actual cereal surpluses in developing countries, especially if they succeed in raising the nutritional levels of their own people. The definition of a surplus in a developing country needs to be more carefully spelled out.

According to the Indicative World Plan, production growth between now and 1985 will have to increase 50 percent faster than previously – an annual increase of about 4 per cent in place of the annual 2.7 percent increase in the decade up to 1966.

LIMITATIONS OF SELF-SUFFICIENCY

It is apparent that, for most developing countries, a higher degree of self-sufficiency is necessary both for food reasons and for balance-of-payment reasons. However, we should caution against an undue emphasis on self-sufficiency. It is important that the highly-populated developing countries should place high priority on agricultural development and continue to expand agricultural production. At the same time, we feel that few of the developing nations, and none of the developed, should become enamored of the virtue of producing all their food at home. It often may, in fact, be more economical to import a commodity than to devote resources to relatively inefficient domestic production. There are real differences in climate, soil and structural conditions that lead to real differences among regions in their comparative production advantage, and thus we feel that, perhaps more than most other economic activities, agriculture lends itself to trade.

We thus find ourselves in agreement with both the IWP and the Director-General when he says that developed countries "will have to reverse their own drive towards self-sufficiency in many agricultural products, and will have to considerably relax their protectionist policies". Co-operative efforts of both developing and developed countries will be needed to ensure a satisfactory growth of agricultural exports....

Our reliance on foreign markets is great (40 per cent of farm cash income compared to 15 per cent in the United States), and any measures which further impede the flow of our farm products to international markets could have serious effects on the Canadian economy and on the incomes and adjustments required of Canadian farmers. Part of our concern arises from a realization that, once efficient farmers are driven out of production, their skills are lost to agriculture and, in the long run, total world food supplies may be lowered. Indeed, it may often be the efficient farmer who leaves the industry when faced with highly-subsidized competition. The efficient farmer may have the resources to adjust; the inefficient farmer may not.

It is in this context that we view with concern the stagnation in international trade and difficulties that have arisen in international markets and which appear likely to be with us for some time unless some solutions can be found. We see a proliferation of domestic protective and support measures which cannot help but have subsequent repercussions on trade. Surpluses are again being generated, export subsidies are widespread – even to the extent that, on occasion, the subsidy is greater than the market value of the product itself. Free access to some markets that were once open to all exporters is gradually being eroded. We in Canada have seen growing self-sufficiency in some of our traditional markets reduce the needs for our farm products; we have lost traditional markets as a result of subsidized exports from competitors; and in our own domestic market our producers of some products have been faced with market disruptions as a result of very low-priced imports, which may be subsidized too.

ROLE OF OTHER INTERNATIONAL BODIES

A similar story is, of course, not new to most of the delegates here. Attention is being directed to these problems in other international forums, such as the GATT and OECD and UNCTAD. Canada is actively participating in these efforts to gain freer access to world markets for the agricultural products of developed and developing countries alike. I should like to see a move in all countries towards producing what each can best produce. Despite increasing pressures from our own producers for added protection, Canada retains a relatively open market with restrictions on the import of only a few agricultural commodities and with a generally low tariff level. Canada has increased the value of its imports of agricultural commodities from $813 million in 1961 to $1,092 million in 1968, an increase of 34 per cent. During the same period, our agricultural exports increased by only 17 per cent. However, we are aware that the export problems facing developing nations are numerous. The export subsidies of the developed countries, by substantially reducing world prices, hurt not only countries like Canada but also developing countries. At the same time, developing countries should recognize that some of their own policies, such as taxing exports, have harmful effects on those countries' export sales....

For the developing countries the transformation of a traditional and largely subsistence agriculture into a dynamic, commercial farming system requires a complex of institutional, technical and economic changes, some of which may be difficult, and even unpalatable, to some sectors in these countries.

For the developed countries there continues to be a growing need to adjust policies to the market situation at home and abroad in order to bring production and market outlets into alignment. High support prices and, in turn, high food prices tend to reduce consumer demand in a country. With the deterioration of the international world market, the cost of support mechanisms to maintain prices on the domestic market is increasing, and in some cases at an accelerated rate. If appropriate measures are not taken in the near future, the imbalances are likely to grow to such an extent that the problems will be even

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