

I described our role in attempting to strengthen international commodity agreements for sugar, coffee and cocoa and our proposal at the GATT for a concerted move by industrialized countries to provide free entry on tropical products. While this objective was not achieved, a start has been made and in Canada we have eliminated tariffs on several of these products and reduced others substantially. I alluded to our special interest in the countries of the Commonwealth Caribbean.

The problems faced at UNCTAD are complex and difficult. The idea of tariff preferences for developing countries will probably receive support in principle, but great care must be taken in setting up any preferential scheme to ensure broadly equivalent opportunities to all developing countries and take into account the effect which such preferences may have on the exports of third countries. The impact of preferential imports should also be fairly spread amongst the developed countries.

Canada's Trade Position

Turning to the domestic scene, I am happy to note before this Council the achievement by a good margin of our centennial year export target of \$11½ billion. Canadian exports for 1967 were \$11.4 billion - more than \$1 billion above the \$10.3-billion level achieved in 1966.

The 11 percent increase was in line with the export growth trend of the previous five years, and was particularly creditable in light of an early year slowdown in the U.S. economy and the slower tempo of activity in Europe.

Canadian imports also rose in 1967 - by some eight per cent - but the even sharper rise in exports resulted in an increase in our trade surplus from \$½ billion to more than \$½ billion.

This year's export target of \$12.3 billion calls for a further \$900-million increase over 1967. While a little less than the actual increase achieved last year, this nevertheless presents a tough challenge to Canadian exporters.

A major positive factor in the outlook is increased business tempo compared to a year ago in both the United States and Germany.

On the other hand, the Japanese economy, though still moving ahead, is losing some of its momentum. We cannot reasonably expect to duplicate last year's huge 40 percent increase in our exports to that market.

Devaluation has meant stiffer competition in Britain, here and elsewhere for Canadian products that compete with goods made in Britain or in other countries which devalued. However, the bulk of our products sold in Britain have not been adversely affected by devaluation. Thus, total exports to Britain may hold close to the levels which have prevailed since 1964.