

of African and Mediterranean countries. There are serious risks that the eventual accession of Britain to the EEC will lead to similar discriminatory arrangements with many Commonwealth developing countries. Trade discrimination along hemispheric lines would lead to a polarization of the world into economic blocs with their economic spheres of influence. This kind of arrangement, which could result in old-time protectionism within wider borders, will inevitably generate resentment and political confrontation between trading blocs. Developing countries should be aware of these dangers to international trade and consequently to themselves.

B) Freer access through MFN liberalization

It is Canada's conviction that it would be in the long-term interest of the smaller trading nations, both developed and developing alike, to open up new markets for industrial products of developing countries on the basis of equal opportunity for all. The erosion of basic trading rules through discriminatory arrangements could only benefit the strong rather than the weak.

We are concerned about current protectionist pressures in the U.S.A., since it takes about one-fifth of developing country exports. A shift toward more protectionism would have substantial negative effects on the economies of the Third World and would lead to pressure on countries like Canada to take more or to go the same way (pressure is twofold).

Another major source of great concern arises from the negotiations for EEC enlargement. Unless such a powerful trading bloc in Europe adopts an outward-looking attitude, particularly with respect to its Common Agricultural Policy, it could have substantial adverse effects on the interest of third-country suppliers of agricultural products, developed and developing alike.

C) Tariff preferences

Trading conditions should be further substantially improved as a result of the institution of a temporary and non-reciprocal "generalized preference scheme" of tariff preferences for manufactured and semi-manufactured goods of developing countries in the markets of all Western industrialized countries. As we see it, such a scheme should facilitate an expansion of trade and not create an obstacle to further trade liberalization on a multilateral basis, and this is being done by being temporary.

The offer of tariff preferences which Canada recently submitted to UNCTAD should provide maximum trading advantages to developing countries consistent with the objectives of Canadian industrial policy.

Under this offer, Canada is prepared to extend tariff reductions equivalent to the lower of either the British preferences or one-third off the MFN rates for manufactures and semi-manufactures except for a limited list of sensitive low-cost products. Tariff reductions of varying magnitude are also offered on a selected list (45 tariff items) of agricultural products of special interest to developing countries.