

Commercial policy

Movement towards recovery of the world economy from recession proved to be a slow and delicate process during 1977. For most countries, expected real-growth levels were not achieved and high unemployment and inflation persisted. These conditions led to increasing pressures in industrial countries to protect domestic industries from import competition.

In Canada, unemployment, especially on a regional basis, created pressures for such protection. The Canadian Government continued to monitor the effectiveness and appropriateness of Canada's tariff and import policies throughout 1977 and some changes were made. For example, GATT safeguards were used to impose global quotas on footwear and textile imports, taking into account recommendations of independent review mechanisms such as the Anti-dumping Tribunal and the Textile Clothing Board.

Commercial policies established to encourage domestic production and to stabilize and protect producers' incomes have also had significant effects on the competitive position of foreign suppliers. During 1977 the Government consulted with various groups in Canada on a national food strategy, which included the receiving of submissions on the roles to be played by both Canadian and foreign suppliers in meeting domestic food needs. The Canadian Tariff Board recommended changes to the tariff schedule for fruits and vegetables, which indicated that further consultations would be necessary if the Board's recommendations were to be implemented. In 1977, the Government put into effect certain tariff reductions on products of special interest to developing countries.

During the year negotiating positions for countries participating in the multilateral trade negotiations (MTN) were agreed upon in time for resumed negotiations to begin early in 1978. Canada recognized that countries must strengthen the framework for fair and orderly trade in order to contain the pressures being exerted for restrictive actions, which might set off a spiral of import protection and retaliation among trading partners. If such a climate of

trade restriction and disruption were allowed to develop, countries would probably turn inward in the 1980s, to the detriment of the world economy, and to the particular detriment of countries, such as Canada, whose economic well-being depends so much on international trade.

Protectionist pressures and the need to liberalize trade have been major factors in Canada's bilateral trade considerations. Some of the largest customers for its manufactures and agricultural products in 1977 were the same countries that wished, for example, to export textiles and footwear to Canada to balance trade.

In 1977 Canadian commercial policies sought a balance between the requirement to protect some domestic producers from injurious competition and Canada's aim, in the MTN and elsewhere, of moving towards a more open international trading environment.

Commodities

Much of the considerable international activity in the commodities area during 1977 was connected with the Integrated Program for Commodities adopted at the UN Conference on Trade and Development (UNCTAD) in 1976. This program called for international negotiation on a list of commodities of concern to developing countries, many of which were also important to Canada both as an importer and as a major exporter on world markets. Canada participated in over 30 meetings in connection with the Integrated Program, dealing with copper, iron ore, phosphates, rubber, tea, tropical timber, vegetable oils, jute and hard fibres. As a major exporter of copper, Canada was specially interested in the series of UNCTAD meetings that brought producers and consumers of copper together to review problems in world markets. These meetings may eventually result in more enduring consumer-producer arrangements for copper.

The International Sugar Agreement of 1973, which lacked economic provisions, was, as the result of two sessions of the United Nations Sugar Conference, in April-May and September 1977, replaced with a new instrument. Canada was active in the negotiations leading to this agreement, which was to come into force in January 1978. The new agreement was designed to help stabilize