

Canadian Trade Policy

second most important country in the western world from the point of view of economics, Germany, and Japan, will be effectively locked out from many of these markets, I repeat that they will attempt to get a larger share of the American market. But they will find all kinds of protectionist sentiment there.

So, Mr. Speaker, I think this debate is worth while if it highlights this type of thing, that the international economy is at a turning point and there is no way that Canada should go except toward freer trade, not free trade, and that we should plainly enunciate that as our position as a nation, not only for our own survival but for the survival of the free world.

Mr. Hugh A. Anderson (Comox-Alberni): Mr. Speaker, I should like to bring to the attention of members of the House that from July 3, 1975, to April 6, 1976, a sub-committee for international development held 30 meetings and heard a number of witnesses, including Mr. Joe Morris, President of the Canadian Labour Congress, Mr. Maurice Strong, Ambassador Mills from Jamaica, John Turner, Professor Brecher from McGill University, and Professor Sabourin from the University of Ottawa regarding international trade and Canada's position in respect of the developing nations. We have discussed many aspects of trade and I should like to bring to the attention of the House some of the conclusions reached by this committee which was composed of members of all parties and which reached a unanimous position regarding its report.

Regarding the lowering of barriers to trade the committee stated:

Determined international action will be needed if the developing countries are to obtain a fair share of the world's industrial activity and reverse the unacceptable trend in which they have a declining share of global trade in manufactured goods. Barriers to their products in the rich markets of the industrial world are among the principal causes for this situation and the reduction and removal of these barriers must be high priorities.

The committee also stated:

The expansion of trade opportunities for developing countries in manufactured and semi-manufactured products will bring substantial benefits to Canadian consumers, in terms of lower prices on a wide range of goods. However, it will also involve major adjustments in Canada and elsewhere. If properly managed, this process will support and complement the kind of economic re-orientation which Canada must undergo in any event (as the recent work of the Economic Council of Canada has argued). This kind of adjustment will, over time, benefit Canadian workers as well as the many millions of unemployed and underemployed people in the developing world.

Then we have the following paragraph in the committee's report:

One of the principal points emerging from the sub-committee's work was the need for predictability and reliability in the access which developing country producers enjoy in world markets. If there is to be a constant danger that exporters achieving any success in penetrating new markets will suddenly be confronted with new obstacles in the form of tariffs, non-tariff barriers, or quotas, this undermines the incentive for developing countries to make the tremendous effort and investment required to launch new export industries.

Regarding multilateral trade negotiations the committee recommended:

Concerted multilateral action to reduce existing tariff and non-tariff barriers is an essential means of expanding the trade opportunities of the developing countries. Yet the process of the Multilateral Trade Negotiations is a slow and

[Mr. Hogan.]

complex one, and the special trade concerns of developing countries do not appear to receive adequate priority.

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This is especially true since the existing tariff system is specifically loaded against the developing countries in two important respects. First, the types of goods on which tariffs typically remain highest are those of principal interest to developing countries; and second, tariffs escalate markedly on processed or manufactured goods in contrast with the relatively low rates which apply to the raw materials from which they are produced. Canada clearly shares an interest with the developing countries in eliminating this tariff escalation, and Canada's own sectoral approach in the trade negotiations is designed to attack the escalation problem.

I know my time is very limited, Mr. Speaker, but I should like to discuss also the committee's report on adjustment assistance. The benefits of trade liberalization to the developing countries and, in the long run, to the Canadian economy, should not be allowed to obscure the fact that it will involve tough new competition for certain Canadian industries. Canadian industry is, of course, already highly competitive in many areas, and can be made more so in others. In some sectors where Canada cannot become economically competitive, there still may be sound reasons for maintaining a residual industrial capacity. But it must be recognized that some Canadian industries will have to be radically reorganized and some will probably have to be abandoned.

One of the principal themes of the subcommittee's evidence has therefore been the need for greatly expanded and improved schemes of adjustment assistance to help workers, industries, and localities most affected by low cost competition from developing countries to shift to new, more productive activities.

I should also like to read the subcommittee's recommendation that an early start be made on serious and extensive schemes in certain sectors, and that intensive planning should begin now to prepare for the more comprehensive adjustment challenges which will certainly arise from the multilateral trade negotiations. One of the first steps must be a serious and realistic study of which industries are threatened, of which can and should specialize in more competitive activities, and of which show no realistic prospect of survival without massive protection.

I have one or two minutes left and if I may I should like to conclude by commenting on the general economic climate in Canada and abroad. It is generally recognized that Canada's economy is highly dependent upon the growth rate of the major industrialized countries in the OECD, and particularly that of the United States. In this connection it should be recognized that while the economies of the major OECD countries have recovered from the worst recession of the post-war world, the recovery has as yet been moderate and is now showing some hesitancy. The OECD secretariat's mid-year outlook forecast that real GNP growth in the 24 member nations would slow to an annual rate of about 4½ per cent in the second half of 1976, after rising at 6½ per cent in the first half.