

## Commercial Policy Division

The Commercial Policy Division is concerned with Canada's multi-lateral and bilateral relations over a broad range of economic subjects. It deals with Canadian participation in the GATT, the OECD, the International Monetary Fund (IMF) and a number of other multilateral institutions; it also deals with bilateral economic and trade relations between Canada and the rest of the world.

### Multilateral Economic Relations

The last major round of tariff negotiations (the Kennedy Round) undertaken by contracting parties to the General Agreement on Tariffs and Trade led to the progressive introduction of tariff concessions among GATT members, beginning in 1968. To foster further progress in trade liberalization, the GATT had adopted a new work program at its twenty-fourth session in November 1967 to study the tariff situation after the Kennedy Round, prepare an inventory of non-tariff and para-tariff barriers to trade and explore opportunities for making progress in the attainment of objectives of the GATT in the agricultural field. Special attention was to be devoted to the trading problems of developing countries. During 1969, with strong support from Canada, the GATT made progress in moving to the stage where solutions to these outstanding difficulties could be meaningfully considered. Although, like others, Canada had negotiated to implement its Kennedy Round tariff concessions by stages, all outstanding reductions (with one exception) were put into effect on June 4, 1969, in order to increase the element of price competition and efficiency in the domestic economy to combat inflationary pressures.

During the year careful consideration was given to Romania's application for membership in the GATT. Some Eastern European countries are already members. There seems to be growing interest in associating the remainder more intimately with the GATT, and the Romanian application has served to focus attention on this development. Canada has encouraged the examination of the problems involved in a *rapprochement* of this kind.

The Organization for Economic Co-operation and Development was created in 1962 on the basis of the Organization for European Economic Co-operation to provide a forum for consultation among the industrialized countries of Western Europe, North America and, later, Japan in the fields of economic policy, trade and assistance to developing countries. In 1969, the OECD entered an important transitional phase. Member governments agreed to the appointment of a new Secretary-General, Mr. Van Lennep of the Netherlands, to replace the Organization's first Secretary-General, Mr. Kristensen. Moreover, a departure was made from the more traditional economic policy activities undertaken by the OECD in the first seven years of its existence. The new 1970 work program turned the Organization towards what Mr. Kristensen broadly termed the problems of the modern society or economy. Canada encouraged this move, recognizing the fundamental link between problems of the modern economy -- i.e. pollution, urbanization, adult education, labor mobility, etc. -- and the Organization's basic aim of achieving and maintaining maximum and stable economic growth in member countries.