

trade actions, and a sale to the New York City Transit Authority of subway cars was resolved. In addition, the Autopact agreement was threatened by a U.S. domestic auto content bill.

Both imports and exports declined with Britain, the Netherlands, West Germany and France, resulting in marginal trade deficits with the latter two. In Western Europe as a whole, there was increasing use of anti-dumping and countervailing duty procedures against low-priced products originating from both sides of the Atlantic. West European action against imports of Canadian sealskins and problems in the operation of the Canada-EC Long-term Agreement on Fisheries perturbed trade relations. Although Canadian exports declined, in part because of the strength of the Canadian dollar against European currencies, Western Europe accounted for about 10 per cent of our total exports and remained Canada's largest foreign market area after the United States. Finished products account for 17 per cent of the total.

Canadian exports to Hong Kong, South Korea and the Association of Southeast Asia Nations (ASEAN), where the global recession has had a limited impact, increased. Two-way trade with the ASEAN countries alone reached over \$1 billion, with a trade surplus increase of 66 per cent over 1981. Indonesia replaced Singapore as our largest ASEAN market.

Japan is Canada's second-largest bilateral trading partner and although exports to Japan were up only marginally, the Canadian surplus increased significantly, principally because of decreased imports of Japanese automobiles and trucks. Imports of motor vehicles into Canada were the single most important trade issue, as Canadian producers made efforts to adjust to changed consumer requirements. Outside Japan, China remained Canada's biggest market in Asia at more than \$1.2 billion. As in the past, wheat and wood pulp were the main exports but manufactured products continued to increase.

Trade with Saudi Arabia, Australia, Venezuela and Norway recorded dramatic declines in 1982, mainly because of reductions in their petroleum revenues and their consequent inability to finance imports.

In Latin America and the Caribbean, the period was marked by devaluations and debt rescheduling in a number of countries, stricter foreign exchange controls and extensions of import licensing requirements. However, in spite of the adverse conditions which brought a 21 per cent decline in Canada's exports to the area, Canadian companies won large contracts against stiff competition in transportation, telecommunications and mining. Manufactured goods accounted for about 60 per cent of the \$3 billion exported to this region in 1982.

In terms of commodities, Canada's total exports of wheat, automobiles, trucks, chassis and parts improved significantly in 1982. Automobiles and parts as well as natural gas dominated exports to the United States; coal, rapeseed and ores to Japan, newsprint, lumber and wheat to Britain and wheat and barley to the Soviet Union. Imports of crude petroleum declined considerably as a result of the impact of the National Energy Policy and a mild winter. Imports of automobiles, trucks, parts, and chassis declined to a lesser extent, while imports of computers increased. It was particularly noteworthy that in 1982 there was a 12.6 per cent

increase in Canada's exports of fully manufactured goods. Canada's world trading position was severely tested in 1982 and its need to increase its market share in the newly industrialized countries was increasingly evident.

Agriculture and fisheries

The Department established a new Office for the International Marketing of Agriculture, Fisheries and Food Products to help implement the corresponding trade policy responsibility transferred from the former Department of Industry, Trade and Commerce.

The trading environment for agricultural products deteriorated in 1982 with surplus stocks and depressed prices, particularly for grain and dairy products. Some competitors followed more aggressive trading practices. The United States introduced a blended credit program coupled with three-year credit and the EC maintained high export subsidies. Nonetheless, our agricultural exports held up well, reaching a new record of \$9.5 billion in 1982, with wheat accounting for more than one-half of the total.

Canada made a number of efforts internationally to improve agricultural trade and supported programs of the Organization for Economic Co-operation and Development (OECD) and under GATT to come to grips with agricultural protectionism. Canada urged restraint in the use of export credits and subsidies, and sought to consult trading partners on these and other trade-distorting measures. At the same time, the government resisted domestic pressures for protective measures, in keeping with GATT obligations.

In September, Canada concluded an arrangement with the United States for trade in beef and veal. The U.S. had sought voluntary restraint by the principal beef exporters – Canada, Australia and New Zealand – so as not to trigger import controls under the U.S. meat import law. To uphold this arrangement, Canada introduced export controls towards the end of the year on shipments of beef and veal to the U.S. market for the balance of the year.

Canada is fostering liberalization in the trade of fish and fishery products. The OECD is working on a study of measures and conditions that have a distorting effect on this trade, while GATT has undertaken a study on fishery products with the aim of achieving greater liberalization in the trade.

The Task Force on Atlantic Fisheries conducted exhaustive studies into the conditions facing the Canadian industry. The Department contributed information on problems of the international fisheries trade. Exports account for about 82 per cent of total fisheries production, worth nearly \$1.6 billion in 1982; thus conditions of market access are of great importance to the industry.

Science, technology and nuclear policy

Canada's foreign relations in international science and technology have a new stimulus and more definition since the government's enunciation of a comprehensive policy for a more vigorous use of international collaboration and more emphasis on the economic benefits.

Canada is a signatory of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) which commits countries not to use nuclear material in the development of explosive devices. Canadian policy since 1974 has been to export nuclear materials or equipment only to countries or