

Northwest Atlantic Fisheries Organization, and also FAO and OECD.

In response to a growing concern over the complex array of fur-related issues and their international implications, the Department appointed an officer as Chairman of the International Fur Issues Committee, to be located within the Bureau, and with responsibility for co-ordination and policy development within the Department and with outside government, association and industry components. This approach was taken in recognition of the significance of the fur industry to the well-being of over 100 000 Canadians — all within the context of humane and responsible conservation procedures.

For its public communications efforts, the Bureau acquired a fourth Nomadic unit (an eight by ten foot photo mural on an aluminum collapsible frame) depicting Canadian agri-food exhibits. It also acquired additional quantities of the restaurant kits (including menu covers, place mats and napkins) for use in hotels and restaurants to promote Canadian products, as well as a show handout folder. This material was very much in demand by posts, which utilize it during Canada Food Promotion events conducted in conjunction with major hotels and restaurants.

### Grains and oilseeds

As focal point for the Department's interests in the grain sector, the Grain Marketing Bureau facilitated expanded exports of grains, oilseeds and their products through co-ordination and conduct of trade development activities and contributions to the development of trade policy. World trade in grains was again dominated by surplus supplies and a further weakening in prices. Canadian production and exportable supplies of the six major grains increased in 1986, although wet weather during harvest caused downgrading of the quality of the western crop for the second year in a row. Exports of grains and oilseeds increased in 1986-87 for the third consecutive year.

Competition for available markets intensified, with the increased use of larger export subsidies by the United States and EC. Actions by the US arising from the 1985 *Food Security Act* included a reduction in loan rates and extended use of export subsidies through the Export Enhancement Program. Both had further price-depressing effects and contributed to increased pressure for government assistance to Canadian farmers.

Canada has long-term agreements covering grain trade on a government-to-government basis, the most important of which are with the USSR, Brazil, Iraq and Egypt. Exports under such agreements account for about one-half of export grain shipments.

Trade development activity centred on the use of seminars, utilization trials, missions and consultations, and was directed mainly at maintaining existing and developing new markets for canola and canola products. Countries in the 1986-87 program included the USSR, India, Pakistan, Egypt, Israel and Japan.

The Credit Grain Sales Program managed by the Bureau is the only form of direct export assistance available to Canadian exporters. In the period under review 2.5 million tonnes of Canadian Wheat Board grains were

exported to eight countries under government-guaranteed credits.

The Canadian International Grains Institute contributed significantly to the maintenance and development of domestic and foreign markets for grains and oilseeds and their products. Financed by the Bureau and the Canadian Wheat Board, it conducted 18 instructional courses in Canada and abroad for 389 participants from existing and potential customer countries and for 244 Canadians working in the grains and oilseeds sector.

Canada took part in high-level international discussions which sought remedies for the problems facing the world agricultural trading system. These events included the launching of the GATT Uruguay Round at Punta del Este, the Tokyo Summit, the Cairns Group of agricultural exporters, and meetings of grain ministers of the major exporting countries. Canada has taken a strong position on such occasions in support of reform to the grain and agricultural trading system.

Canada acceded to the new International Wheat Agreement, which came into effect on July 1, 1986. The Bureau took the lead in negotiations leading to the Agreement.

In addition to the multilateral forums where grain problems have been addressed, bilateral discussions have been held with the United States and the European Community on the impact of their farm and export policies. During the year, negotiations under the provisions of the GATT began with the EC on compensation due to Canada for impairment of access to the Spanish and Portuguese markets as a consequence of those countries joining the EC. A countervailing duty was imposed on US corn entering Canada, the first time such an action has been taken against a subsidized US product.

### Defence development and production-sharing

The Canada-US Defence Development/Defence Production Sharing Program (DD/DPSP) has been one of the most successful international arrangements for solving the economic problems associated with co-operation in common defence alliances. The principles for co-operation have been able to withstand a variety of pressures for modification over the past 35 years. Both governments have recognized the need for product development to be undertaken in Canada if production-sharing is to continue as a viable program in the long run. Without development programs, the future role of Canada's defence industry would be confined to the production of relatively simple items of foreign design and our contribution to the North American defence base would be seriously diluted. In addition, Canada could not take advantage of the opportunity to advance the state of domestic technology. Since the inception of the program, Canada has undertaken in excess of 95 joint development projects worth approximately \$200 million, while the total cumulative two-way defence trade between the nations is now approaching \$27 billion (see table). During 1986, a series of briefings and visits to promote the program both in Canada and the United States was initiated under the National Trade Strategy Program, involving over 4 000 senior military procurement officials