

produce which farmers receive from farm support programs. Price and income supports to farmers accounted for over 80 per cent of total government assistance to agriculture in OECD countries. The gap between world prices and domestic support prices has widened sharply in recent years.

This situation has been aggravated during the last decade by the slowdown of demand related to world economic developments and further increases in supply arising from technological advances in developed countries, and expanded production in some developing countries.

Some farm policies stand out as being particularly damaging to the world agricultural economy. In 1977, the European Economic Community (EEC) experienced a cereals deficit of 24 million tonnes. High farm support prices have transformed this into a surplus of 14 million tonnes in 1986; a change of 38 million tonnes in the net cereals trading position of the EEC in less than a decade. Recent changes in US policies too, have had a dramatic impact on world market prices, for grains in particular. The US has significantly stepped-up its use of export subsidies. This tends to drive world prices down even further to levels below US market prices.

The agricultural crisis has been receiving increased political attention in all countries, as is evident from:

- the inclusion of agriculture, at Canada's request, at the Economic Summits in both 1986 and 1987;
- the Canadian initiative of instituting regular meetings of the ministers of the major wheat exporting countries;
- the creation by Australia (1986) of the "Cairns Group" of agricultural exporters;
- the inclusion, for the first time, of *all* agricultural policies affecting trade, in the new General Agreement on Tariffs and Trade (GATT) round of Multilateral Trade Negotiations launched last September in Uruguay;

- the publication of a major OECD study on the impacts of agricultural policies on trade.

South Africa

Canada has not remained passive in the face of the denial of basic human rights to the great majority of South Africans. The deterioration of the internal situation in South Africa, and the general increase of tension in the entire region of Southern Africa, have become a focus for the attention of Canadians in the last two years. In concert with Commonwealth countries, Canada has applied a series of sanctions and measures to clearly demonstrate our opposition to apartheid and to encourage peaceful change in South Africa.

Measures adopted by Canada in support of peaceful change in South Africa have been positive, i.e., in support of the oppressed majority in South Africa and of South Africa's neighbours who are suffering indirectly from the internal situation in South Africa, and negative, i.e., in the nature of economic or other types of sanctions.

Sanctions in themselves are neither desirable nor necessarily effective; they are, however, the only instrument available for impressing upon the South African authorities the Canadian government's view that the need to achieve real progress in removing obstacles to basic human rights for the majority of South Africans is urgent. Canada's approach is one of steady and increasing pressure, in conjunction with the widest possible international consensus.

France, for its part, has also adopted a series of measures to demonstrate its opposition to apartheid. Most recently, France has implemented further measures agreed to by the European Communities in September 1986.

During his recent visit to Africa, Prime Minister Mulroney made a commitment to provide more aid, through bilateral and multilateral channels, to the Front Line States. This measure is aimed at reducing their dependence on South Africa. The Prime Minister also indicated that Canada does not expect South