

Canada's generalized system of tariff preferences for developing countries came into effect on July 1, 1974. Under the provisions of the GSP almost all imports from developing countries now enter Canada duty-free. It was decided to review periodically the operation of the Canadian scheme to keep it consistent with both Canadian interests and the special needs of developing countries.

## Bilateral discussion

During 1974, in pursuit of its overall objective of diversification, the Canadian Government embarked on a major new program of expanding its relations with Japan and with the European Community. The highlights of these activities were the visits of Prime Minister Tanaka of Japan to Canada in September and of the Canadian Prime Minister to Paris and Brussels in October. During the Brussels discussions with the Commission both sides agreed on the importance of developing Canada-Community relations over a broad spectrum, and it was agreed that exploratory talks on the nature and scope of negotiations intended to define the form and content of the relationship between Canada and the Community should be undertaken in the immediate future. In addition to the Prime Minister's visit, regular contacts were maintained through the Canadian Mission to the Communities in Brussels and in a round of bilateral consultations between officials of the two sides in June. A further welcome development was the decision of the Communities to open a delegation office in Ottawa in 1975.

## Energy

The problems of energy supply continued to occupy considerable national and international attention in 1974. Canada remained in a unique position among major industrial countries, being an exporter of oil, uranium and coal and an importer in

large quantities of both oil and coal. Canada had, therefore, to be continually aware of international developments which affect energy supplies.

Canada fully realized that, in an interdependent world, questions of energy supply and future energy development could be conclusively dealt with only in an international context. It therefore continued to take an active part in related discussions in the OECD, the UN and NATO. The creation of the International Energy Agency under the auspices of the OECD was a reflection of the growing importance of international co-operation in dealing with energy supplies. It was through discussions and the exchange of information in these international organizations that Canada was able to keep up to date with the latest developments which might have affected its domestic fuel supply while at the same time fostering among its trading partners a realistic appreciation of the extent of Canadian energy resources. At the same time, Canada remained willing to co-operate with other countries in the development, through energy research, of those resources, in the development also of measures to ensure the stability of energy supplies at fair prices, and in seeking arrangements satisfactory to both producers and consumers of energy resources.

## Nuclear relations

1974 witnessed the technical success of the domestic CANDU program. There was also an upsurge in international uranium demand resulting from radical growth of interest in nuclear power for electricity generation. However, the year also witnessed a critical situation in the efforts of the world community to stop the further proliferation of nuclear explosive technology.

Canada faced the challenges posed by these interrelated factors. While markets for CANDU reactor systems were actively explored abroad, this country took the lead