

human rights, with disarmament. "The Soviets threaten us militarily, not culturally, not politically and certainly not economically. Consequently we should not seek to link non-military objectives with disarmament," the Prime Minister stated.

Canada's policy is to seek to "improve our defensive position by preparing to introduce new intermediate range weapons in Europe, while at the same time pursuing arms reduction negotiations," Mr. Trudeau told the audience. This technique, adhered to by NATO allies, is called the "two track" approach.

Anti-missile Weapons

Six new frigates being added to Canada's navy will carry anti-missile weapons. Defence Minister Gilles Lamontagne announced May 10: "At the moment we have no capabilities of eliminating an attack by missiles," he told reporters. The announcement came a week after the sinking of the British HMS *Sheffield*, which was attacked by a wave-skimming Argentine anti-ship missile in the South Atlantic (*Globe and Mail*, May 11).

Further discussion of Canada's naval capabilities took place during May as battles around the Falklands demonstrated the vulnerability of warships, especially those with aluminum superstructures. Mr. Lamontagne told P.C. defence critic Allan B. McKinnon in the Commons May 26 that he did not think that any of Canada's ships have complete superstructures of aluminum, but that it would be "appropriate to look into the matter very seriously" when contracts for the new frigates are awarded this fall.

Research

Canada will spend proportionately more on domestic security and national defence research this year than at any time in recent history. Background papers tabled by Science Minister John Roberts in Parliament late in April show that the over-all projected amount to be spent on security research has increased more than twenty-four percent in 1982 over 1981, to \$164 million, according to a *Globe and Mail* article May 4.

TRADE/ECONOMIC

Gas Exports

The Canadian gas industry welcomed a federal decision, announced May 14, to ease gas export tests. The *Globe and Mail* May 15 reported that in its decision, the National Energy Board (NEB) "dropped the stiffest of three tests to determine the amount of surplus natural gas available for export." A reserves formula, replacing the current reserves test, becomes the means of determining the maximum amount of surplus gas for export, "under the new procedures.

The NEB decision improves the likelihood of approval for producing companies, who reportedly wanted to export

about 300 billion cubic metres of gas over the next twenty years to the US and Japan, when they appear before the NEB in July (*Citizen*, May 15). It was reported that thousands of wells in Alberta had been "shut-in" for lack of markets.

Energy Minister Marc Lalonde announced May 15 that the new surplus determination procedure "appears to offer both assured protection for future Canadian natural gas needs, and could have a positive impact on providing new opportunities for natural gas exports in the near future" (*Globe and Mail*, May 15).

Mr. Lalonde announced further measures to help the oil and gas industries May 31. The measures include lower federal energy taxes and higher oil prices to help the energy industries through a world recession which had "depressed industry confidence and weakened the investment climate," Mr. Lalonde told the House of Commons.

Footwear Quotas

Opposition MPs in the House of Commons repeatedly asked the government to reinstate import quotas on leather footwear during April and May. The government had lifted global quotas on leather footwear on November 24, 1981, and is being blamed by opposition MPs for the lay-off of an estimated 7,500 Canadian workers in shoe-related industries since the quotas were lifted. Minister of Industry, Trade and Commerce Herb Gray told the House of Commons May 13 and May 19 that the matter was being examined by Cabinet.

Dollar

The Canadian dollar fell to a fifty-year low May 28 after a "dismal week on the foreign exchange markets." The dollar dropped nearly a fifth of a cent that day to 80.40 cents (US). The *Ottawa Citizen* reported May 29 that three weeks earlier, "amid persistent rumors that the Canadian government was considering devaluation, the currency fell below 81 cents (US) for the first time since last summer."

Trade Surplus

Figures released by Statistics Canada in May showed that March 1982 was the twenty-third consecutive month in which Canada's exports were greater than its imports. Canada's total trade surplus was \$3.41 billion during the first quarter of 1982 compared with a surplus of \$2.76 billion the previous quarter. The Statistics Canada figures were released "amid an array of gloomy news about the economy" in early May (*Globe and Mail*, May 10).

Foreign Banks

The *Globe and Mail* reported May 15 that the large increase over the previous nine months of foreign banks in Canada has made the Canadian financial system more competitive. Some of the recently chartered foreign banks have asked the federal government to raise their capital allocations, having already hit their asset ceilings, the *Globe and Mail* reported May 12.