

Japan, the EEC, the U.S.A., Romania, Korea and Sweden) with which it had nuclear co-operation agreements which incorporated elements of its nuclear safeguards policies. As regards these exports, Canada also continued to play an active role in efforts to encourage the further development of an effective international non-proliferation regime capable of evolving as nuclear technology for peaceful non-explosive purposes is developed. During 1979, Canadian experts participated in the work of the International Nuclear Fuel Cycle Evaluation (INFCE) which was initiated in October 1977 and was scheduled to finish in February 1980. Preparations were also initiated for Canadian participation in the Second Non-proliferation Treaty Review Conference, to be held in August 1980. On the bilateral side, Canada continued its efforts to implement fully its non-proliferation/safeguards policies of December 1974 and December 1976; in particular, negotiations to this end were pursued with the United States of America, Australia and Switzerland.

## **CANADA'S ECONOMIC WELL BEING**

### **International economic relations**

The world economy in 1979 continued to suffer from slow growth, high levels of unemployment and high levels of inflation.

It was significant that in 1979 there appeared to be an increased awareness in the international community that a greater co-ordination of economic activities would be necessary in order to begin to overcome these difficulties. Canada participated actively in the deliberations of the seven-member "Economic Summit" group which met in Tokyo in June 1979 and which resulted in a move towards closer co-ordination of economic policies amongst the developed countries, particularly in the energy field. Canada also sought solutions to global trade and monetary problems through active participation in GATT, the IMF and the OECD. These institutions have been helpful in encouraging resistance to mounting protectionist pressures which would have impaired the open world trade and financial system that is vitally important to Canada's economic wellbeing.

A major achievement during the year was the signature by Canada and its major trading partners of the Multilateral Trade Negotiations (MTN) agreements which concluded the Tokyo Round of GATT negotiations. They were the first major multilateral trade negotiations that had been successfully concluded during a period of protracted slow growth and, as such, they represented a particularly positive contribution to the liberalization of trade and the evolution of the world trading system. As a result of the negotiations, improved access to export markets has been gained for Canadian producers of agricultural, fisheries and industrial products. The reduction or elimination of a wide range of tariffs and the improved discipline over non-tariff barriers will be of benefit to exporters and should encourage more

efficient production in Canada. The importance of the benefits arising from the MTN will be determined in large measure by the extent to which businessmen and producers take advantage of the new opportunities opened up by these negotiations.

### **Energy supply and security**

The Iranian revolution and the more than doubling of OPEC oil prices in 1979 had a significant impact on the international economic system and on Canada. The issue of energy security for Canada was one which moved to the forefront of both domestic and foreign policy goals in 1979. Canada and other members of the International Energy Agency (IEA) made a co-ordinated attempt to reduce their projected oil impact levels during 1979 through a combination of voluntary demand restraint, fuel switching away from oil, and increased production. At the Tokyo Summit, energy was the key item of discussion amongst the heads of government, and Summit leaders agreed on the establishment of national oil import ceilings and the need for measures to provide production of alternative energy sources. While Canada is in a better position than most other industrialized countries as regards long term energy prospects, it is clear that Canada will have to make every effort to increase energy security in a variety of ways both domestic and international. Canada began in 1979 to pursue bilateral oil supply arrangements with countries such as Mexico and Venezuela, and continued to co-operate with other industrialized and developing countries to work towards global energy security.

### **Preserving Canada's oceans interests**

Canada continued during 1979 its record of achievement in bringing about a restructuring of traditional principles in the Law of the Sea area and in developing new concepts of ocean resource management. The Law of the Sea Conference (LOS) has already influenced state practice. For Canada, it has provided multilateral endorsement of Canada's 200-mile fishing zone and the 12-mile territorial sea, reconfirmed its sovereign rights over the resources of the continental margin beyond 200 miles and contributed to international acceptance of enhanced coastal state jurisdiction over pollution from ships, particularly in ice-covered Arctic waters. At the two-part 1979 LOS session, Canada concentrated its efforts on helping to resolve difficult outstanding issues, e.g. marine scientific research, maritime boundary delimitation, and particularly the international system for seabed mining.

In the fisheries area, the International Commission for the Northwest Atlantic Fisheries (ICNAF) was replaced at the end of 1979 by the Northwest Atlantic Fisheries Organization (NAFO) whose object is to contribute to the optimum utilization, rational management and conservation of the fishery resources in the northwest Atlantic. In bilateral fisheries negotiations, Canada and the U.S. concluded