



CANADA

# CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION • DEPARTMENT OF EXTERNAL AFFAIRS • OTTAWA, CANADA

Vol. 18 No. 30

July 24, 1963.

## CONTENTS

Agriculture and Canada's Trade Policy .....	1
DEW Line Stations Closed .....	3
Consumer Price Indexes .....	3

IATA Meets in Ottawa .....	3
Report on Fluoride Test .....	4
Changes in Marine Radio Beacons .....	4

## AGRICULTURE AND CANADA'S TRADE POLICY

The following is part of an address on "Canadian trade policy, particularly as it relates to trade in agricultural products" by the Minister of Trade and Commerce, Mr. Mitchell Sharp, at a joint meeting of Rotary and Canadian Clubs in Regina, Saskatchewan, on July 15:

... First let me review some of the basic elements. Perhaps the best starting-point might be a reference to the development of the European Economic Community. This venture of six European countries - Belgium, France, Germany, Italy, Netherlands, and Luxembourg - is proving to be a dynamic enterprise. While they have run into important and complex problems with respect to agriculture within the Community, the progress toward economic integration has been accelerated. There is in prospect an integrated economic unit in Europe comparable in population and industrial strength to that of the United States.

The other European countries, including Britain, have indicated an interest in associating themselves in one way or another with this European plan of economic integration. While Britain's negotiations for accession to the Community broke down early this year, it seems clear that membership in the Community continues to be a long-term British objective.

I draw attention to this regional development not by way of reflecting a worry or concern as to

what it might mean for traditional patterns of international trade; rather, to indicate the kind of forces in the international trade field that we must meet and deal with in a positive and constructive way. These developments inevitably mean change and, given positive and constructive policies, such change can be made to contribute toward the economic well-being of Canada and other trading nations.

### NEW NATIONS TO THE FORE

Second, I would mention the forces generated by the emerging countries. The community of nations has increased enormously in numbers in the post-war period. In Africa and Asia new nations are making their hopes and aspirations felt. The older countries in various parts of the world which have not so far been able to achieve a reasonable and fair standard of well-being for their peoples also require better accommodation in the international trading community. It is only right and proper that all these countries should make their needs and aspirations known, and it is incumbent on the more industrialized countries, on the countries that are better off, to do all they can to help them in this direction.

Finally, I would mention the very real problem that has plagued the international trading community with respect to agriculture. While very substantial progress has been made in reducing barriers to trade in industrial materials, progress

(Over)



in the freeing of trade in agricultural products has not kept pace. Countries such as Canada, which are anxious and able to produce many of the food needs of the world, have had their hopes and expectations frustrated. The balance of advantage in the exchange of goods as between the producers and exporters of industrial goods and the producers and exporters of agricultural products has been upset.

While these problems and issues have not emerged over night, the need for coming to grips with them has become urgent. This is now clearly recognized. New regional groupings can provide an economic stimulus for all countries, or they can distort trade patterns and introduce new trade barriers. The developing countries want more trade as well as more aid. The more efficient agricultural producing countries are demanding better opportunities to compete in the supplying of world requirements for food.

#### WORLD TRADE CONFERENCE

Just as the problems have not emerged over night, neither will they be resolved over night. They are difficult and complex and to deal with them will require time and patience. At a recent meeting of trade ministers in Geneva, Switzerland, at which I was privileged to represent Canada, specific programmes were set in train. It has been agreed to convene an international trade negotiating conference commencing May 1964. The purpose will be to negotiate mutually-advantageous reductions in tariffs and other barriers to trade. Most important will be the negotiation between the European Economic Community and the United States, in which these two economic giants will be coming together to reduce trade barriers between them. Such reductions in trade barriers would, of course, be extended to Canada and other countries on the basis of equal opportunity for all.

It has been agreed that these negotiations should include negotiations designed to provide reasonable and fair opportunities of access to markets for agricultural products. For some basic agricultural products such as wheat and other cereals, it is felt that this might be achieved through international commodity arrangements. It is also agreed that in this trade conference every effort should be made to extend the trading opportunities of the less-developed countries, not on the basis of hard bargaining but in order to help them in their efforts to gain an increased standard of living and more rapid economic development.

In all this Canada cannot stand aside. I am confident that even if we could we would not wish to do so. Canada has always played a constructive role commensurate with its position in the community of nations. In trade, while we are clearly not one of the industrial giants, we are a leading trading nation with a major stake in the international exchange of goods.

#### CANADIAN OUTLOOK

With the development of the Canadian economy, all parts of Canada have an interest and major stake in the way these programmes are likely to

affect the various sectors of economic activity... I do not propose to go into any detail at this time as to what specifically may lie ahead. I would say, however, that I see in these programmes for international negotiation the possibilities of strengthening the various sectors of the Canadian economy, particularly in the field of processed and manufactured goods, not by restriction but by opening up wider markets to Canadian producers. We shall, in the course of preparing for the prospective negotiations, wish to explore and test these possibilities through full consultation with individual firms and industries....

World trade in agriculture presents difficult and complex problems. To an audience such as this in the capital city of the principal wheat-growing area of Canada, it would be presumptuous of me to delve back to the root causes of the economic and social hardships of the '30's; those terrible depression years which the farmers of Canada bore with such fortitude. I lived in Western Canada then, and I shall never forget those terrible years. But in a sense that is where lies the point of departure. Many of the justifications for the subsidized production policies and complementary import restrictions and subsidized exports that continue to affect and frustrate our trade had their genesis during that period.

#### ACCESS PROBLEM

Undisciplined forces have, after long and painstaking efforts, yielded to international co-operation by means of international commodity agreements such as the International Wheat Agreement, with which you are all familiar. But the problem would seem no longer to be one of moderating excessive fluctuations in world market prices and alleviating their adverse side effects on production and exports. It is essentially one of access. As efficient producers, we must have terms of access to markets which permit us to compete on fair and reasonable terms against other exporters and against domestic production in importing countries.

There are pressures, particularly from the European Economic Community, for higher world prices which would give formal international sanction to that system of artificially-high internal prices. Were competition based on productive efficiency allowed to give way to a world-managed market at artificially-high prices, we would lose the distinction as between those who produce economically and those who do not. The problem before us, therefore, is how production-support policies can be brought to terms with the objective of an expanding world trade, with reasonable opportunities for efficient agricultural suppliers.

It is significant that agreement was reached at Geneva, to which the European Economic Community is a party, that agriculture shall form an integral part of the forthcoming trade negotiations. Indeed, a Committee on Agriculture, which is to be one of the principal committees of the Trade Negotiations Committee, has been established with the mandate of making recommendations concerning the rules to govern and the methods to be employed in the negotiations with respect to trade in agricultural products. A small group of the principal cereal producer and consumer

(Continued on P. 4)



**DEW LINE STATIONS CLOSED**

The following statement was issued on July 15 by Mr. Paul Hellyer, the Minister of National Defence:

In 1955 Canada and the United States signed an agreement for the establishment of the Distant Early Warning Line on Canadian territory as part of a comprehensive North American control and warning system. This agreement was announced in the House of Commons on May 20, 1955.

Recently the United States Government suggested to the Canadian Government that a re-appraisal of the effectiveness of the DEW Line indicates that certain adjustments may be made in the equipment configuration and still provide acceptable early warning.

The new configuration would permit the discontinuance of 28 of the smaller DEW Line stations.

The Canadian Government has agreed to the United States Government's plan and the necessary arrangements are being made by the authorities of both governments. The affected facilities will be disposed of in accordance with existing agreements between the two governments.

Twenty intermediate DEW Line stations located in Canada and eight in Alaska will be closed. Approximately 123 Canadian and 60 United States citizens will be affected by this action. They are employees of the Federal Electric Co., Paramus, N.J., which has a USAF contract for the operation and maintenance of the DEW Line.

\*\*\*\*\*

**CONSUMER PRICE INDEXES**

In May and June 1963, consumer price indexes rose in all 10 regional cities. The increases ranged from 0.2 per cent in Vancouver, British Columbia, to 0.6 per cent in St. John's, Newfoundland, and Saint John, New Brunswick.

Food indexes increased in all cities, ranging from 1.0 per cent in Vancouver to 2.0 per cent in Ottawa. Housing indexes were higher in five cities, lower in three and unchanged in two. Clothing indexes were up in all cities. Transportation indexes registered increases in four cities, decreases in four and no change in two. Health-and-personal-care indexes were higher in four cities, unchanged in four and lower in two. Recreation-and-reading indexes were up in six cities, unchanged in three and down in one. Tobacco-and-alcohol indexes were unchanged.

*St. John's* - The all-items index moved up 0.6 per cent from 119.3 to 120.0, with increases in indexes for food, housing, clothing, transportation, and health and personal care. The recreation-and-reading index declined, while the tobacco-and-alcohol index was unchanged.

*Halifax* - There was an increase of 0.5 per cent in the all-items index from 131.3 to 132.0, resulting from higher indexes for food, clothing, transportation, and recreation and reading. There was no change in either the housing or the tobacco-and-alcohol indexes, while the index for health and personal care declined.

*Saint John* - With a rise of 0.6 per cent, the all-items index moved from 133.3 to 134.1. Increases occurred in the indexes for food, housing, clothing, transportation, and recreation and reading. There was no change in the indexes for health and personal care, and tobacco and alcohol.

*Montreal* - The all-items index advanced 0.5 per cent, from 132.1 to 132.8. The increases were noted in the indexes for food, housing, clothing, transportation, and health and personal care. No change was noted in the recreation-and-reading or tobacco-and-alcohol indexes.

*Ottawa* - An increase of 0.5 per cent moved the all-items index from 133.1 to 133.8. The indexes for food and clothing were higher. A decline took place in the transportation index, while no change occurred in the indexes for housing, health and personal care, recreation and reading, or tobacco and alcohol.

*Toronto* - The all-items index increased 0.3 per cent from 134.2 to 134.6. There were increases in indexes for food, clothing, and recreation and reading. The indexes for housing and transportation were down, while there was no change in indexes for health and personal care, or tobacco and alcohol.

*Winnipeg* - A rise of 0.5 per cent in the all-items index from 129.4 to 130.1 was the result of increases in the indexes for food, housing, clothing, health and personal care, and recreation and reading. The index for transportation declined slightly, and there was no change in the tobacco-and-alcohol index.

*Saskatoon-Regina* - The all-items index went up 0.5 per cent from 127.8 to 128.4. There were increases in the indexes for food, housing, clothing, and recreation and reading. The indexes for transportation, health and personal care, and tobacco and alcohol were unchanged.

*Edmonton-Calgary* - The index for all items increased 0.4 per cent from 127.1 to 127.6. The indexes for food, clothing, and recreation and reading were higher. There were decreases in the housing, transportation, and health-and-personal-care indexes, and no change in the tobacco-and-alcohol index.

*Vancouver* - A rise of 0.2 per cent moved the all-items index from 131.5 to 131.8. There were increases in the indexes for food, clothing, and health and personal care. The indexes for transportation, recreation and reading, and tobacco and alcohol were unchanged, while the housing index registered a slight decline.

\*\*\*\*\*

**IATA MEETS IN OTTAWA**

Transport Minister George McIlraith welcomed aeronautical authorities from more than 20 countries to the opening session on July 15 of a conference on procedures of the International Air Transport Association. Sir William Hildred, IATA's Director-General, attended.

The Ottawa conference, convened by the Air Transport Board, grew out of a conference held in London last April at which representatives of 16 countries with carriers operating air services on the North Atlantic met to reach an agreement on

(Over)



fares. During the London meetings, it was apparent that at least part of the difficulties arising out of the disputed IATA resolutions providing for an increase in such fares resulted from procedural problems in the relations between IATA and the aeronautical authorities of various governments.

It was suggested that another meeting be convened before the next IATA traffic conference in the autumn and that it be held in the United States or Canada.

In addition to those attending the London conference, the Air Transport Board invited aeronautical authorities from countries whose carriers operate Mid-Atlantic and South-Atlantic services because of the interrelation of IATA resolutions affecting these areas and the North Atlantic. Authorities from Japan and the Phillipines were also invited because of the dispute with regard to IATA Pacific fares based on the Chandler Agreement.

\*\*\*\*\*

### REPORT ON FLUORIDE TEST

A comparative analysis of tooth decay among elementary-school and high-school children residing in Ingersoll, Ontario, since birth has just been released by the Department of National Health and Welfare.

Figures based on this study show that fluoride in the Ingersoll water supply is very effective in reducing the occurrence of tooth decay among people living there from birth.

The basis of the report is obtained from a comparison of children of similar ages in Brantford, Ontario, which has had a mechanical fluoridation of its water supply for the past 18 years, Stratford, Ontario, with a natural fluoridated water supply, and Sarnia, Ontario, where there is no fluoridation in the water.

The water in Ingersoll, like that of Stratford and many other communities, contains fluorides from natural underground deposits. The fluoride content of the Ingersoll water is slightly higher than that of any other community of its size in Canada. The dental conditions here have been found to be a shade better than those either of Stratford or of Brantford. All three of these cities with fluoridated water, however, have markedly lower tooth decay rates in their native populations compared to Samia, which is practically fluoride free.

No ill-effects of any kind have been observed.

\*\*\*\*\*

### CHANGES IN MARINE RADIO BEACONS

Mariners should find it easier to identify marine radio beacons now that the Department of Transport is making significant changes in the use of the marine radio-beacon frequency band. The major

\*\*\*\*\*

changes are the operation of six (rather than three) radio beacons on the same frequency in a time-sharing arrangement and the continuous operation (rather than during only one or two 10-minute periods an hour) of such groups of six beacons, increasing their value to owners of radio direction-finding equipment.

Changes on the Atlantic and Pacific coasts have already been made; they will be applied to Great Lakes radio beacons at the opening of the 1964 navigation season. The changes are being made in co-operation with the United States Coast Guard, which is making similar modifications in the operation of American beacons.

In the time-sharing system, the six beacons in a group each transmit for one minute in a fixed sequence repeated every six minutes.

Not all Canadian radio beacons are affected; some will be operating continuously.

All changes are described in detail in the "Atlantic and Great Lakes" and "Pacific" editions of "Radio Aids to Marine Navigation", published by the Queen's Printer, Ottawa.

\*\*\*\*\*

### AGRICULTURE AND CANADA'S TRADE POLICY (Continued from P. 2)

countries has already been convened for the negotiation of appropriate arrangements for wheat and other grains. This is of particular importance to Canada.

It is envisaged that these discussions will lead to new or revised international commodity agreements or arrangements, the scope and content of which will provide a long and arduous road of negotiation. Many conflicting interests will have to be reconciled and compromises will be hardly fought.

In this connection, I should like to draw attention to important changes foreshadowed in a statement by Mr. Soames, the Minister of Agriculture, Fisheries and Food, in the British House of Commons some weeks ago. These changes envisage the limitation of price guarantees to grain producers to a fixed volume of production and of minimum import prices which are designed to strengthen the arrangements for the minimum price under the International Wheat Agreement. I had the opportunity to discuss these matters with Mr. Soames, who indicated British willingness to participate in these negotiations for international arrangements for cereals and other agricultural products. We look forward to working closely with Britain as well as with other importing countries and our fellow exporting countries. Given our interest and primacy as commercial exporters of wheat, Canadian representatives, as in the past, will endeavour to bring these efforts to a successful conclusion and to negotiate for the best possible terms for Canada....