smaller range of car parts and a smaller range of vehicles. This could only be done if we had free entry to a mass market; for these products and for this industry, this meant the market of the United States. At the same time, we were prepared to provide free entry in our market - albeit with some conditions and limitations for an initial period.

The Automotive Products Agreement is working well from the point of view of both our countries, and I am satisfied that it has done no harm to the trade of any other country. It is a striking example of what can be achieved by a realistic selective approach to trade policy.

It is, I think, most important to understand two points. First, that the form of the automotive agreement - by which I mean the conditions we attached to free entry in Canada, and the understandings reached with each company - was peculiar to this industry. For other products, other arrangements. Second - for this industry it was free entry into the market of the United States which was essential for Canada. For other products, free entry elsewhere may be equally important.

Let me take an example. One broad sector for which there is obvious scope for a greater international division of labour is forest products - lumber, wood products, pulp and paper. But the great expansion of markets for these products will not be confined to North America. Much of it will be in Europe and Japan. A purely bilateral trade arrangement between Canada and the United States in this sector would be second best to a tariff arrangement involving all the industrial countries of the free world. Canada and the United States would both gain much more from a multilateral than from a bilateral arrangement.

Let me give another example. I believe that for all industrialized economies it would make a great deal of sense to provide for the free movement of basic materials - for example, nickel, aluminum, lead and zinc, and a variety of chemicals. I should like to see all the free world move to free trade in these products in a concerted fashion. We should all gain.

What does all this mean for future trade policy? It means, I believe, that legislatures must be bold and must be prepared to back up their governments in negotiations, not just to reduce tariffs by formulae but to eliminate them where that is a part of a sensible pattern.

I should not wish the remarks I have just made about possible trade policies for the future to imply any lack of Canadian support for the "Kennedy round" of trade negotiations. Canada is participating actively in these negotiations and I am still confident that they will be substantially successful. But it is not too early to look ahead to the next stage of the continuing campaign for freer trade.