



CANADA

# STATEMENTS AND SPEECHES

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## PERSPECTIVES FOR INTERNATIONAL TRADE

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, on June 8, 1971, to the OECD Ministerial Meeting in Paris

Through multilateral co-operation, the nations of the world have been able to develop a high degree of co-operation in the trade field. Appropriately, GATT (the General Agreement on Tariffs and Trade) has been in the forefront of this process, but the Secretary-General's document rightly reminds us that the OECD (Organization for Economic Co-operation and Development) has made a special and valuable contribution on such questions as export credits and in working out the generalized preference system. We hope that activity of this kind in the OECD will be continued and intensified, just as we hope and expect that the GATT work program will also be expedited as much as possible. We in Canada export about 50 per cent of what we produce; the percentage of our GNP (gross national product) represented by exports is one of the highest in the Organization. That is why we say that what can be done now should be done now, and why we attach importance to the ongoing work here and in the GATT.

But it is very apparent that there is at the present time a certain underlying malaise - a certain stalemate - in the postwar progress toward freeing our mutual trade. There are times (and I suggest that this is one of them) when, as a group of industrialized countries, we must have resort to all the means at our disposal to break this static situation. OECD traditions and mechanisms are suited to doing just this, and it is in this spirit that Canada welcomes the Secretary-General's proposals in this document.

Canada supports the setting-up of a high-level group in the OECD to analyze trade problems, and to suggest possible methods for dealing with them. Our support is predicated on our view that the Secretary-General's proposal is essentially about trade liberalization. To be effective, such a group must have in it representatives of the interests of all the major trading nations. It is also important that the work of the group complement the work that now needs to be done in the GATT on techniques to be employed in eventual negotiations.

Recently there have been new signs of protectionism. Special problems are being encountered in agriculture and the textile trade, but the new protectionist pressures are more far-reaching. There are very real dangers that, in the present political climate, these pressures could lead to new restrictions all round.

In Canada we are aware that the trading world which we have known since the end of the War is in the process of fundamental change. New patterns of trade and economic relations are now developing.

The European Economic Community is already a trading entity comparable in market size and industrial strength to that of Canada's largest trading partner, the U.S.A. The coming enlargement of the Community will place additional pressures on established trading patterns. Special arrangements already in being or in prospect between the European Community and other countries or groups of countries are placing particular strains on established trading relations. Moreover special preferential deals threaten to erode the MFN (most-favoured-nation) principle, which has been the foundation of postwar trade co-operation.

Countries like Canada are bound to be specially aware of the danger of polarization in world trading arrangements. As I have said, Canada is a major trading nation, with important stakes in all parts of the world. Our geographical position and our trading patterns mean that we cannot see ourselves as fitting into any particular economic group. We believe that a truly multilateral trading system best serves the interests of all countries, irrespective of their size or of their relations with major trading units.

For this reason, we attach particular importance to achieving further liberalization of international trade on a multilateral basis. In view of increasing protectionist pressures throughout the world, there is now a very real danger of our losing the ground we have gained with such great difficulty. No country benefits from backsliding of this kind.

There are problems about sitting down now at the negotiating table. But I would suggest to you that there is important preparatory work that needs to be done. In the GATT considerable work has already been done in identifying specific impediments to trade both in the industrial and in the agricultural sectors. Detailed examination is now going forward of possible solutions to some of these problems.

It is for these reasons that Canada supports the Secretary-General's proposals, including his proposal for a study group on the problems of trade liberalization.