

spending. The same situation in the United States led to an increase of our total exports in those sectors: exports of fully manufactured goods rose by 16.5 per cent, considerably above the 9.6 per cent general average (together with semi-manufactures they formed over 70 per cent of Canadian exports). The decline in Canada's world trading position in 1982 was, for the most part, halted in 1983 and, in certain key developed and developing markets, the downward trend was reversed. There is still a need to rebuild market shares in other important markets and to exploit opportunities in emerging trade partners, particularly those of the Pacific Rim.

### **Developments in trade policy**

During the year a discussion paper entitled "Canadian Trade Policy for the 1980s" was released, together with a background document, "A Review of Canadian Trade Policy". The review was the outcome of a major effort to define the nature, objectives, and priorities of Canadian trade policy for the 1980s. It underlined the priority Canada attaches to a strong international trade performance, and it provided a framework of basic trade policy principles to guide decision-making. In announcing the results of this review, the Minister for International Trade emphasized five points: (1) the crucial importance of foreign trade to economic growth and job creation in Canada; (2) the relationship between Canada's competitiveness and its ability to improve trade performance; (3) the determination of the federal government to work hand in hand with Canadian producers and the provinces to search out and develop new export markets and to expand existing markets; (4) the vital importance to Canada of an effective multilateral trade and payments system; (5) the priority which the government intends to give to effective management of trade and economic relations with Canada's major trading partner, the United States, and the decision to give careful consideration to the advantages and disadvantages of limited free trade arrangements with the USA in particular sectors.

The fundamental message of the review was that the open trading system continues to be the best and most practical option available to benefit Canadian producers and consumers and to improve their standard of living. Consequently, Canada continued to participate actively in initiatives to protect and strengthen the multilateral trading system. Canada took an active part in the implementation of the work program agreed upon at the GATT ministerial meeting of 1982, which was chaired by Canada. Issues such as trade in agriculture, the development of an international agreement on safeguards (e.g. emergency import quotas), trade in resource products and in new areas, such as trade in services, have been addressed. Canada also supported the Japanese call, in November 1983, to accelerate preparations for a new round of multilateral trade negotiations. Canada was involved in trade discussions at the OECD ministerial meeting in May 1983 and at the Williamsburg Summit in June 1983. In addition, Canada participated in regular meetings of the ministers responsible for trade of the United States, the European Community and Japan (quadrilateral trade meetings) to review international trade issues. The Minister for International Trade chaired two quadrilateral meetings, at Canada House in London in July and in Ottawa in September. He was also involved in a number of informal trade ministers' meetings, including a meeting organized by the Trade Policy Research Centre of London in July and a special meeting on trade problems organized

by the European Management Forum held in Lausanne, Switzerland, in November.

Canada was a participant in regular GATT activities during the year, including the work program established at the GATT ministerial meeting in November 1982. The work under the various Tokyo Round agreements also progressed, with the successful negotiation of expanded coverage under the Agreement on Trade in Civil Aircraft and the initiation of negotiations to improve and expand the coverage of the Agreement on Government Procurement. In the area of dispute settlement, the report of the panel established at the request of the United States to examine certain practices under the Foreign Investment Review Act was adopted by the GATT Council. In addition, at the request of Canada, a panel was established to examine the unilateral reduction by the European Community of its bound duty-free import quota for newsprint.

An export understanding was also reached with Japan on the level of motor vehicle shipments to Canada for the period ending March 31, 1983. Competitive and structural problems facing the international steel industry were extensively examined in the OECD. The various relationships between trade and industrial policies also received increasing attention, with analysis and intergovernmental consultations focusing on structural adjustment and trade in high technology issues.

### **International commodity developments**

Canada continued to participate in the main international commodity agreements (wheat, sugar, coffee, tin, natural rubber). The only one for which Canada is an exporting country, the International Wheat Agreement, consists of a consultative mechanism without economic provisions. The agreements on sugar, coffee, natural rubber and tin contain provisions aimed at price stabilization, but for sugar it was not possible to maintain the prescribed price range due to surplus supplies. The new sugar agreement which was renegotiated in 1983-84 was limited to a consultative framework due to failure to reach agreement on pricing and other provisions to stabilize the market. Canada remained outside the current cocoa agreement as the economic provisions were judged to be unworkable, and this has since proved to be the case. The agreements covering tin and natural rubber succeeded in stabilizing prices within the prescribed range, but that on tin faced difficulty reflected by persistent downward pressure on the price.

Concerns of Canadian resource industries continued to receive considerable attention during 1983-84 as some of the concerns about the international trading environment were examined in detail by private sector task forces (e.g. petrochemicals and forest products). Efforts were also directed to securing orderly development in the international regulatory environment for asbestos. In addition, initiatives were pursued to promote increased transparency of markets for resource products through co-operation of producing and consuming countries in international forums such as the International Lead and Zinc Study Group, the proposed International Nickel Discussion Group, OECD, the United Nations Conference on Trade and Development (UNCTAD) and the UN Economic Commission for Europe (ECE).