

with the Ministry of State for Science and Technology and other science-based departments and agencies.

The year witnessed a renewed and concerted effort to enhance Canada's domestic research and development activity. As greater attention was given to science and technology issues, further efforts were made to find ways of complementing domestic programs and priorities by means of international action. Progress was achieved in promoting joint activities with the EC and a number of individual countries including France, Japan and Germany, with some of whom Canada held major meetings. However, despite our best efforts (particularly in the field of Arctic science), similar progress was not made with the USSR. Canada was also active in a variety of multilateral scientific organizations. Representatives attended meetings of the OECD Committee on Science and Technology Policy, the NATO Science Committee, the Senior Advisers on Science and Technology of the ECE and the Commonwealth Science Council. Canada also participated actively in preparations for the "Scientific Forum" of the Conference on Security and Cooperation in Europe (CSCE).

Canada's relations with the Third World were another major concern, as was illustrated by its involvement in the preparations for the UN Conference on Science and Technology for Development (UNCSTD). During its proceedings Canada announced that the International Development Research Centre (IDRC) would assume a new additional role to facilitate the application of Canadian scientific capacities to the problems of the developing countries.

Air transport

In addition to witnessing the formal conclusion of a new air services agreement with one of Canada's aviation partners, Argentina, 1979 was an active year for bilateral consultations and negotiations.

While the past year proved difficult for some international air carriers, with rising fuel costs and an increasingly uncertain economic environment producing slower traffic growth and generally reduced profits compared to 1978, Canadian carriers appear to have enjoyed a satisfactory year in terms of both traffic and revenue growth although profits were adversely affected by rising costs. Although the USA continued its efforts to extend deregulation of the air industry into the international arena, having seen its airline industry enjoy a boom year in 1978 when domestic deregulation was introduced, these efforts appeared to meet with diminishing success. After international consultations in which Canada took part, the USA brought to an end the proceedings it had initiated against the tariff-setting mechanisms of IATA with a decision to limit for a period of two years the withdrawal of anti-trust immunity to USA carriers operating over the Atlantic. In Canada, a significant regulatory change took place in the form of modifications to the charter regulations, promulgated at year-end after a

series of public hearings, which liberalized charter rules while maintaining the regulatory distinction between scheduled and non-scheduled air services.

The Chief Air Negotiator in the Department of External Affairs is responsible for the conduct of bilateral negotiations and draws on the Department, on Transport Canada and on the Canadian Transport Commission for assistance in setting up negotiating teams. The Department also plays an active role in the formulation of Canada's international civil aviation policy and in the establishment of negotiating positions and strategies for discussions with our aviation partners. In 1979, bilateral consultations were held with Israel, the United States, Jamaica, the Scandinavian countries and India. An October announcement by the British Government that the Canada-London operations of Air Canada and British Airways would not be shifted to Gatwick Airport from Heathrow Airport removed an obstacle to the resumption of bilateral negotiations, held in abeyance since 1978 pending clarification of the airport issue.

In the multinational sphere, Canada remained active in the technical and regulatory work of the International Civil Aviation Organization (ICAO) aimed at the development and implementation of standards of safety and facilitation. Consultations with the European Civil Aviation Conference also provided Canada with the opportunity to exchange views with partners in civil aviation over the North Atlantic, while the temporary grounding of DC10s raised concerns about the international use of Canadian airspace and the certification of aircraft.

Maritime and multimodal transportation

The major developments special to 1979 in the field of maritime transport were the international consideration of shipping matters centred on and subsequent to the UNCTAD V at Manila in May and, on the domestic front, the beginning of a thorough review of Canada's shipping policy following a stated goal of the Government to work towards the gradual development of a Canadian deep-sea merchant marine.

UNCTAD V in May provided a focal point for much of the international debate on shipping issues which had been for some time a real concern for many countries. Many developing countries used the conference in an effort to further consolidate a consensus on cargo reservation systems and on the phasing out of open registries. Given the very strong opposition to these goals among most developed countries, and a few developing countries as well, little progress was made at the May conference itself, but the debate precipitated further work for Canada in UNCTAD committees and in the Maritime Transport Committee of the OECD. By the end of the year, it was apparent that cargo reservation in liner trade was likely to become a prominent feature of world shipping with the coming into force of the UN Code of Conduct on Liner Conferences. Trade between