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CANADA'S TRADE WITH THE COMMONWEALTH CARIBBEAN

Partial Text of a Speech by the Minister of Trade and Commerce, Mr. Robert H. Winters, to the Halifax Board of Trade, February 27, 1967.

...I particularly want on this occasion to say a few words about Canada's trade and economic relations with the Commonwealth Caribbean countries. Here in the Atlantic Provinces there has been, since the earliest times, a special affinity for and interest in the Commonwealth Caribbean. This historic relation has strengthened over the years. The economic and political development of Canada and the Commonwealth Caribbean countries has led to the broadening and deepening of the contacts and co-operation between us.

Many Commonwealth Caribbean countries have in recent years achieved full or partial political independence. Economic development programmes have led to rapid expansion in the area. Secondary industry has been encouraged by various investment schemes. Tourism has expanded rapidly. There has been an extensive development of supporting services: roads, airports, ports, communications and transportation, educational facilities. Resource developments continue to be a most important stimulant, particularly in Jamaica, Guyana and Trinidad. Standards of living in the West Indies have increased substantially.

National production has been increasing in many Commonwealth Caribbean countries at a faster rate than even in Canada. Between 1954 and 1964 our national production has doubled but that of Trinidad and Jamaica has increased by two and one-half times. Those countries are moving ahead rapidly.

This industrialization has affected Canadian exports in many ways. The growth of industry in the West Indies has led to the need for increasingly advanced industrial material and capital equipment. Industrialization is leading to higher standards of living and to expansion of imports of consumer goods and foodstuffs. It has led to greater participation by Canadians in many service fields, such as engineering, architecture and science, where our knowledge and experience is needed. I want to stress that our business relations with the Commonwealth Caribbean cover the whole spectrum of economic activity and that there is in this relationship much of mutual profit to the Commonwealth Caribbean and ourselves.

The development of Canadian exports has reflected the profound economic changes taking place. Canadian exports to the area amounted to \$100 million in 1966. This is the first time this level has ever been achieved. We registered gains last year in exports of many products, including meats, canned sardines and herring, tobacco, machinery, steel products, electrical equipment, mining machinery and pharmaceuticals.

Canada has an important share of the West Indies import markets, averaging some 10 per cent in 1966. Our share of these markets had been declining in recent years. However, this trend has now been halted. We are now doing much better there and I am confident that we can continue to do so.

It is also in our interest to see the West Indies do well in their exports to Canada. We are a major market for their goods. Canada takes one-third of Guyana's exports, one-fifth of Jamaica's and one-tenth of Barbados's. The bulk of this is accounted for by sugar, bauxite and alumina. However, there has been a substantial diversification in recent years into newer products such as fruit juices, cocoa, essential oils, liquors, and even manufactured products such as clothing and sporting goods.

The further strengthening and development of these ties is one of our top priorities in the trade field - a priority which I know enjoys the broad support of all Canadians. The conference of prime ministers in Ottawa last July made a major contribution to this objective.

We are looking to an updating of the 1925 trade agreement to facilitate expansion of trade in both directions. We are looking to increasing Canadian co-operation and participation in the economic development of the Commonwealth Caribbean. We have substantially increased our aid programme to the West Indies. On a per capita basis, Canada's aid to these countries now exceeds that to any other area. There is already a good deal of private Canadian investment in the West Indies and I am confident that this will continue to grow in the future. I don't believe they have any undue objections to foreign capital.

We agreed to carry the work of the conference forward by examining more fully a number of specific aspects of our trade and economic relations. In this connection a joint study is under way with respect to shipping. If trade between Canada and the Commonwealth Caribbean is to grow and prosper, it is essential that we have adequate shipping services and competitive rates.

On the export side, we need to come to grips with the problems posed for Canadian exporters in adjusting to the industrial development programmes and changing import needs of the Commonwealth Caribbean. With respect to Canadian imports from the region, special attention is being given to the possibilities of reviving the banana trade. The Canadian import community seems receptive to the idea of obtaining some of Canada's import requirements of bananas from the Commonwealth Caribbean. It is clear, however, that the Caribbean countries themselves will need to be able to assure a continuing supply on a competitive basis both price-wise and quality-wise.

Certainly, the Canadian market and the growth in this market are such that it should be possible to find room for Commonwealth Caribbean bananas without in any way prejudicing established trading interests.

The trade in sugar between Canada and the Commonwealth Caribbean has been and continues to be of great importance. This item touches the heart of our trading relations more than any other. Canada relies on the Commonwealth Caribbean for something like 30 per cent of our sugar import requirements. In turn, our Commonwealth Caribbean friends market about 20 per cent of their total sugar exports on the Canadian market.

This important trade has been built up within the framework of the preferential tariff arrangements. Under normal competitive conditions, Canada has thereby enjoyed an assured source of supply for a large part of its sugar requirements. In turn, the Commonwealth Caribbean countries have found in Canada a preferential market where they have been able to realize a return on sales substantially above the price on the free market.

Unfortunately, we have all too often encountered abnormal conditions in the international sugar situation. Several years ago, there was serious concern in Canada about the excessively high prices for sugar. Canadians were paying an all-time record price of over 18½ cents a pound for raw sugar. Now, three years later, the international price for sugar has reached an all-time low. This is not a satisfactory situation for anyone. There is clearly a real need for an effective international sugar agreement which would give greater stability, would yield a more remunerative return to producers without being unfair to consumers and encourage increased international trade in sugar to the benefit of both exporting and importing countries.

We have been hearing a good deal in recent weeks and months about sugar. Canadian sugar refiners have been free to buy raw sugar on world markets and there are several countries which can and do produce sugar cheaper than the Commonwealth Caribbean countries. To hold even their present share of our market, these countries have had to lower prices - sometimes below costs of production - and our Caribbean friends have accordingly been seriously concerned over the low price they have realized in their sales to Canada. There is no doubt that the situation would be even more serious from their point of view if they did not benefit from the tariff preference of \$1.00 a hundredweight which has been accorded since 1898.

We are in the process of working out an arrangement whereby we might overcome the remaining tariff impediment of some 29 cents a cwt on the traditional volume of their sales. However, I hope to be able to announce the details of this arrangement soon. All of this is designed to do what we can to help the West Indies maintain their position in the Canadian market and to realize a higher return on their sales to the Canadian refiners, while, at the same time, maintaining our open market for sugar.

In pursuit of this objective, Canada's sugar policy, in the present world market situation, has been to work actively for the negotiation of an effective international sugar agreement. It is our intention to work for an

agreement that will yield a remunerative return to sugar-producers and a fair price to sugar-consumers. In this connection, we fully agree that the present world market price is too low. We are prepared, with other importing and exporting countries, to work for an agreement that will protect a realistic minimum price for sugar and to ensure that such a price should not be undermined by imports from countries which do not choose to join in a new international sugar agreement. We are willing, with other countries, to undertake access commitments to ensure that imports maintain their position in the Canadian market and share in its growth.

I do not pretend that the working out of an effective international sugar agreement would be easy. There are many difficult and complex problems to be resolved. We are of the view, however, that the convening of a negotiating conference is overdue. We are ready to join actively and constructively in a negotiation looking to the working-out of an agreement that will bring about a greater degree of stability, yield fairer returns on exports of the producers and will maintain an expanding market for sugar for all those developing countries who depend importantly on this commodity for their economic well-being.

The relation between Canada and the Commonwealth Caribbean is developing in the context of an increasingly interdependent world. The Commonwealth Caribbean has important stakes in its trade and economic relations with the United Kingdom, the United States and many other countries all over the globe. This is equally true for Canada. Our purpose is to exploit to the full the opportunities that exist for closer collaboration between us within the world trading community.

Nowhere is there a greater desire to foster and reinforce these historic ties than in the Atlantic Provinces. For us whose horizons are as broad as the world, the countries of the Commonwealth Caribbean are near neighbours. Exports to the West Indies have for close to two centuries been an important factor in the development of our regional economy. I am confident that the businessmen of these provinces will continue to play a major role in the expansion of Canada's trade with the Commonwealth Caribbean in the years ahead.

Expo '67 in Montreal will give Canadians an opportunity to become better acquainted with our friends in the Commonwealth Caribbean and their achievements. Jamaica, the largest among the countries of the Commonwealth Caribbean, will have its own pavilion. Trinidad, Tobago and Grenada have teamed up to build a joint pavilion, as also have Barbados and Guyana. Visitors to these three Commonwealth Caribbean pavilions will be able to learn a great deal about the history of the islands and their folk music, painting and sculpture, as well as the progress they are making in the economic field. They will also experience the warmth and hospitality typical of the Commonwealth Caribbean which has made it a vacation-ground for increasing numbers of Canadians every year, as many of us know....