

Canada in 1980. The latest forecast is that the economy will grow by only about one-half of 1 per cent. Growth in output is thus expected to be marginally weaker than forecast by his predecessor in December, said Mr. MacEachen. This downward adjustment is common to most private sector forecasts and has occurred in spite of the fact that the economy is no longer faced with a massive tax increase. The impact of higher international and domestic interest rates, together with revisions to the U.S. outlook, especially in the housing sector on which Canadian exports depend heavily, have been the major factors leading to downward adjustment in most forecasts, he said. The unemployment rate is now expected to rise to an average of about 8 per cent. This figure is slightly lower than forecast in the December budget reflecting continued strength in employment growth over the past few months.

The consumer price index is projected to rise by 10 per cent, the Minister said. This is of course less than the increase forecast in the December budget, because the Government is not subjecting Canadians to the heavy excise tax on gasoline. The increase in the price deflator for gross national expenditure is expected to be around 9.5 per cent. Taken together with an increase of one-half of 1 per cent in real GNE, this will yield an increase in the nominal value of GNE of around 10 per cent, Mr. MacEachen forecasted.

Consumer spending

During 1980 the main areas of strength in aggregate demand will be in consumer expenditures and investment. The volume of consumer spending is projected to increase 2 per cent, said the Minister. The cycle of investment expansion which began in 1979 is expected to continue through 1980 with a further increase of more than 7.5 per cent in real terms.

Other domestic sectors will show no change or decline in 1980. Government expenditures on goods and services will continue to be affected by policies of expenditure restraint, he said.

In sum, the world economy is going through a difficult period of adjustment as higher international oil prices are absorbed and as the always painful process of winding down inflation is pursued. As a result of certain important underlying strengths, the Canadian economy should be able to avoid a slowdown as

severe as that which appears in store in the United States, but we cannot expect to insulate ourselves fully from that slowdown, said Mr. MacEachen. This is especially the case given the substantial deficit which already exists on the current account of our balance of payments, and given the size of the federal government deficit which already exists, he said.

Hostage situation in Iran

Secretary of State for External Affairs Mark MacGuigan announced, April 23, that Canada believes Iran's serious and continuing violation of international law in detaining the United States Embassy hostages requires a concerted international response. The Government has been in touch with like-minded countries to ensure that, to the extent possible, their actions complement one another.

Accordingly, the Government has decided to take the following measures on Iran, in parallel with the steps announced April 22 by the Foreign Ministers of the European Economic Community member states:

- no further visas will be issued to Iranian student applicants outside Canada, with the exception of a small group in Iran whose entry to Canada had been provisionally approved prior to the withdrawal of the Canadian Embassy;
- the diplomatic staff of the Iranian Embassy in Ottawa will henceforth be limited to one officer, the Chargé d'Affaires. (The second officer was required to leave Canada within 72 hours);
- the Government will continue its policy of not granting permits for the export of military equipment, while the Export Development Corporation will be asked to maintain in effect an earlier agreement that no new export credits should be extended to Iran until the hostage situation is satisfactorily resolved;
- The Government will be indicating to the oil companies that it would be inappropriate for them to purchase Iranian oil in current circumstances; and
- the Government recommends that Canadian companies not enter into new export or service contracts with Iran until the hostages are released.

The Government will consider implementing further measures in the trade field if diplomatic approaches by Canada and other countries to Iran do not yield satisfactory results by May 17.

Canada boycotts the Olympics

"This Government believes that the international situation brought about by Soviet aggression in Afghanistan makes it wholly inappropriate to hold the Olympics in Moscow," said Secretary of State for External Affairs Mark MacGuigan in a statement to the House of Commons April 22.

The Minister said that since taking office the Liberal Government has maintained that it is up to the Soviet Union to create the conditions under which the Games could take place. However, there seems to be no present intention on the part of the Soviet Union to create them, he said.

Canada's decision to boycott the Games was taken after consulting with associates in the western alliance and Third World countries.

Dr. MacGuigan said that the Government would not "revoke passports or take powers to circumscribe the right of Canadians to travel freely abroad. But should Canadian athletes participate in Moscow, they will do so without the moral or financial support of the Government of Canada".

He added that while any change in the situation in Afghanistan seems unlikely, if the Soviet Union creates conditions in which the Olympics can take place, then the Canadian Government is prepared to reassess its boycott decision.

The final deadline for acceptance of invitations to the Games is May 24.

Largest gas find in North

Canada's Far North has yielded its biggest natural gas discovery to date at the Char G-07 location south of King Christian Island, an established gas discovery, reports Panarctic Oils Ltd. of Calgary.

Acting as operator on behalf of the Arctic Islands Exploration Group (AIEG), Panarctic has reported a gas flow of 8.2 million cubic feet a day, through a restricted choke on a drill stem test conducted between 4,705 and 4,770 feet.

The Char G-07 well is being taken down from an ice platform in about 800 feet of water 26 miles east-southeast of King Christian Island.

Panarctic, along with Esso Resources, Gulf Canada and Petrocan make up the AIEG.