

*Supply—Industry*

under the auspices of the GATT. The negotiations covered all classes of products and dealt not only with tariffs but also with non-tariff barriers. To give some idea of the scope of the negotiations, there were more than 50 countries participating in them, including all the major trading countries and some 30 of the so-called developing countries.

The major participating countries are making tariff cuts on 70 per cent of their dutiable industrial imports, of which some two-thirds will be reductions of 50 per cent or more. Under the most favoured nation principle of the General Agreement on Tariffs and Trade these concessions are automatically and unconditionally being extended to all GATT members.

The most important long term benefits for the Canadian economy are the across the board reductions being made by the principal industrial countries in the manufactured goods sector. The 50 per cent reductions being made for a wide range of goods in this area will result in final rates of 10 per cent or less for a very wide range of manufactured products.

Canada is a relatively small supplier of manufactured goods on the world markets. Therefore we see that already there has been a marked growth in Canadian exports of fully manufactured products in recent years. As a matter of fact exports of such products have risen from 14 per cent to 34 per cent of the total Canadian export trade. To look at this in another way, exports of fully manufactured goods have grown at a rate nearly five times faster than that of total exports.

While the Kennedy round tariff reductions will substantially assist in expanding trade in products now being exported, they will also encourage Canadian producers to look into the possibilities of exporting goods which hitherto may have sold only in domestic markets. This twofold expansion of trade is important for several reasons. While our traditional resource-based industries will remain an important factor in our export trade, the increase in trade in these products would not provide for the amount of expansion required in our over-all trade to sustain our economy at viable levels. Therefore we must concentrate on the manufactured goods sector, which is the fastest growing sector in world trade. Expansion in this sector and in the service industries will have to provide the employment opportunities for our rapidly growing labour force.

[*Translation*]

I would now like, Mr. Chairman, to make a few brief remarks about the Kennedy round as a whole. Those negotiations are the sixth of the great tariff negotiations which took place under GATT since its interim application in 1947. They were also the most important trade negotiations held until then—if one considers the number of participating countries, the value of the trade operations that will be affected by those agreements and the consequences of the tariff reductions.

The negotiations covered all types of industrial and agricultural products and dealt not only with customs tariffs but also with some non-tariff problems. It was agreed that, as much as possible, and subject to general reciprocity, the tariff negotiations would tend to realize uniform or general linear reductions of 50 per cent.

Obviously, Mr. Chairman, the advantages arising from the tremendous scope of the Kennedy Round have a decisive and lasting effect on Canadian exporters as a whole. As the export trade accounts for—as I just said in English—20 per cent of the total Canadian production, these negotiations will have a great impact on the whole economy, provided the Canadian export industry is in a position to avail itself of the opportunities offered in the coming years.

It is in the manufactured goods sector that the tariff reductions are most striking and most important. It is the sector that offers the greatest possibilities for the expansion of the export trade. The adjustment assistance program will be available for a specialization and a restructuration of the Canadian industry which will be essential if manufactured goods are benefit by an easier access to export markets.

Mr. Chairman, may I refer for a few moments to that program. Maybe we have heard too much about what is wrong with the Kennedy Round, and not enough about what we have done here, in Canada, to promote the export of products covered by the Kennedy Round.

Mr. Chairman, the adjustment program comprises three parts.

First, the underwriting by the government of an important part of the risk of loss which the industrial assistance loans granted by private lenders involves; secondly, in exceptional cases, direct loans granted by the government to companies disadvantaged or in danger to be seriously disadvantaged because of the reductions of the Canadian tariff and