



CANADA

STATEMENTS AND SPEECHES

INFORMATION DIVISION

DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

No. 64/3

The UN Conference on Trade and Development

Statement by the Secretary of State for External Affairs,
the Honourable Paul Martin, to the United Nations Conference
on Trade and Development in Geneva, March 24, 1964.

...We are faced today with one of the great opportunities of the twentieth century. Throughout the world, governments and peoples expect this meeting to make definite progress towards a goal which each nation shares - the greater welfare of its people. We must never lose sight, in the long and complex debate, of the urgency of our responsibilities.

All of us recognize that this is an historic conference. It is unprecedented in the breadth of participation and the nature of its objectives. The ability of our United Nations to respond to the needs of member countries is once again being tested. In recent weeks the United Nations and its member governments have been preoccupied with the organization's peace-keeping role - and specifically with the critical situation in Cyprus. During this crisis, Canadians have, as our Prime Minister has said, been proud to play their full part once again. Mr. President, Canada can also be counted on to respond in those areas which are the objectives of this conference. We recognize that prosperity and stability are indivisibly linked.

Since its foundation, the United Nations has played an important and constructive role in the vital sector of economic and trade co-operation among nations. Member countries have joined together to dismantle the barriers to world trade with the aim of ensuring the best use of the world's resources and raising the living standards of the world's peoples. In the interests of expanding world trade, rules have been fashioned as safeguards against the restrictive and discriminatory practices of the past. The General Agreement on Tariffs and Trade, the International Monetary Fund, the International Bank and other United Nations institutions were set up to buttress the new framework of world trading relationships. This new and more liberal trade system has brought benefits to all the countries of the world. No country is more indebted to these accomplishments than my own, which is so vitally dependent on foreign trade. Canada supports the preservation and development of the basic trade rules and institutions which have been fashioned over the past two decades.

Economic Effort of New Countries

A great co-operative endeavour over the past two decades has been the economic development of new countries and countries seeking to reach new economic and social goals. The United Nations and its Agencies have not only aroused world support for these efforts, but have also given us many of the tools to work with. Massive resources have been transferred by way of aid directly and through international agencies to reinforce even greater efforts of the developing countries themselves. That the efforts of these countries are bound to be paramount was emphasized yesterday in your speech, Mr. President, when you pointed out that, in this "endeavour for rapid economic growth to offset the increase in population and to keep up with the development trends in advanced countries, the developing countries bear the main responsibility for their economic and social progress". The same point was made by the present Prime Minister of Canada some years ago when he was speaking of the role of external aid. He went on, however, to develop this point in the following way:

"The fact that external aid may often be marginal does not, however, make it unimportant. Many a garment might unravel if it were not for the hem. In much the same way, the fabric of economic and social life in many of these countries is strengthened by the function which outside assistance performs and by the evidence which it brings of widespread interest, sympathy and support."

Canada's Aid Effort

Since the war Canada has made substantial contributions to international development efforts. From the start, Canada actively encouraged the formation of United Nations programmes and we backed up our support with substantial contributions. We were among the founding members of the Colombo Plan in 1950 and since then we have annually transferred Canadian resources to countries in South and Southeast Asia, and more recently to Africa and countries in the Caribbean area. Through Canadian and United Nations programmes we have provided substantial development resources, by far the greater part of which has been on a grant basis requiring no repayment.

The Canadian aid effort is part of a broad co-operative endeavour to hasten economic and social progress throughout the world. My Government recognizes both the new sense of urgency behind this endeavour and the growing determination to achieve development goals. We have, therefore, decided to increase Canada's economic aid by more than one-half. Our expanded effort includes a new programme of long-term loans on liberal terms. We expect our aid expenditures during the next twelve months to reach \$180 to \$190 million.

Adding Another Dimension

Until recently, the main emphasis in international arrangements has been to promote economic development through financial and technical assistance. We must now add another dimension to the great effort to support economic development. We must examine how trade can make a fuller contribution. The developing countries are rightly seeking through trade expansion to accelerate their economic development and to raise their living standards. World trade is

still too much fettered by restrictions, high tariffs, trade discrimination and other barriers. The terms of trade have deteriorated for exporters of raw materials and foodstuffs. These basic products, moreover, are subject to sudden and unforeseen price fluctuations which can result in serious setbacks for development plans and for the efforts of producing countries. The developing countries are rightly seeking to diversify their economies, to create soundly based processing and manufacturing industries and to sell the products of these industries in the markets of the world. Their efforts deserve and require the encouragement of advanced countries. All of these countries represented here today stand to gain by increases in the productive capacity and prosperity of the less-developed world. As I see it, the task before this conference should be the establishment of a framework of world trade in which developing countries can achieve a satisfactory rate of economic growth and improved standards of living.

To achieve all these objectives will not be easy and will require adjustments and fresh efforts by all of us. Our task will be eased if we work together and share in the inevitable adjustments. By acting together within the United Nations, we can create in all our countries conditions and the political will necessary for progress. Indeed, the only way to move forward effectively is by joint action.

Mr. President, the issues before this conference have been ably analysed in the report presented by the Secretary-General, Dr. Raul Prebisch. His report presents us with many challenging proposals. I should like to take this opportunity to pay tribute to the distinguished services which he has already rendered to this conference.

My Government - and I am sure each of the governments represented here - has given most serious thought to the issues facing this conference. Each of us will be making a contribution to the consideration of these problems in the days ahead. It may be helpful if I were to outline at this preliminary stage in a more specific way the Canadian approach on how these objectives can best be attained.

Canada's Approach

First, Canada will work with other developed countries in eliminating, wherever practicable, tariffs and other restrictions which obstruct trade in tropical foodstuffs and industrial raw materials traditionally exported by developing countries. The new round of tariff negotiations coming up in the GATT, known as the "Kennedy round", will complement this conference. These negotiations should reduce or eliminate barriers to many important exports from developing countries. To free world trade in food and raw materials would be a major accomplishment, from which all countries in the world will benefit. At present, Canada has no quantitative restrictions on imports of products of interest to developing countries, and our tariffs on tropical products and raw materials are generally low or have been removed altogether; we have no internal taxes inhibiting the consumption of these products.

Canada has been a party to all major commodity agreements concluded since the end of the last war. We have always been prepared to explore with other countries the possibility of other agreements on a commodity by commodity basis. However, it would not be in the interest of the developing countries to encourage unduly high prices for primary commodities. High prices are likely to generate unsaleable surpluses by stimulating production and reducing consumption through the use of natural or synthetic substitutes.

Canada will work with the developing countries and others in trying to improve the conditions of world trade for temperate agricultural products. Agricultural protectionism in certain developed countries has been growing; it is tending to increase uneconomic production in these countries. It has curtailed the markets of efficient suppliers in developed and developing countries alike.

Canada had advocated that, in the forthcoming "Kennedy round" of tariff and trade negotiations, developed countries should ensure that products of interest to developing countries, including manufactured goods and semi-processed materials, are included in the scope of negotiations. As has been recognized in the GATT, this should be done without expecting full reciprocity from developing countries for benefits they may derive from these negotiations. We are hopeful also that successful negotiations of reduction of tariffs on semi-processed materials will go a long way to reducing differentials between tariffs on raw and processed commodities which have created problems for developing countries.

Canada strongly supports a general removal of quantitative restrictions now impeding imports into developed countries of manufactured goods from developing countries. It has been noted that exports of manufactures by developing countries are of limited variety and are exported in volume to only a few markets. Developing countries need the greatest possible freedom of access to the widest number of markets if they are to establish a diversified and expanding industrial structure. The likelihood of market disruption would be lessened if these exports were less unevenly distributed among developed countries through the establishment of more uniformly favourable conditions of access.

While Canada is approaching the question of preferences with caution, we should be prepared to consider proposals for the exchange of regional tariff preferences among developing countries for a limited period and under conditions which took reasonable account of the interests of outside countries.

Canada would be prepared, during the course of the "Kennedy round" of tariff negotiations, to examine carefully any tariff preferences now enjoyed by Canada in the markets of the developing countries which may be regarded as prejudicial to the trade of other developing countries.

Canada recognizes that development plans and efforts may be prejudiced by adverse changes in the terms of trade or by other occurrences beyond the control of developing countries. Accordingly, we supported the recent decision of the International Monetary Fund to increase its help to countries suffering from temporary declines in export receipts. As regards longer-term declines, we are prepared to join with others at this conference in studying ways of improving bilateral aid programmes and relating them more closely to the changing economic and trading circumstances of the individual developing countries.

As regards the basic question of future institutional arrangements, it is our belief that we can only see clearly what will be required when we approach the end of our deliberations. We shall then have a better idea of what is likely to emerge as a result of the conference. In general, we are not in favour of setting up a new organization of a more or less independent character. Rather, we should be more inclined to adapt the existing machinery to make it more responsive to the problems of the developing countries. Indeed, encouraging progress is already being made in that direction.

This ... is the position of the Canadian delegation at the outset of this conference.

Freeing of Trade Channels

It will be clear from my presentation that we believe that much more can be done and must be done to free the channels of trade. We think that, if this were done, the developing countries would have a better opportunity of competing on terms which would bring into play their natural advantages as efficient producers of certain commodities and manufactures. The freeing of trade channels would also help overcome the effects of undue protectionism in the developed countries and lead, of itself, to some of that international division of labour to which reference has already been made in this conference. But I do not want to suggest that the freeing of the channels of trade is all that requires to be done. The range of problems which we have come to consider is vast and no single nor simple solution for them is likely to be possible. We are prepared...to join others at this conference in exploring patiently all avenues along which solutions may lie. We have come to listen to the views and preoccupations of others, as much as to share with them our experiences as a young and expanding country.

The object of the conference, as we see it, will be to contribute to the solution of problems which are crucial to the well-being of a very large proportion of the human race. They are urgent problems and their solution is urgent. Many new nations have come into being over the past decade or so. Their governments are concerned - as they must be concerned - to ensure that the political independence they have achieved should find fruition in rising standards of living, in better health and improved opportunities for education, and in the greater happiness of all their people. The urgency of this task is such that they cannot accomplish it by themselves. The more-developed countries must come to their aid, recognizing that, in a world which is becoming daily more interdependent, the conditions under which mankind lives will have to be brought into a more equitable relation. It has been said of the people of the developing countries that they are embarked on a "revolution of rising expectations". It is to take a step forward in the direction of meeting these expectations...that this conference has been called, and I am glad to be able to pledge the active co-operation of the Canadian delegation in the work in which we are about to engage.