

product in the top seven markets has developed to levels where emphasis must be placed on establishing increased consumer awareness of Canada as a pleasure travel destination in order to assist partners in marketing this product. As a result, the strategy for the delivery of the tourism program in these primary markets underwent a gradual shift in 1983-84 from trade development to more consumer-awareness activities.

During the past year, tourism program officers were added to the Canadian posts in Hong Kong and Milan. About 1.78 million overseas visitors to Canada, from all countries except the United States, spent \$1.19 billion in tourist expenditures, representing 31 per cent of the \$3.85 billion in total tourism revenue from all foreign visitors to Canada.

The United States remained Canada's major foreign travel market. In 1983, 11.2 million US long-term visits (i.e. visits over 24 hours) accounted for \$2.6 billion in travel receipts, an increase of 2.4 per cent and 11 per cent respectively over those of 1982.

## Special trade relations

### Textiles and clothing

In 1981, Canada initiated a policy for the textile and clothing sectors under which it sought to establish a viable and competitive industry and to revitalize the economies of communities most vulnerable to foreign competition. Together with domestic measures for modernization and adjustment, the policy involved negotiation of bilateral restraint arrangements with low-cost exporting countries to limit imports into Canada during the period 1982-1986. By March 31, 1984, restraint arrangements had been concluded with 20 such suppliers. These arrangements recognized the need to provide for the interests of less developed exporting countries, while at the same time being sensitive to the concerns of workers and firms in the Canadian industry.

The bilateral arrangements were negotiated under the auspices of the Multi-Fibre Arrangement (MFA), with the exception of those with three countries which were not MFA signatories. The MFA is the international legal mechanism generally governing world trade in the textile and clothing sector.

Within the context of Canada's system of import control through bilateral restraint arrangements, a number of initiatives have recently been pursued to address the problem of increasing import pressure in the textile and clothing sectors. These measures included attempts in 1982 and 1983 to negotiate "rollbacks" in clothing restraint levels, a more controlled flow of imports and reduced flexibility provisions for the four major suppliers, viz. China, Korea, Hong Kong and Taiwan.

While these negotiation attempts proved unsuccessful, other measures were also announced in July 1983 that included a strengthened customs inspection program for clothing imports. In addition to these special measures, monitoring of imports was also continued and, where problems of market disruption were identified, negotiations were undertaken to conclude new restraint arrangements or to expand the product coverage of existing understandings.

In view of continuing concerns regarding the viability of the domestic industry and the continuing import pressures in the sector, the Minister for International Trade also

established a Textiles and Clothing Advisory Committee early in 1984, consisting of representatives of Canadian manufacturers, importers, retailers, unions and consumers. The Committee has served as a forum for an exchange of views on issues related to textile and clothing trade policy.

### Export controls

In April 1983, the high-level Co-ordinating Committee for Strategic Trade Controls (COCOM) met for the second time, in Paris. The purpose of this committee of NATO countries and Japan is to maintain multilateral controls on the shipment of military-related goods and technology to proscribed destinations. COCOM reviewed progress made in the implementation of the conclusions of the first high-level meeting, held in January 1982. Improvement in co-ordination among member states in enforcing national controls was given special emphasis. It was recognized that, given the security considerations at stake, the joint system should be as effective as possible. Canada, in keeping with COCOM and national objectives, has taken steps to increase the effectiveness of its export controls measures.

### Extraterritoriality

The unilateral application of laws by foreign countries, particularly the United States, in a manner which seeks to displace Canadian authority over its own territory or which has the effect of placing Canadian companies in the position of having to choose between conflicting legal requirements, remained of serious concern during the past year.

Bilateral discussions with the United States, aimed at mitigating problems caused by extraterritorial application of law, were launched by the Secretary of State for External Affairs and the US Secretary of State in December of 1982, and continued throughout 1983. In the antitrust field, discussions were renewed on the negotiation of a Memorandum of Understanding as to Notification, Consultation and Co-operation with Respect to the Application of National Antitrust Laws, which was signed on March 9, 1984. In the field of export and re-export controls, representations were made to the United States Administration and Congress regarding objectionable provisions of proposals for renewal of the Export Administration Act of 1979.

The question of the appropriate limits upon a foreign court's powers to compel the discovery of documents located abroad was brought into sharp focus by two cases involving the Bank of Nova Scotia before Florida courts. In these cases, the Bank was ordered by a US court to produce documents in the possession of branches located in Caribbean jurisdictions that have enacted strict bank secrecy laws. Canada's concern with the fact that the Bank would be subject to severe sanctions in the United States for failure to produce the information in question, or be subject to severe sanctions in the Caribbean jurisdictions if it did produce the documents, was reflected in the *amicus curiae* briefs filed by Canada in the latter case. Discussions were begun with the United States on immediate practical approaches that might be applied to other subpoenas outstanding against Canadian corporations, and on the negotiation of a Mutual Assistance Treaty.

Throughout 1983, Canada accompanied its efforts to develop practical procedures to mitigate conflicts that might