

the federal government July 9. The Canadian footwear industry had claimed that 7,500 workers had lost their jobs since the quotas were dropped in November 1981. Pressure on the government to reinstate the quotas included a march by thousands of industry workers on Parliament Hill June 15 and continuous questions by opposition members in the House of Commons since the November decision. Shoe industry spokesmen had claimed that the dropping of the import protection measures had made Canada the "largest exporter of shoe-industry jobs in the world" (*Globe and Mail*, July 1). In 1981 the Canadian anti-dumping tribunal had also found leather footwear imports injurious to the Canadian industry.

The shoe industry had been calling for the reinstatement of quotas to last five years (Shoe Manufacturers Association of Canada press release, June 11). The *Globe and Mail* reported July 10 that although the announced quotas will expire November 30, 1984, the shoe industry was "happy." The regulations announced by International Trade Minister Ed Lumley July 9 applied to imports from all sources and limited leather footwear imports to 11.1 million pairs annually. An External Affairs press release that day said that Mr. Lumley had stressed that "the government remains convinced that the footwear industry has the protection to restructure and modernize its operation to meet international competition." Mr. Lumley also indicated that the government was concerned over the apparent lack of cooperation between segments of the Canadian footwear industry in their effort to maintain a viable domestic industry.

Canada gave notification of its measures to its trading partners through the General Agreement on Tariffs and Trade (GATT), the press release stated. Article 19 of the GATT allows special measures of protection when domestic industries are injured as a result of imports (*Globe and Mail*, July 10). Canadian shoe importers were reported to be "furious" with the government action. The *Globe and Mail* July 10 said that Canadian Importers' Association Vice-President Peter Dawes had called the reimposition of the quotas "a triumph for political meddling over sound economic judgment and trade strategy." A Consumers' Association of Canada news release (July 16) also condemned the move, which they said makes "victims" of Canadian consumers who "may well be asked to subsidize the industry through taxes and also face higher prices on purchases."

### **Import Policy Report**

The final report of the Sub-Committee on Import Policy of the Standing Committee on Finance, Trade and Economic Affairs was tabled by its Chairman, Bryce Mackasey, in the House of Commons July 8. The report represented a year-long review by three MPs of the proposed Special Import Measures Act, which is intended to modernize and reorganize the various scattered components of Canada's import legislation (Sub-Committee on Import Policy press release, July 8).

The report concentrated on the proposals which would bring Canada's legislation on anti-dumping and countervailing duties, import surtaxes and other import regulating measures up to date, and would take advantage of Canada's rights under the Tokyo Round agreements. The proposals were found by the sub-committee to be

"fundamentally sound for the most part but can be improved with a few additions and one major deletion," a press release from the sub-committee stated. The deletion suggested was the proposed introduction of a basic price system to establish a lowest competitive price, with imports to Canada below this price considered both dumped and injurious, and therefore dutiable. The sub-committee argued that this system would harm Canada's export interests.

If the recommendations of the sub-committee are implemented in legislation "Canada can look forward to faster investigations of dumping and subsidization, an effective system of negotiated price undertakings and a depoliticization of countervailing duty options," the report stated.

Newspapers reported that the proposals, if implemented, would give the government the power to withdraw trade privileges granted to other countries, and impose countervailing duties in retaliation for moves by foreign governments that affect Canadian exports (*Globe and Mail*, July 9). The President of the Canadian Importers Association Keith Dixon criticized the recommendations, which he said would give the government power to arbitrarily "stop, harass, surcharge and restrict the import of any product at any time from any country without notice."

He told reporters that such power would result in "the wrath and frustration of Canada's two hundred trading partners" which would retaliate by reducing their imports of Canadian goods (*Globe and Mail*, July 10). Mr. Mackasey had stated on July 8 that the powers would only be used as a last resort, notwithstanding the General Agreement on Tariffs and Trade or other trade agreements (*Globe and Mail*, July 9).

### **Airbus Negotiations**

The federal government approved "the commencement of formal negotiations to develop a mutually satisfactory basis for Canadian participation in the Airbus Industrie A-320 aircraft project." Industry, Trade and Commerce Minister Herb Gray announced July 21. Airbus is an international consortium involving France, West Germany, Britain and Spain. The A-320 is a 150-seat, advanced technology passenger aircraft.

Mr. Gray, the responsible minister, said that a memorandum of understanding had been signed between Crown-owned de Havilland Aircraft of Canada Ltd. and Airbus Industrie. Mr. Gray announced that a final agreement with Airbus to build components would have to satisfy three conditions: that it be commercially viable; yield a high level of benefits for Canadian industry; and be on a basis of recovery of costs incurred by the government. Canada's financial commitment had not been negotiated, but in the House of Commons July 21, Mr. Gray said that, "I do not think it is correct to assume any financial commitment will be as high as \$500 million."

### **AID**

#### **Disaster Relief**

Nicaragua and Honduras appealed for international aid in late May and early June to repair the devastation