

We are also affected by the general world trading environment. In fact, world trade has been growing at a very rapid pace over the period since the Second World War. Since 1948 alone, the volume of world trade has tripled. What is more, over the past decade or so, world trade has been growing at a faster rate than world production. This is the result, in part, of a trend towards increasing specialization and interdependence between the major trading nations. The agreement which Canada signed only last month with the United States, covering trade in automobiles and parts, is an excellent example of this trend. We expect it to result in increased production, increased employment and increased trade in both directions.

But the growth of world trade has also been substantially helped by the lowering of tariff barriers and the gradual dismantling of other restrictions on trade. In this process, GATT has played a major part. Its contribution to the freeing of world trade has been twofold. First, it has sponsored successive rounds of tariff negotiations which, cumulatively, have had the effect of reducing world tariff levels by a very substantial margin. Second, GATT has been responsible for drawing up and policing a code of trade rules which, I am sure, has been of benefit to all trading nations by ensuring that trade is conducted in an orderly and predictable frame of reference.

At this very moment a new round of tariff negotiations is in progress in Geneva. This is the so-called "Kennedy round", named after the late President to whose farsighted initiative it owes its origins. The objectives of the "Kennedy round" are more sweeping than those of any previous tariff negotiation. It aims at an across-the-board reduction of 50 per cent in the tariffs of the major trading countries. Its mandate extends to tariff as well as non-tariff barriers, to trade in manufactures as well as to trade in agricultural products. In short, it holds out the prospect of a fresh and substantial advance towards greater freedom in world trade.

Canada is actively participating in these negotiations. It has been recognized by our trading partners that it would not be appropriate for Canada to make its contribution to these negotiations in the form of a linear cut in our tariffs. This is because a Canadian contribution in that form would not -- in view of the particular pattern of our production and trade -- result in a balance of advantage from our point of view. But we have made it clear that we intend to pay fully and fairly for any concessions we receive. We have as much interest as any other trading nation in the successful outcome of these negotiations. The closer they come to achieving their maximum objective, the better will be our access to Canada's major markets and the more we shall benefit from the competitive advantages that economies of scale and specialization will give to our exports.

In this city and to this audience I hardly need to stress the very great importance of our continental trade with the United States, which accounts for about two-thirds of our total imports and over half of our total exports. These figures speak for themselves. But they do not detract from -- indeed, they serve to underline -- our continuing interest in cultivating Canadian trade across the seas. It is to some aspects of that trade which are of particular concern to me as Secretary of State for External Affairs that I would now like to turn.