



# STATEMENTS AND SPEECHES

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## CANADA'S ROLE IN THE DEVELOPMENT OF WORLD TRADE

**An Address by the Honourable Paul Martin,  
Secretary of State for External Affairs, to  
the Business and Professional Women's Club  
of Windsor, Ontario, April 24, 1965.**

...Canada is heavily dependent on international trade. One-sixth of all the goods and services produced in Canada are ultimately exported. The level of our imports has been of roughly the same proportion. We are among the five or six largest trading nations in the world and I believe that, apart from New Zealand, we do more trade per head of population than any other country. This naturally gives us a vested interest in cultivating close relations with all parts of the world. It makes us look outward rather than inward. It also gives us a strong impetus to support orderly and sensible world arrangements, whether in the trade field or in other fields of international co-operation and exchange.

Trade is, of course, a projection of our domestic economy. If we are to trade beneficially in the world, our trade must be based on a sound and expanding economy. Our costs must be stable and our prices competitive. We must use our resources fully and efficiently. We must not lag behind others in the application of science and technology to the development of new products and new processes. We must broaden the base of our exports to make sure that we are producing those categories of goods for which demand in world markets has been expanding the most rapidly. And we must have the financial and other facilities that help to underpin an effective export performance.

That is what we can and must do right here in Canada and the Government will naturally continue to do what it can to encourage our economy to develop in that direction. But Canada's heavy dependence on trade means, of course, that we are also affected by events outside our own borders over which we have only limited control. We are affected, for example, by economic developments in our major markets. That applies especially, of course, to developments in the United States which has been and remains far and away our most important trading partner.

We are also affected by the general world trading environment. In fact, world trade has been growing at a very rapid pace over the period since the Second World War. Since 1948 alone, the volume of world trade has tripled. What is more, over the past decade or so, world trade has been growing at a faster rate than world production. This is the result, in part, of a trend towards increasing specialization and interdependence between the major trading nations. The agreement which Canada signed only last month with the United States, covering trade in automobiles and parts, is an excellent example of this trend. We expect it to result in increased production, increased employment and increased trade in both directions.

But the growth of world trade has also been substantially helped by the lowering of tariff barriers and the gradual dismantling of other restrictions on trade. In this process, GATT has played a major part. Its contribution to the freeing of world trade has been twofold. First, it has sponsored successive rounds of tariff negotiations which, cumulatively, have had the effect of reducing world tariff levels by a very substantial margin. Second, GATT has been responsible for drawing up and policing a code of trade rules which, I am sure, has been of benefit to all trading nations by ensuring that trade is conducted in an orderly and predictable frame of reference.

At this very moment a new round of tariff negotiations is in progress in Geneva. This is the so-called "Kennedy round", named after the late President to whose farsighted initiative it owes its origins. The objectives of the "Kennedy round" are more sweeping than those of any previous tariff negotiation. It aims at an across-the-board reduction of 50 per cent in the tariffs of the major trading countries. Its mandate extends to tariff as well as non-tariff barriers, to trade in manufactures as well as to trade in agricultural products. In short, it holds out the prospect of a fresh and substantial advance towards greater freedom in world trade.

Canada is actively participating in these negotiations. It has been recognized by our trading partners that it would not be appropriate for Canada to make its contribution to these negotiations in the form of a linear cut in our tariffs. This is because a Canadian contribution in that form would not -- in view of the particular pattern of our production and trade -- result in a balance of advantage from our point of view. But we have made it clear that we intend to pay fully and fairly for any concessions we receive. We have as much interest as any other trading nation in the successful outcome of these negotiations. The closer they come to achieving their maximum objective, the better will be our access to Canada's major markets and the more we shall benefit from the competitive advantages that economies of scale and specialization will give to our exports.

In this city and to this audience I hardly need to stress the very great importance of our continental trade with the United States, which accounts for about two-thirds of our total imports and over half of our total exports. These figures speak for themselves. But they do not detract from -- indeed, they serve to underline -- our continuing interest in cultivating Canadian trade across the seas. It is to some aspects of that trade which are of particular concern to me as Secretary of State for External Affairs that I would now like to turn.

I turn first to our trade with the countries of the Sino-Soviet world. I regard this trade as important in political as well as economic terms. Of course, we do not export to these countries goods and materials which are classified as strategic and which could contribute to their overall military capacity. This is a sanction we apply over a limited field of our trade. We do so in concert and by agreement with our allies and I think this is a policy that is well understood by all concerned.

But leaving aside the special case of trade in strategic goods and materials, it is our considered view that trade with the countries of the Sino-Soviet world provides a useful means of enlarging the area of understanding and contact with them. Surely the advantages of such trade from the point of view of the free world are self-evident. It draws these countries into the mainstream of international exchanges. It makes it unnecessary for them to rely exclusively on goods and services from within the bloc and to that extent lessens their dependence on one another in other spheres. It promotes contacts between businessmen and technicians on both sides. It familiarizes the countries of the Sino-Soviet world with the economic practices and methods of the free world. All the evidence indicates that this has not been without effect in influencing economic doctrine and managerial techniques in those countries. And taking a very long view, is it not reasonable to assume that rising prosperity and the evolution of a technological society in the countries of the Sino-Soviet world will give these countries a more firmly vested interest in international co-operation as such? Because the interdependence of interest which we have all come to acknowledge is not something that stops short of any national boundary in the world today.

I have referred to the political implications of our trade with the countries of the Sino-Soviet world because I think it is important that they should be understood. But, of course, our trade with these countries is not being conducted for political reasons. It is being conducted, as all trade is, for reasons of mutual benefit. On the Canadian side, that trade has taken the form largely of grain exports. Over the past decade we have exported to these countries some 700 million bushels of wheat and flour at a total value of nearly \$1.5 billion. More than half this amount has been exported in the past three crop years. I anticipate that the basis of our trade will be broadened as time goes by. This will depend, in part, on more general solutions being found for the problems that arise in trade between free market and centrally planned economies. Work on these problems is going forward both in GATT and in the United Nations framework. I am sure that, given the trend towards a more significant participation of countries with centrally planned economies in world trade, solutions to these problems will not elude us.

I would like next to say something about trade with the developing countries. These countries are engaged in long range efforts to advance their economic growth, to transform the structure of their economies, and to improve the standards of living of their peoples. They are doing all this against great odds. While they recognize that the major responsibility is theirs, they also realize that the success of their efforts will depend on an appropriate degree of international co-operation.

There can be no choice for these countries between aid and trade. They must, in the foreseeable future, be able to count on both. They feel that, because of their lack of economic power, the present world trading system is weighted against them. They argue that, as between unequal trading partners, the strict application of the laws of the market leads to unfair results. They note that the most significant advances in world trade are being made in trade between the industrialized countries. They look to an international division of labour which will leave adequate and expanding room for their products.

All these points were made by the developing countries at the United Nations Conference on Trade and Development in Geneva last year. I can only say, as I did at that conference, that the position of these countries presents us with one of the really crucial challenges of our time. We in Canada have kept our markets as open as those of any country to the products of the developing countries. We look to the "Kennedy round" to help further to expand the trade opportunities of these countries. In GATT we have now formally recognized the special position they occupy in international trade, and I should expect that ways and means of giving substance to that recognition will continue to be explored in a variety of international organs, including those which were set up as a result of last year's Geneva Conference.

The thought I should like to leave with you tonight is this: however much is being done to help the trade of the developing countries, more will undoubtedly need to be done in future. If that is done by the advanced countries acting in concert, the burden of adjustment should not be too onerous. But beyond that, it is well to remember that expanding prosperity in the developing countries means expanding world trade. It is also well to remember, I think, that the cause of world peace and security is not likely to be advanced by stagnation and disillusionment in these countries. This is the real measure of interdependence in the world today and of the stake a country such as Canada has in the broadest possible development of international co-operation.

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