



CANADA

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CANADA AND THE KENNEDY ROUND

The Kennedy Round of trade negotiations held under the General Agreement on Tariffs and Trade in Geneva began on May 4, 1964, and was substantially concluded on May 17, 1967. Formal signing of the agreements took place on June 30, 1967.

Over 50 countries, including all the major trading nations and about 30 of the less-developed countries, participated in these negotiations. As in all previous multilateral negotiations under GATT, the Kennedy Round was conducted on the basis of the most-favoured-nation principle. Thus, all tariff and trade concessions granted by any country are automatically and unconditionally extended to all other participating countries.

CANADIAN DELEGATION

The Canadian delegation, made up of representatives from the Departments of External Affairs, Trade and Commerce, Finance, Industry, National Revenue, Energy, Mines and Resources and Agriculture, was under the leadership of Mr. Sydney Pierce, Canada's chief negotiator, who had previously served as Ambassador to Belgium and to the European Economic Communities. Mr. Norman Robertson, a former Under-Secretary of State for External Affairs, headed the delegation in the initial stage of the negotiations, before his retirement from full-time public service to assume a university position. Mr. Hector B. McKinnon, formerly Chairman of the Tariff Board, served as special adviser to the delegation on tariffs and trade.

The tariff cuts agreed to in the Kennedy Round will be implemented by the signatory countries not earlier than January 1968 and will, in many cases, be phased in five steps over a period of four years.

MAIN FEATURES

The main features of the Kennedy Round agreements are:

(1) Unprecedented and far-reaching tariff reductions covering a wide range of industrial and manufactured goods in the main trading nations. Extensive tariff cuts have also been agreed on by many countries in agriculture and fisheries. In most cases, the tariff cuts in Canada's major export markets are of the order of 50 per cent from present levels. In addition, the United States made use of its authority to remove duties on items where rates of duty were 5 per cent or less.

(2) Conclusion of a new basic agreement on wheat and grains, setting significantly higher minimum and maximum prices for wheat and establishing a multilateral food-aid programme of 4.5 million tons a year, with contributions from both importing and exporting countries.

(3) Conclusion of a new anti-dumping code, elaborating detailed rules and procedures for the administration of anti-dumping regulations by the main trading countries.

(4) Special measures to reduce tariffs on products of particular interest to less-developed countries without requiring full reciprocity from such countries.

PRICE RANGE

Of primary interest to Canada, particularly to the Western wheat producers, is the agreement reached on a higher price-range for wheat, which reflects the changing conditions over the period since the 1962 International Wheat Agreement was signed. The new price range involves a 21 per cent a bushel increase

in both the minimum and maximum price for No. 1 Northern (Manitoba 1) over the current IWA price range which expires on July 31.

CANADIAN EXPORTS

For Canada, the achievements of the Kennedy Round will mean easier access to markets abroad for the goods it already exports. They will also open up important new opportunities where Canada is not yet a competitive world supplier. In the area of secondary manufactures, where the opportunities for rationalization and specialization may be open to Canadian producers only if export markets are readily available, the fact that the average level of tariffs for manufactured goods in such markets as the United States and the EEC will be below 10 per cent when the results of the Kennedy Round are implemented will be particularly important.

In current trade terms, including wheat, over \$3-billion worth of Canadian exports stand to benefit from the negotiations. The scope of the agreement is such that producers and exporters in all regions of the country and in nearly all industries, whether they be in agriculture, fisheries, forest products, mining or manufacturing, should be able to benefit from the improved trading opportunities that will be available.

UNITED STATES

Canada's most important negotiations in the Kennedy Round were with the United States. The United States will make tariff reductions, or eliminate duties, on \$1.92 billion of Canadian exports in 1966 terms.

The United States will be eliminating duties which are now 5 per cent or less on \$557.6 million of Canadian exports. Of this amount, \$387.1 million is in the lumber and paper sector, \$91.5 million in fisheries products, \$28.6 million in agriculture, and \$50.4 million in other products.

The categories affected are agriculture, fisheries, forestry, wood manufactures, paper, chemicals, iron and steel, textiles, non-metallic minerals, other metals and manufactured goods.

United States tariffs on a further \$1,060 million of Canadian trade will be reduced by 50 per cent. Smaller reductions apply to \$298.3 million. In addition, and not included in the figure of total reductions above, the United States has confirmed the present temporary free entry for nickel (\$175.5 million) and has made 50 per cent reductions in the legal tariff rates on \$105.6-million worth of Canadian exports now entering the United States free of duty under temporary rate suspensions. (The most important item in this category is copper, amounting to \$86.5 million.)

The United States has also bound free items under which Canadian exports were worth \$45.8 million. Free entry for these products had previously been unbound.

EEC COUNTRIES

In addition to wheat, covered by the agreement on cereals, Canadian exports of which in 1966 totalled \$144 million, the results of the Kennedy Round will

include tariff reductions in the EEC for many products of interest to Canadian exporters. In 1966 terms, some \$160-million worth of Canadian exports will be subject to reductions averaging about 30 per cent of present levels. Reductions of 50 per cent apply to \$37 million of this total, with smaller reductions applicable to the balance.

The categories affected are agriculture and fisheries, forest products, iron and steel, textiles and furs, chemicals, non-ferrous metals and metal products and manufactured goods.

BRITAIN

In earlier GATT negotiations and in the Kennedy Round it was accepted that the main purpose was to reduce barriers to trade through reductions in the levels of most-favoured-nation tariffs, and that in this process there would be some erosion of the various preferential tariff systems applicable among several groups of countries in the GATT.

During the Kennedy Round, Britain and Canada maintained close consultation on matters of mutual concern.

About 95 per cent of Canadian exports to Britain enter free of duty. The terms of entry for these products will not be changed by the Kennedy Round. For those on which preferential protective duties apply, Britain will be making proportionate reductions.

Some 60 per cent of Canadian exports to Britain enter free of duty from all countries, both preferential and most-favoured-nation suppliers. For these products, the relative terms of entry remain unchanged. In addition, the EFTA countries, which are important suppliers to the British market in certain sectors, (for example, forest products, of particular interest to Canada) already have free entry into Britain for industrial products.

Britain will be making reductions, generally 50 per cent, on the MFN duties applicable to much of the remaining trade. In a few cases, the MFN rates will be eliminated: soya beans 5 per cent, and rough lumber less than 1 per cent. However, for most items of Canadian trade interest now subject to MFN duties, significant preferences for Canadian products will remain.

JAPAN

The principal Canadian export interest in Japan is wheat, which accounted for \$90 million out of total dutiable Canadian exports of \$177 million. Japan has agreed to the memorandum of agreement on cereals negotiated in the Kennedy Round.

In other dutiable products, Japan will be making reductions affecting exports from Canada in 1966 of about \$35 million.

Because it did not join the GATT until 1955, Japan has had fewer tariff items bound in its GATT schedule than other major trading countries. The effect of Japanese participation in the Kennedy Round will be that a large proportion of Japanese tariff rates will now be bound. In implementing the Kennedy Round results, Japan will also be binding free entry for a large number of items currently free but unbound. Canadian trade in these items is about \$55 million.

CANADA CELEBRATES ITS HUNDREDTH BIRTHDAY

At noon on July 1, a salute of 100 guns — one for each year since the birth of a federated Canada in 1867 — was fired from Ottawa's Nepean Point, which faces the Parliament Buildings across the Rideau Canal.

Canada's hundredth birthday was marked by a series of events that included an interfaith service on Parliament Hill, attended by Queen Elizabeth and Prince Philip, and an address by Her Majesty to (an unprecedented) sitting of both Houses of Parliament.

A DAY FOR CHILDREN

During the morning, the Confederation Train, which had arrived in Ottawa shortly after midnight on June 30, was opened to visitors at the capital's new railway station. A parade of children, led by Bobby Gimby, the composer of the centennial song CA-NA-DA, took place from Rideau Hall, the residence of the Governor General, to Parliament Hill. In the early afternoon, during a brief visit to a children's birthday party on Parliament Hill, the Queen made the first cut in a huge symbolic birthday-cake. The portion cut by Her Majesty was real cake; the rest was a plywood structure. Next on the royal schedule for the afternoon was a musical event for teenagers, billed as a "Royal Hullabaloo", held at Lansdowne Park, Ottawa's sports centre.

During the remainder of the day, the Queen and Prince Philip visited Ottawa's City Hall, attended a folk arts concert on Parliament Hill and, from stands on Nepean Point, viewed a command performance of the centennial "Son et lumière" display.

CANADA-TURKEY AGREEMENT

Recently, in a ceremony in Ottawa, attended by the Secretary of State for External Affairs, Mr. Paul Martin, the Minister of Trade and Commerce, Mr. Robert Winters, and His Excellency Mahmet Baydur, the Ambassador of Turkey, an agreement was signed between Canada and Turkey to finance telecommunications equipment worth \$24.5 million for the use of Turkey.

The financing covers the purchase of Canadian telecommunications equipment, design and engineering services, from Northern Electric Company, Limited, of Montreal. The contract will include 202,400 lines of switching equipment and 190,000 telephone sets and network cables.

The Turkish Department of Post, Telegraph and Telephone needs the equipment to modernize and expand its internal communications system in and around the cities of Ankara, Istanbul and Ismir — a high-priority project in Turkey's five-year plan of social and economic development.

The agreements, which fulfill Canada's pledge to assist Turkey's economic and industrial development under the consortium established by the Organization for Economic Co-operation and Development, were arranged through Canada's External Aid Office and the Export Credits Insurance Corporation.

PRIME MINISTER'S MESSAGE

Prime Minister L.B. Pearson made the following Dominion Day message to the nation:

"This day the one-hundredth anniversary of the beginning of our Confederation, this day our centennial birthday, belongs to every Canadian.

"Those of us whose privilege it is to represent in public office the people of this country will play our formal roles in the pageants of this historic day.

"But the history and the heritage we celebrate are the possession of all Canadians, whatever our origin, whatever our occupation, wherever we live and work.

"Every one of you, and every Canadian before you, has had some part, however humble and unsung, in building the magnificent national structure of Confederation that we honour and salute today.

"As the world, to survive the nuclear future, must become a community of peace for all mankind, so must our country be a true homeland for all Canadians as it moves into its second century.

"The Fathers of Confederation, and those who followed them, have built a strong foundation for this Canadian home.

"As we begin our second 100 years, we must continue the work of furnishing it so that it will fulfill the hopes and aspirations of all our people for a good life.

"This is a memorable day for Canada.

"Ours is a good land. Our centennial resolve must be to make it better for our children and our children's children.

"God bless our country."

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MEDICAL SUPPLIES TO INDIA

A C-130 *Hercules* transport aircraft of the Canadian Armed Forces recently carried some 2,000 pounds of medical supplies from Canada to the State of Bihar in Eastern India, as the result of a personal appeal by Dr. Lotta Hitschmanova, executive director of the Unitarian Service Committee of Canada. Dr. Hitschmanova approached the Minister of National Defence, Mr. Paul Hellyer, who arranged the airlift to coincide with an around-the-world training flight.

The supplies, which include vitamins, sulphur, injections and ointments, as well as bandages and syringes, were donated by 60 Canadian manufacturers approached by the Unitarian Service Committee.

ECOSOC DELEGATES

The Secretary of State for External Affairs, Mr. Paul Martin, announced recently that Mr. Marvin Gelber would lead the Canadian delegation at the forty-third session of the Economic and Social Council of the United Nations, meeting in Geneva from July 11 to August 5. Mr. Gelber was Canada's representative on ECOSOC in 1965 and has also been National President of the United Nations Association in

Canada. The alternate representatives will be Mr. Jean-Louis Delisle, permanent representative-designate of Canada to the Office of the United Nations in Geneva, and Mr. John O. Parry, Deputy Head of the United Nations Division, Department of External Affairs. The delegation will also include advisers from Ottawa and from permanent missions of Canada to the United Nations in Geneva and New York.

Canada's current three-year term on the 27-member Council will end on December 31, 1967. Canada has served three previous terms on the Council since its inception in 1946.

CANADIAN CITIZENSHIP

Certificates of Canadian citizenship were granted to 60,852 persons during 1966, compared to 63,844 certificates granted in 1965. The largest number of certificates granted in any recent year was 95,462 in 1957. Between 1957 and 1966, 1,311,587 persons immigrated to Canada, while 701,200 persons who had formerly owed allegiance to other countries became Canadian citizens; this is slightly more than one naturalization for every two arrivals.

Ontario, the province receiving 55 per cent of all immigrants to Canada in 1966, was the province of residence for 32,573 or 53 per cent of the persons naturalized during that year. Quebec's proportion of immigrants was 20 per cent and of naturalizations 18 per cent. Prairie residents accounted for 14 per cent of the naturalizations, while the Prairies received almost 10 per cent of the immigrants. British Columbia's share of both was about 13 per cent. The Atlantic Provinces received 2.2 per cent of the immigrants and had 1.8 per cent of the naturalizations.

FORMER NATIONALITIES

Former citizens of British Commonwealth countries received 12,697, or 21 per cent of all Canadian citizenship certificates granted in 1966. Former citizens of Italy accounted for 10,048 citizenships, or 17 per cent. Following in terms of Canadian citizenships granted, were former citizens of Germany 7,845, The Netherlands 5,700, Greece 2,985, Poland 2,917 and Yugoslavia 2,884.

MONTREAL FILM FESTIVAL

From 12 to 15 world premières will be presented at this year's Montreal International Film Festival, which is to be staged at Expo Theatre from August 4 to 18 as part of Expo 67's World Festival of Entertainment.

Mr. Rock Demers, director of the Festival, has spent the past two and a half months travelling through 21 countries to select the best films produced this year for presentation at the Festival. He says that both he and his assistant Mr. Robert

Daudelin, who also spent two months abroad screening films, are enthusiastic about this year's productions and expect to present a spectacular programme this summer.

About 170 feature films and about 160 shorts were screened in the countries visited: Algeria, Austria, Belgium, Bulgaria, Czechoslovakia, Britain, France, the Federal Republic of Germany, Greece, The Netherlands, Hungary, India, Italy, Japan, Poland, Portugal, Romania, Spain, Sweden, the U.S.S.R. and Yugoslavia.

NWT-ONTARIO STUDENT EXCHANGE

An exchange programme will bring this month 24 Eskimo schoolchildren from settlements in the Eastern Arctic to Southern Canada and 24 students from Toronto to Baker Lake, 1,000 miles north of Winnipeg, in the heart of the Keewatin District. The exchange, which was arranged by the Centennial Commission in co-operation with the government of the Northwest Territories, is part of the centennial Federal-Provincial Youth Travellers programme for 1967.

While the Toronto youngsters hike across the tundra, collect arctic flowers and insects, eat caribou meat and bannock and dance to the music of a rock'n roll group known as the "Harpoons", the Eskimo youngsters will enjoy the sights and sounds of Expo '67 and Montreal.

The Eskimo students, whose ages are from 14 to 16, will be escorted south by teachers from Chesterfield Inlet on the west coast of Hudson Bay. A second group, from the Mackenzie District will visit Expo with teachers from the Sir Alexander Mackenzie School at Inuvik, NWT.

Under various programmes, nearly 200 Eskimo children will see southern Canada for the first time during this centennial summer.

BIRTHS, MARRIAGES AND DEATHS

Births recorded in provincial offices in Canada during May numbered 35,034, up 5.7 per cent from the May 1966 total of 33,126. This brought the five-month total to 158,585, a decrease of 3.5 per cent from 1966's January-May total of 164,385. Five provinces reported increases during the month and four during the cumulative period.

May marriages numbered 12,590 in 1967 compared to 11,067 last year. The cumulative total of 45,519 was 11.4 percent higher than last year's May total of 40,845.

There were 12,979 deaths during May compared to 12,653 in May 1966. During the January-May period the death-rate was down 3.6 per cent, to 62,748 from 65,111.

QUEEN ELIZABETH AT EXPO '67

On July 3, Queen Elizabeth and Prince Philip arrived in Montreal from Kingston, Ontario, aboard the royal yacht *Britannia* to visit Expo '67. The royal couple had driven to Kingston from Ottawa where, since June 29, they had been taking part in combined centennial and Dominion Day celebrations.

At Expo, the Queen and Prince Philip toured the British pavilion and several of the Canadian pavilions.

PM'S ADDRESS

At a lunch in the "Canada" pavilion, Prime Minister Pearson welcomed the royal couple in the following words:

"I should like to welcome you, Your Majesty and Prince Philip, to Expo, in the presence of some of those who made it possible: the Prime Minister of Quebec, whose government is going to pay part of the cost; the Mayor of Montreal, whose irresistible imagination and dynamic energy made the whole thing possible in the first place; the Commissioner-General, His Excellency Pierre Dupuy, and his chief associates who have faced and overcome every obstacle in the conversion of a dream into reality. I wish *all* those who planned and worked beyond the call of duty, so that Expo might be finished on time - I wish they could all be here today to receive our thanks.

"I read the other day that Expo was an achievement in human excellence perhaps unmatched in history. The writer then went on to leap verbally from superlative to hyperbole, without exaggerating anything. We Canadians are famous for our modesty and restraint - a factual people, given to sombre and sometimes satirical self-analysis. No wonder we get a little unbalanced by exposure to this psychedelic experience of Expo and other exciting centennial achievements.

A-POWER BOOSTS ECONOMY

Major contracts awarded in May by Ontario Hydro for its nuclear power station at Pickering included a fuel order worth more than \$9 million.

Canadian General Electric Company Limited will manufacture the estimated 420 tons of natural uranium for the initial loading of Pickering's four reactors. Deliveries begin next May. Atomic Energy of Canada Limited is acting as consulting engineer on this giant station, which is being built 20 miles from Toronto.

Chase Brass and Copper Company will provide coolant tubes for the first two reactors at a cost of nearly \$2.5 million, while General Gear Limited of Toronto will provide nearly \$2-million worth of end-fitting assemblies. A contract to Bingham Pump Company of British Columbia for pumps and motor assemblies is worth nearly \$900,000, while Crane Canada Limited of Rexdale, Ontario, has received a \$500,000-order for 16 headers for the first two units. The headers collect coolant from or distribute it to the reactors.

"One of the most welcome features of our centennial year is the friendly interest being shown in Canada by observers from abroad. It is becoming apparent to the world - at last - that we are not merely an arctic extension of the United States. It has been most refreshing to have *outsiders* analyzing us for a change, instead of subjecting ourselves to introspective self-examination of our national psyche. A London journalist even went so far as to admit that Canada now existed not merely as a fact but also as an idea and an ideal.

"Certainly, there could be no more dramatic and impressive expression of the idea and the ideal of the Canadianism we celebrate today, than here at Expo...."

CANADA'S EXAMPLE

In her reply, the Queen called Expo "a fantastic creation", a fitting climax to 100 years of progress. "Today," she said, "so many nations, and the whole of the international society, seek to create a cohesiveness which both respects and unites the multiplicity of their internal divergencies. This transformation is sometimes painful. Canadians have discovered how much of generosity and political imagination it requires. They have learned that the greatness of any country or group is to be found in what it gives the world. It seems to me that it is in that direction that Canada will be great - not by its power, but by its giving, by its radiance, by its example...."

After lunch, in brilliant sunshine, the royal couple took an unscheduled ride on the mini-round the site, to the delight of thousands of Expo visitors who were able to get a closer view of Her Majesty.

Pickering's four reactors are scheduled to go into service, one a year, from 1970 to 1973 inclusive, at 540,000 kilowatts each. The total capital cost of the station is estimated at \$528 million.

GIFT OF MOBILE CLASSROOMS

Under "Project 100", a programme launched last year by the Centennial Committee of British Columbia, students in the province will give mobile education units to the developing countries of the Commonwealth. Voluntary contributions will be used to equip mobile classrooms with books, filmstrips, audio-visual aids and laboratory equipment, at a cost of \$15,000 each.

The first unit will tour British Columbia in September before being shipped to Guyana aboard a bauxite-ore carrier; other units are destined for Tanzania, India, Pakistan, Zambia and Hong Kong,

and more will be sent if the funds exceed \$90,000. Donations are still being received and will be accepted until November.

STUDENT SALUTE

The provision of mobile educational research centres is a salute by all students of British Columbia to the students of Commonwealth countries who do not have the same educational advantages as those offered in Canada, said one official. "This is," he declared, "a most significant gesture in Confederation year."

CANADA AND THE KENNEDY ROUND

(Continued from P. 2)

CANADIAN CONCESSIONS

Canada undertook to offer concessions equivalent in terms of their impact on trade to those offered to Canada by other participants, rather than offering uniform percentage cuts in the Canadian rates of duty. These concessions cover about \$2.5 billion-worth of imports, of which almost \$2 billion come from the United States. The Government also made use of this opportunity to simplify and improve the general pattern and structure of the Canadian tariff. The result is a greater degree of uniformity of rates among different products at each level of processing, together with a smoothing-down to some of the higher rates in the tariff.

The reductions affect virtually every sector of the Canadian tariff. They will help to reduce costs for Canadian consumers. They will also benefit other users of the great variety of goods affected. These users include manufacturers, service industries and primary producers.

Apart from a few sectors (such as textiles and footwear), rates of duty higher than 20 per cent *ad valorem* will now be exceptional. Rates of duty on final manufactures will generally be in the order of 17.5 per cent to 20 per cent compared to typical levels of 22.5 per cent to 25 per cent at present. Duties on production machinery and other producers'

equipment will generally be 15 per cent. For intermediate products, rates will range downward from 15 per cent, while many basic materials will be free or close to free.

Canada will be providing free entry for a number of tropical products and tariff reductions (often 50 per cent or more) on a number of others. These products are of special interest to the less-developed countries.

In temperate agricultural products, Canada and the United States exchanged a range of tariff concessions. A number of these involve reciprocal free entry. Many of the agricultural concessions, together with reductions of duties on processed food products will be of direct benefit to the Canadian consumer.

There will be substantial reductions in Canadian duties on fish, including prepared and canned fish, in exchange for major improvements in Canada's access to the United States for these products and concessions in other markets.

In forest products, Canada is also gaining major benefits in the principal markets. In return, there will be important reductions in the Canadian tariff on lumber and paper.

There will also be substantial reductions in the duties on non-ferrous metals and their products, in Canada as well as in other countries. There are reductions on a range of iron and steel products.

The reductions made by the negotiating countries in textiles were generally smaller than in other products. In conjunction with the Kennedy Round, the long-term arrangement on cotton textiles was renewed for a further period of three years. (This arrangement permits importing countries to request exporting countries to restrain their sales in the event of market disruption.)

There are also reductions of duties in most other parts of the Canadian tariff. Some examples are motor vehicles and their parts, electrical and electronic apparatus, leather and rubber products, furniture, watches, cameras, musical instruments and toys.

As Canadian industry adjusts itself over the next few years to these tariff changes and to the new opportunities opening up in foreign markets, we can expect to see more efficient production, greater specialization and a more effective use of our resources.