



CANADA

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CANADA'S TRADE EXPECTATIONS IN 1967

Above normal expansion of Canada's exporting community has been predicted for 1967 by Trade Minister Winters. Speaking to the twenty-second annual dinner of the Export Study Club of Ontario in Toronto recently, Mr. Winters said he looked to more companies entering the export field and existing exporters further developing sales abroad.

A partial text of the Minister's address follows:

...We have become a major trading nation. In fact, our economic development, in great measure, is dependent upon international trade. We are an open economy. By that I mean we provide one of the world's largest and more diversified markets particularly for manufactured goods of all kinds. This, I believe, has been and is a source of our strength in the trading world.

Our export performance over the last few years has been remarkable. From 1961 to 1965, Canadian exports rose by nearly 50 per cent in value. We have already practically achieved the increase in exports forecast by the Economic Council of Canada for the decade of the Sixties.

These achievements have been realized when external conditions have been highly favourable to Canadian exports.

U.S. DEMAND

Strong demand in the United States has been especially important. Canada's sales across the border have increased by nearly a quarter so far this year. The magnitude of this performance is sometimes overlooked in the light of our high level of imports from the United States and our large deficit on trade with

that country. This is something we all want to correct, and increasing our exports is certainly one of the ways to do it. But we must view this in the context of our overall trading performance.

Quickened business tempo in several countries of Western Europe and in Japan also stimulated new growth in the flow of Canadian goods. Our merchandise exports for 1966, as a whole, are likely to reach, or even exceed, the \$10-billion mark. I think it is safe to predict a surplus on our trading account for the year of at least \$250 million as against \$100 million for 1965. This is a good performance, and great credit goes to Canadian industry, which has demonstrated both responsibility and initiative in taking advantage of opportunities abroad.

The achievement of this exceptional pace of advance in recent years does not mean that Canadian exporters can now coast. On the contrary, sustained export growth is a key ingredient of the rapid expansion under way in Canada, and is essential to Canada's development along strong, sound lines. This, I believe, is obvious to all of us, but it is well to stress it again, as has been done by the Economic Council in its third annual review, which has just been released.

NEED FOR TRADE SURPLUS

A healthy trade surplus helps to provide the foreign exchange needed for our fast-growing economy. While exports have been growing faster than imports, so far this year, our merchandise trade surplus did decline over the last two years. There has been further widening in our deficit on invisibles, which

include debt-servicing, tourist expenditures, transportation and insurance. If our borrowing abroad is to be kept within manageable proportions, much of our foreign-exchange needs must be covered by the continued growth of exports.

In the long run, Canada must achieve a degree of international competitiveness which is not limited to any particular industry sector but which is, instead, based on the "exposure" of a large part of our economy to all the hard facts of international competition. The very future of Canadian industry in an expanding and increasingly technological world is at stake here. These are the harsh realities of the market place, and we must adjust to them.

Canada must keep up with the times, both technologically and competitively. This will require a degree of specialization and scale of operation in individual enterprises greater than the Canadian market, by itself, can support. We are, therefore, obliged to look outward.

MANUFACTURED EXPORTS STRESSED

In expanding our exports, the manufactured-goods sector must lead the way. We are all aware of Canada's leading position as an exporter of primary products and industrial materials. But world trading emphasis has been on manufactured goods and the result is that exports in this category have been growing at more than triple the rate of primary products. In the case of Canada, however, manufactured goods have accounted for a smaller share of our exports than in any other highly industrialized country. We have been improving. There has been a substantial increase in Canadian exports of manufactured goods, but highly-manufactured products still represent only about 20 per cent of Canada's export package. For Canada, in the latter half of the twentieth century, this proportion is not good enough. If we are to achieve our export goals, much, therefore, will depend on the initiative and leadership of our manufacturing concerns.

MEASURES TO INCREASE EXPORTS

Now let me tell you of some of the things we are doing, or have planned, to step-up our export drive in the months ahead. First, and perhaps most important of all, is the work being done under GATT in Geneva. I hope and expect that substantial new trading opportunities will be opened up by the results of the "Kennedy round" of negotiations taking place there. We are looking to the successful conclusion of these negotiations by mid-1967. If all goes well, we stand to benefit from reductions in the order of 50 per cent in many of the tariffs affecting our access to the United States and other major industrial markets....

In next April and May, we shall bring to Canada the senior trade commissioners from all of our 67 offices abroad. They will cross this country, visiting major business centres. There will be opportunities for Canadian exporters to discuss problems and prospects with our trade commissioners who have firsthand familiarity with foreign markets. A depart-

mental team is already hard at work preparing for this programme, and details of the itinerary will be publicized in ample time to arrange interviews.

I am particularly hopeful that companies which previously have not exported will take this opportunity to discuss with our officers from abroad foreign trade prospects and the many services provided by the Department of Trade and Commerce, so that they may be better prepared to join the export community.

TRADE MISSIONS

We are also expanding our trade-missions programme. Emphasis is being given to incoming missions, whereby foreign buyers and potential customers are being brought to Canadian plants and places of business. The Department participates in many trade fairs and exhibitions throughout the world, and Canadian manufacturers have an open invitation to join this programme....

Expo '67...will offer real trade development opportunities.

...We shall have millions of visitors all looking over Canada and seeing what we have to offer that will be of interest to them. To make it easy for these foreign business people to meet the Canadian business community, and each other, Expo has arranged a Business Development Bureau, which is being provided by the chartered banks in the International Trade Centre. This Bureau is a joint project in which the Departments of Trade and Commerce and of Industry, provincial governments, the Canadian banking community and trade associations will be working together.

In October, I indicated my intention to establish an Export Advisory Council made up of leaders of the business community and their associations, so that the Department and I may have the benefit of a flow of fresh, creative ideas about how the Government can improve our export climate and services. This Council will also provide another medium for close liaison between business and Government which I deem to be so necessary. I expect, soon, to be able to announce the membership of the Council and to have it meet early in the New Year.

SOCIALIST-BLOC MARKETS

Last summer, on two separate trips, I visited the Soviet Union and five other Eastern European countries - Bulgaria, Czechoslovakia, Hungary, Poland and Yugoslavia. As a member of the Canadian Government, I was most cordially received in all six countries. These state-trading nations, along with mainland China, are already valued customers, principally for our wheat....

So far, most Western countries have sought to establish the basis of their relations with the planned-economy countries through a system of bilateral agreements. Canada has developed its trade by various arrangements - combining exchanges of most-favoured-nation treatment with parallel purchase commitments and long-term wheat agreements. We now have formal trading arrangements with all of the countries of Eastern Europe except Roumania

PRELUDE TO NATO

Before leaving for the NATO Ministerial Meeting in Paris recently, the Secretary of State for External Affairs, Mr. Paul Martin, held a press conference in Ottawa. The following is his opening statement:

...This past week I had a meeting with Mr. David, the Foreign Minister of Czechoslovakia. The question of the reunification of families was a matter of some importance from my point of view, and likewise I think that we have laid the basis for the negotiations on the claims that Canadian nationals feel that they have against the Government of Czechoslovakia. We had some fruitful discussions on these two questions, as well as some discussion on important international problems and particularly the question of Vietnam, when I renewed the Canadian position with regard to that question, and our desire for an agreed role for the International Control Commission.

The visit that I had with Mr. David, together with my recent visits to the Soviet Union and Poland, will give me an opportunity of discussing with my colleagues on Tuesday next in Paris the development of East-West relations and the efforts that NATO countries in their individual capacities are seeking to develop. I will be having dinner next Tuesday night with Mr. Rusk in Paris. He is now in Saigon. I will be meeting, as usual at our biannual meeting, with Mr. Couve de Murville on Tuesday afternoon; and I will be meeting Mr. Brandt the new Foreign Minister for West Germany, for the first time in that capacity, on Tuesday morning. I have accepted an invitation from the British Foreign Secretary Mr. Brown, to meet with him in London after the NATO meeting.

NEW HEADQUARTERS

The meeting that will be held in Paris of foreign and defence ministers may be the last meeting of the Council in Paris. I don't know how long it will take for the new quarters in Brussels to be made available, but on the supposition that it will not take more than the period between this December meeting and the spring meeting, it would appear that this may be the last meeting of the Council in Paris.

I'd like to say that, in a period of seven months, decisions have been made on the relocation of the Council, on the streamlining of the military headquarters - a decision has been taken to move the military committee from Washington to Brussels. We will make a formal decision at the December meeting on the site, either temporary or permanent, of the new Council headquarters in Brussels. I would like to reaffirm that, notwithstanding the differences on the question of integration between The Fourteen and France, the Alliance is united and The Fourteen have been able to make decisions consequent on the decision of France not to participate in the integrated force structure.

FRENCH FORCES IN GERMANY

Discussions have been under way, as you know, between the Supreme Allied Commander, General

Lemnitzer, and General Ailleret, the Commander of the French forces in Germany. I don't believe that there will be any conclusion available for the consideration of the foreign ministers on the talks that are taking place between the Supreme Allied Commander and General Ailleret. But I am hopeful that, if not next week, at some time in the not too distant future these talks will result - I sincerely hope - in the continuation in Germany of French forces.

HOPE FOR NON-PROLIFERATION PACT

I hope that we will take the decision at the next meeting about arrangements which will show beyond the shadow of doubt that no member of NATO who is not already a nuclear power on its own is to become one through any arrangement in NATO. It is important, I think, that progress be made on the conclusion of an agreement to restrict the spread of nuclear weapons, to confine the possession of nuclear weapons to those nuclear powers that now have them. In my talks in Moscow and in my talks more recently with Mr. Rusk, I feel that the prospects for an agreement on what is called non-proliferation of nuclear weapons are very hopeful, and I should hope that it would be understood outside of the NATO group that there is nothing that NATO proposes to do or had done that should provide an obstacle to the satisfactory conclusion of an agreement on non-proliferation, which I believe, represents perhaps the single most important question facing us in the international community today.

We are happy that the prospects for a treaty on outer space seems to have been concluded between the two major nuclear powers, the Soviet Union and the United States, and Canada as a strong proponent of this idea at the United Nations will, of course, be among the first to affix her signature to a treaty outlawing nuclear weapons in outer space.

EAST-WEST RELATIONS

I believe that the main political topic at the next meeting in Paris will be the development of East-West relations. Naturally, I will report on my talks in Poland and in the Soviet Union, and the talks I had here in Ottawa this week with the Foreign Minister of Czechoslovakia. A number of foreign ministers in NATO have visited Eastern Europe since the Brussels meeting. My colleagues, the French Foreign Minister and the Danish Foreign Minister, have visited a number of countries in Eastern Europe, and the British Foreign Secretary followed me by four days. He had talks with Mr. Gromyko in Moscow. My colleague, the Foreign Minister for Norway, likewise had talks with Mr. Gromyko two days after I had been in Moscow. It will be useful for us to report on these visits because there is a strong disposition on the part of all NATO countries to promote closer relations with Eastern Europe, closer relations with the Warsaw Pact countries. I am particularly interested in the initiative that Mr. George Brown, the British Foreign Secretary, has taken in discussions recently with Czechoslovakia in that connection.

Finally, I should like to say, coming back to the question of non-proliferation of nuclear weapons to which all of us are attaching the greatest importance, that we have noted with interest the proposal made by Poland and Czechoslovakia for the application of international atomic energy safeguards with regard to nuclear material and nuclear projects — a proposal

that was made to West Germany. We ourselves, because of our view of the importance of nuclear know-how being used only for peaceful purposes, welcome any support for the concept of international safeguards, and we are encouraged by the cautious but not unfavourable reaction of the Government of West Germany....

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BUFFALO MEAT FOR EXPO

Mr. Arthur Laing, the Minister of Indian Affairs and Northern Development, announced recently that visitors to Expo '67 would be able to sample one of Canada's most famous foods. Buffalo meat, obtained this winter, through the herd-management programme at Wood Buffalo National Park will be reserved for Canadian specialty caterers at Expo. It is too early yet to estimate how much meat will be available.

Round-ups are carried out periodically in Canada's largest national park (which extends into Alberta and the Northwest Territories), to ensure the maintenance of healthy, free-roaming herds and some animals are cut out to maintain a proper balance of the herd. Before being marketed the meat products are inspected and approved by Federal Government Department of Agriculture officers.

The current population of Wood Buffalo is between 10,000 and 12,000.

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COAST GUARD SEARCH AND RESCUE

The Department of Transport reported recently that, among many other incidents during the summer, the Canadian Coast Guard had assisted in extinguishing fire aboard a fishing vessel, removed a sick lightkeeper from a lighthouse, and had searched for victims of a collision at sea.

The Coast Guard provides the principal marine element in Canada's air-sea rescue operations, in support of the overall responsibility of the Royal Canadian Air Force. Its 60-odd red and white ships, from the largest icebreakers down to small rescue launches, have been active in rescue undertakings during the past year. From July 1965 to July 1966, they took part in more than 500 such incidents.

On the Atlantic and Pacific coasts and in the Gulf of St. Lawrence, the ships are called on to aid stricken vessels or to carry out other mercy missions throughout the year. In the Great Lakes, the rush of activity comes during the months of navigation. On the West Coast and in the Great Lakes, where there is a great density of pleasure-boating, the Coast Guard ships have to cope mainly with mishaps involving yachts and small pleasure craft. The activities of the DOT fleet, where search and rescue undertakings are concerned, are directed by three rescue officers stationed at search and rescue centres maintained by the RCAF at Halifax, Nova Scotia, Trenton, Ontario, and Vancouver, British Columbia.

During the year, in Atlantic and Gulf waters, the ships responded to 97 distress calls involving sea searches, fire-fighting, provision of emergency medical aid, evacuation of accident victims, assistance with emergency mechanical repairs and towing helpless craft to safety.

In most cases, the Coast Guard ships acted in co-operation with search and rescue aircraft of the RCAF, which usually are sent out upon receipt of a distress signal to locate the victims and direct Coast Guard or other nearby ships to the scene. All ships in the vicinity of a marine accident are required by law to lend assistance as needed. When a number participate, the senior master of the participating Coast Guard vessels acts as searchmaster at the scene.

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LABOUR FORCE

Employment in Canada decreased by an estimated 134,000 during October and November to 7,190,000, which was somewhat larger than the usual drop in employment at this time of year. Unemployment increased by 43,000 during October and November to 238,000.

The decline in employment was associated with an unusually large withdrawal of seasonal and occasional workers from the labour market. During the month, the labour force declined by an estimated 91,000; teenagers accounted for almost half the decrease, and there was a corresponding decline in employment among persons in this age group. About a third of the decrease in the labour force was attributable to married women 20 to 64 years of age.

The labour force, which stood at 7,428,000 in November, was 269,000, or 3.8 percent higher than a year earlier. Employment was up 251,000 or 3.6 percent over the year. Unemployment was 18,000 higher than the figure recorded a year earlier.

EMPLOYMENT

About three-fifths of the October-November employment decline was in agriculture. The drop in non-farm employment was in community, business and personal service, manufacturing and construction. Employment in trade showed a seasonal increase of 25,000 during the month.

Compared to a year earlier, total employment was up 251,000 or 3.6 percent. Non-farm employment

increased by 292,000 or 4.6 per cent. Most of the advance was distributed between manufacturing and community, business and personal service.

All regions shared in the year-to-year advance in employment; the largest percentage increases were in British Columbia and Quebec.

UNEMPLOYMENT

Unemployment increased by 43,000 to 238,000 during October and November. The November estimate was 18,000 higher than last year's figure.

About four-fifths, or 188,000, of the total unemployed had been out of work for three months or less. Some 24,000 had been seeking work from four to six months and 26,000 for seven months or more.

Unemployment in November represented 3.2 per cent of the labour force, compared to 3.1 per cent in November 1965 and 3.7 per cent in November 1964. Seasonally adjusted, the November 1966 unemployment rate was 3.7 per cent.

AID TO PAKISTAN

Pakistan and Canada have been in development partnership since the beginning of the Colombo Plan — 15 difficult years in which both the industrial strength of Pakistan and the volume of Canada's aid have expanded considerably.

The total assistance flow between the two Commonwealth countries has amounted to more than a quarter of a billion dollars. This has included \$45-million worth of food and \$55 million in metals, asbestos, fertilizer and pesticides, pulp and paper and other essential industrial commodities. Almost \$100 million has been represented by the capital costs of major construction works. Under Canada's various programmes of technical assistance, 523 young men and women from Pakistan have received academic and practical training in Canadian institutions and 42 Canadian advisers and teachers have served in Pakistan.

Canada's involvement in Pakistan's three five-year development plans has been chiefly in agriculture and power development, ranging from the provision of aircraft for crop-spraying and locust control, to a land use study in the Chittagong Hills and from the giant Warsak Dam of 1960 to the nuclear-powered generating plant at Karachi, scheduled for commissioning in 1970.

In the current year, Canada's aid programme to Pakistan will amount to a total of some \$26,139,000.

DEBUT OF MIGHTY ICEBREAKER

The Department of Transport has announced that Canadian Coast Guard Ship *Louis S. St. Laurent*, the

most powerful conventionally-powered icebreaker in the world, was launched recently in Montreal.

The triple-screw icebreaker, named after a former Prime Minister of Canada, was sponsored by Mrs. L.B. Pearson, wife of the Prime Minister.

The ceremony was attended by Prime Minister Pearson, Mr. St. Laurent, Mr. J.W. Pickersgill, Minister of Transport, members of the Cabinet and Privy Council, Mayor Jean Drapeau of Montreal, senior officials of the Department of Transport, and by representatives of marine and shipping circles in the Montreal area.

CCGS *Louis S. St. Laurent* is scheduled for completion in the spring of 1968 and will be assigned to service in Arctic and Eastern Canadian waters.

FISHERIES TRAINING STUDY

Soviet, Norwegian and British methods of training recruits for the fishing industry will be studied during the next few weeks by a group of Canadian federal and provincial officials engaged in fisheries vocational training and administration. The group arrived in Moscow on November 23 for a two-week study of Soviet methods of selecting and training fishing personnel. Afterwards, they will visit training institutions in Norway and Britain, where some members will go to Southampton, others to Hull and Grimsby.

The tour is the result of a proposal made by the Federal-Provincial Atlantic Fisheries Committee and, under a reciprocal arrangement, a group of Soviet fisheries officials will visit Canada early next year to study training methods used here.

HELICOPTER SERVICE STUDIED

According to a report published recently by the Department of Transport, a scheduled or regular helicopter service on a self-sustaining basis is not yet practicable in Canada, but the proposal should be reconsidered in another five years.

The report examines the estimated costs and revenues of three hypothetical helicopter services in the Toronto, Montreal and Vancouver areas. A complementary report was published recently by the Air Transport Board.

In suggesting subsequent studies, the researchers point out that the situation will probably have changed considerably within the next five years. A greater potential market, higher incomes and increasing road congestion may make more attractive such speedy shuttle service as helicopters can provide.

CANADA'S TRADE EXPECTATIONS IN 1967

(Continued from P. 2)

and Albania. In the case of Roumania, we have recently had exploratory discussions concerning the possibility of concluding a trade agreement....

CANADA'S ADVANTAGES

For several reasons, Canada enjoys certain advantages in trading with the Socialist bloc. We are not feared or envied. We are regarded as pursuing peaceful objectives, and they all refer meaningfully to Mr. Pearson's Nobel Peace Prize in this context. We have extended M.F.N. treatment to most of them, and in several instances have supported their applications for accommodation in GATT. Our business community should press these advantages.

One of the key facts in the development of trade with Eastern Europe is that ours is an open economy. Foreign exporters may sell freely, subject only to our laws and regulations which apply equally to all of our trading partners. But trade agreements concluded between governments only provide a framework or climate. The actual buying and selling must be done by the Canadian businessman - both importer and exporter. He remains the essential element in the development of this trade. In any market, the exporter must know the buyer's requirements and practices,

and this is particularly true of Eastern Europe, where the trading system is different from our own....

NEW YEAR EXPECTATIONS

Looking to the year ahead, I am anticipating a more than normal expansion in the size of our exporting community. I say this for two reasons. First, I expect that more companies will enter the export field and that existing exporters will be further developing their export sales. With this in mind, I shall be sending a letter to the presidents of the several thousand companies now engaged in export, and to those considered to have potential export capabilities. I will be appealing for close attention at senior management and board level for the matter of export expansion. I will be asking for suggestions and advice from senior company executives on what further contribution might be made to expanding our export trade, where obstacles lie, to what extent Government and other services and facilities are fully recognized and used, and what further support and assistance might be appropriate from Government.

On the strength of our present export momentum, supplemented by the measures I have outlined, I concluded that an export target of \$11.25 billion was in range for next year. Accordingly, I put this to the Canadian Export Association in October and I believe that it commands general acceptance....

The total assistance flow between the two countries has amounted to more than a quarter of a billion dollars. This has included 250 million worth of food and 250 million in meters, asbestos, fertilizer and pesticides, pulp and paper and other essential industrial commodities. A total of \$100 million has been represented by the capital costs of major construction works. Under Canada's various programmes of technical assistance, 223 young men and women from Pakistan have received advanced and medical training in Canadian institutions. There are 42 Canadian advisers and teachers now working in Pakistan. Canada's involvement in Pakistan's three five-year development plans has been chiefly in agriculture and power development, ranging from the provision of interest-free loans for crop-spraying and locust control, to a study in the Chitragang hills and from the West Valley dam of 1960 to the nuclear-powered generating plant at Karachi, scheduled for completion in 1970. In the current year, Canada's aid programme for Pakistan will amount to a total of some \$25,139,000.