

in the 1980s" issued during the year. This policy statement recognized that Canada's economic interests and those of our trading partners are best served by the preservation and renewal of the international trading system. It also affirmed that the government rejects protectionism as a viable solution to competitive problems, that it will continue to work within the framework of international institutions and agreements to expand and liberalize trade, and that it will improve measures to enable prompt and effective action to be taken against unfair and injurious competition from abroad.

International trade relations in 1981 were conducted against the background of the first year-over-year decline in the value of world trade since 1958, of rising unemployment and of increasing pressures on governments to resort to protectionist measures. The stagnation in world trade was a direct reflection of the current world-wide recession. In these circumstances, there was international recognition of a need to examine the role of GATT in strengthening the world trading system and in furthering trade liberalization in the 1980s. The GATT Contracting Parties decided, as an exception, to raise their 1982 session to the ministerial level to deal with trade issues within a broad policy perspective. Canada supported this proposal actively from the outset, and was instrumental in having the Ottawa Economic Summit endorse the initiative.

Efforts continued during the year to further the process of implementing the results of the Tokyo Round of Multilateral Trade Negotiations (MTN). The second stage of the reductions in the tariff rates agreed to in the MTN was introduced on January 1. The Agreement on government procurement came into effect for Canada and the ten other signatories of this code. Royal assent was given during the year to the bill amending the customs tariff to give effect to the Canadian MTN tariff concessions, thereby enabling Canada to ratify the Geneva 1979 protocol to the GATT and to accept the Protocol supplementary to the Geneva 1979 protocol. Canadian representatives participated actively in the work of the GATT Council (conducted under the chairmanship of Canadian Ambassador Don McPhail), the committees established to administer the MTN codes, and the committees set up under the general agreement. There was increased recourse by the Contracting Parties to the GATT dispute settlement procedures in 1981. Panels established at Canada's request with respect to import prohibitions by the United States on tuna and tuna products from Canada, and to restrictions by the European Community (EC) on the imports of high-quality beef, concluded their work and upheld the Canadian position. Canada also requested that a panel be established to examine certain US measures relating to cases of alleged patent infringement.

In Canada, a federal-provincial committee on trade was established to serve as a focal point for consultations on international trade issues in the post-MTN period. The review by the Tariff Board of the draft legislation on customs valuation, which had been prepared in anticipation of Canada's implementation of the MTN customs valuation agreement by January 1, 1985, was completed and tabled in the House of Commons. As a second stage