

In Canada we are aware that the trading world which we have known since the end of the War is in the process of fundamental change. New patterns of trade and economic relations are now developing.

The European Economic Community is already a trading entity comparable in market size and industrial strength to that of Canada's largest trading partner, the U.S.A. The coming enlargement of the Community will place additional pressures on established trading patterns. Special arrangements already in being or in prospect between the European Community and other countries or groups of countries are placing particular strains on established trading relations. Moreover special preferential deals threaten to erode the MFN (most-favoured-nation) principle, which has been the foundation of postwar trade co-operation.

Countries like Canada are bound to be specially aware of the danger of polarization in world trading arrangements. As I have said, Canada is a major trading nation, with important stakes in all parts of the world. Our geographical position and our trading patterns mean that we cannot see ourselves as fitting into any particular economic group. We believe that a truly multilateral trading system best serves the interests of all countries, irrespective of their size or of their relations with major trading units.

For this reason, we attach particular importance to achieving further liberalization of international trade on a multilateral basis. In view of increasing protectionist pressures throughout the world, there is now a very real danger of our losing the ground we have gained with such great difficulty. No country benefits from backsliding of this kind.

There are problems about sitting down now at the negotiating table. But I would suggest to you that there is important preparatory work that needs to be done. In the GATT considerable work has already been done in identifying specific impediments to trade both in the industrial and in the agricultural sectors. Detailed examination is now going forward of possible solutions to some of these problems.

It is for these reasons that Canada supports the Secretary-General's proposals, including his proposal for a study group on the problems of trade liberalization.