

government purchasing directives that seem to quite effectively block sales of our manufactured goods to government or quasi-government agencies in Europe and elsewhere. This is an area of policy where the United States and Canada are being criticized and the criticism, not surprisingly, is coming from those who enforce highly restrictive policies by administrative direction and guidance which is difficult to identify but effective enough in practice.

Another area I have in mind is the pressures exercised in different countries by various legal devices, by laws about the establishment of foreign enterprises, by tax provisions, by foreign-exchange controls, which limit the right of foreign enterprises to invest abroad. These are restrictions to trade because, particularly for highly-manufactured goods, trade follows investment. I think, too, that, now that tariff barriers are being significantly trimmed away between industrialized countries, many problems will arise out of differences in taxing policies -- and there is bound to be more pressure for some measure of tax harmonization.

You might well ask what sort of time scale does all this envisage? Obviously we are not going to embark on our post-Kennedy policy on July 1 next. All of the governments which negotiated these new agreements have the task of implementing them, and that will take time.

Immediately, too, we shall want to see what changes are impending in the shape of Europe. Prime Minister Wilson has made clear what he hopes that shape will be. Just what the organized negotiating response of the EEC will prove to be is not yet clear. I, for one, shall not join in the game of trying to interpret the press conference of the President of France. But, clearly, the outcome is important not only for Europe but for North America too. If Britain does join the Common Market, we stand to lose our preferred position in the United Kingdom market and, for many products, to face tariff preferences against our goods. But we do stand to gain from the greater economic strength of a Britain in Europe, and of a greater Europe.

In policy terms, this raises the problem of safeguarding our essential interests in the United Kingdom market to the extent that safeguards are possible, and it may also raise the question of what becomes of the tariff preferences we accord to United Kingdom goods in this market. The contractual character of these preferential tariff rates will be changed should Britain join the EEC, and some revision of our tariff schedules, no doubt involving negotiations with our trading partners, will consequently become possible, if not indeed necessary.

What I have been talking about so far is essentially how I see trade policy issues as related to Canada's own hard commercial interests. This, as I've made clear, involves finding ways to improve significantly our prospects in the markets of other industrialized countries around the North Atlantic and the North Pacific. But I should be failing in my responsibility as a Canadian if I did not recognize that one of the most difficult -- perhaps most intractable -- policy issues of the next decade is how we industrialized peoples can help the developing nations increase their earnings from trade. They must trade more with us, for neither we nor they want them to live by aid alone.