

of the principles to be applied by this mechanism. A particular focus of attention in the anti-trust field throughout 1977 was on the differences between Canada and the United States over legislative and judicial proceedings concerning international uranium-marketing arrangements. Bilateral consultations were begun at a senior level with the aim of reaching an acceptable accommodation on this issue.

Two-way trade in automotive products approached \$20 billion in 1977, constituting a significant portion of the total trade between Canada and the United States. During the year, Canada sustained a net deficit in the automotive sector of \$1,054 million, about the same as in 1976. This deficit, together with the need to achieve greater fuel efficiency and adhere to environmental requirements, necessitated keeping the future of the North American industry under review. Studies undertaken by government officials in Canada and the United States on the state of the industry and its prospects were released in 1977, and consultations continued on trade in this sector.

In June, following meetings with U.S. authorities, Canada put into effect a system of individual export permits for beef and veal in order to ensure orderly marketing of those products within the levels of trade envisaged in a 1976 exchange of letters with the United States. The United States formally requested consultations with Canada in the event that the Canadian Government wished to implement any of the Tariff Board's recommendations on fresh and processed fruits and vegetables or to establish import controls on broiler chickens as part of a national marketing agency for chicken. Assurances were given of Canada's willingness to consult under such circumstances.

Discussions were held on a number of measures that reflected growing protectionist pressures on government in both the United States and Canada and that could affect traditional markets and markets and trading patterns negatively. In the United States, protective action was instituted or proposed with regard to zinc, copper and a number of other products. In addition, proposals for stronger domestic preferences in government

purchasing were put before Congress. After consultation with the U.S., Canada agreed to reduce certain tariffs in return for measures taken to protect the Canadian clothing and textile industries. Discussions were also held about ways to mitigate the effects of the U.S. steel "trigger-price scheme" on Canadian exports of steel products.

During the year, Canada made a strong argument for relief from the serious effects on the Canadian convention industry of a new U.S. tax provision that limited the number of tax-deductible conventions Americans could attend abroad to two and imposed stricter spending limits and reporting requirements on conventions held abroad than on those held in the United States.

There were frequent consultations between the two countries on a variety of questions of international trade and finance, which were held both in a bilateral context and also in international forums such as the MTN, GATT, the OECD, the IMF and the United Nations. The U.S. Special Trade Representative, Robert Strauss, visited Ottawa in September to discuss the multilateral trade negotiations (MTN) and world trade problems with Canadian ministers.

Agreement was reached on a revised tariff of tolls for the St Lawrence Seaway, to take effect with the opening of the 1978 navigation season. The agreement between the (Canadian) St Lawrence Seaway Authority and the (U.S.) St Lawrence Development Corporation was to be formalized by an exchange of notes between the two governments.

Energy

Energy issues retained a high profile in Canadian-U.S. relations during 1977. The Transit Pipeline Treaty, guaranteeing reciprocal security of passage and non-discrimination to the hydrocarbon resources of each country crossing the other in pipelines existing or planned, was signed in January and ratified in September. The major energy development of the year was the negotiation of an agreement