

*Supply—Trade and Commerce*

responsible for the over-all percentage increase in this trade. Other important commodities shipped were nickel, flaxseed, asbestos, copper and aluminum.

Our principal imports from Europe were industrial machinery, rolling mill products, automobiles and electrical apparatus. The largest percentage increase in our purchases occurred in the iron and steel category, with some items being up as much as 40 per cent to 60 per cent.

Important developments have been taking place in Europe which undoubtedly will affect our trade. My colleague the Minister of Finance has already indicated some of the government's views with respect to the European common market. Canada enjoys friendly and mutually beneficial trading relationships with each of the six countries of the common market. We will make every effort to continue them. We have every sympathy with the broad objectives of these European plans. We are hopeful that our trade with the countries concerned will greatly benefit. However, we know that this depends basically on the character and direction of the trade policies which will be followed by the six countries, and on the nature of the detailed arrangements which will be made under the common market.

We are concerned about many features of these arrangements as presently envisaged and will continue our efforts to obtain firm assurances and safeguards for Canadian export trade. The European common market is still in the process of developing its policies and its institutions, and much remains to be done to establish full co-operation between that group and the rest of the trading world. In this connection, some encouraging progress has recently been made in the detailed discussion of this step being conducted by GATT. Agreement has been reached between the six countries of the common market and their other trading partners that the multilateral procedures and arrangements of GATT should be used for joint consultation between them, and for the solution of practical trade problems that may arise.

As for the proposed European free trade area, it is our understanding that the negotiating countries are expecting to reach some concrete agreement by the end of this year. We have welcomed the firm undertaking given by the United Kingdom that commonwealth agricultural interests in the United Kingdom market will be fully safeguarded. The government will continue to give constant attention to the current negotiations in Europe.

No review of Canada's trade relations would be complete without a special reference to

Japan. Japan is one of Canada's major export markets and trading partners. Last year the Japanese purchased \$139 million worth of Canadian goods, principally bulk foodstuffs. The most important commodities were wheat, \$54 million; barley, \$14 million; flaxseed, \$11 million; and wood pulp, \$11 million. The total purchases were 9 per cent greater than in 1956.

On the import side, Canada's purchases from Japan were worth \$62 million, only slightly greater than in 1956. Clothing, pipes, tubes and fittings, canned fish and cotton fabrics were the leading items. Under our commercial agreement with Japan a number of our most important exports are granted non-discriminatory treatment with respect to import licencing. This means that while many of our other exports still face dollar restrictions in Japan, these products which form the bulk of our trade are assured an equality of access on a competitive basis in the Japanese market.

Like Canada, Japan must export to live. We know that Japanese authorities and exporters are keenly conscious of the need to develop their sales in our market on an orderly and mutually acceptable basis. We are appreciative of the efforts they have been making in this regard. We are very much aware of the importance of our trade with Japan, and have every intention of continuing to develop our cordial relations with that country.

Another area where we have important trade interests is Latin America. Many of the countries in that area are in the process of rapid economic development and are in need of the kinds of products and materials with which we can supply them. In common with other countries in the same stage of economic development, including many of the new commonwealth nations, they are anxious to see greater stability in world commodity markets. We are sympathetic toward these desires and are conscious of the serious problems raised.

I would add that our trade relations with Latin American countries are close and friendly, and are based on mutual confidence and good will. Latin America is a market of great promise. Our exports to the area last year increased by 27 per cent, more than to any other major trading area. The total export sales amounted to \$225 million and included a high percentage of partially or fully manufactured items. The leading exports were newsprint, \$27 million; ships, \$27 million; industrial machinery, \$15 million; synthetic plastic materials, \$11 million; wheat flour, \$10 million; and locomotives, \$10 million. Our imports from Latin America are mainly crude petroleum and were valued at