

market stabilization, quotas were suspended in February 1986 when prices went beyond the upper end of the agreed price range. Canada, as chairman of the council of the coffee organization, advocated an agreement providing for revised export quotas among members in order to reactivate the agreement.

Canada also participates in several important specialized commodity forums which foster discussions between governments (often with industry advisors) on matters related to the production, consumption and international trade of these products. The International Wheat Council is one such consultative body which has its origins in an international commodity agreement. The 1985 International Sugar Agreement is currently limited to a consultative framework, due to failure to reach agreement on pricing and other provisions to stabilize the international sugar market. Canada continued to be an observer at the International Cocoa Agreement, which entered provisionally into force in January 1987. The 1986 Agreement finances a buffer stock through a levy on individual trade transactions.

Canada supports the International Jute Agreement which does not contain price stabilization provisions but focusses on increasing consumer awareness for jute and jute products, and research and development in new uses for jute. In 1986 CIDA provided financial assistance to the International Jute Agreement for projects related to these objectives.

In May 1986 Canada joined the International Tropical Timber Organization. This organization was created for the purpose of establishing reliable data on markets and market structures in order to improve the assessment of world trade in forest products and global forest management requirements.

International support for open discussion among government experts on matters relating to trade in minerals and metals encouraged Canada to assume a leadership role in promoting the creation of an International Nickel Study Group along the lines of the International Lead Zinc Study Group. The latter is also the proposed model for another study group proposed by the United States' copper industry and supported by Canada, among other major producers and consumers.

In May 1986 the International Labour Organization (ILO) adopted a convention on safety in the use of asbestos, which embodied Canada's controlled-use approach. This ILO Convention is now open for ratification by member countries and Canada began taking steps for obtaining provincial concurrence leading to Canadian ratification.

In November 1986 Canada chaired the second UNCTAD *ad hoc* Intergovernmental Group of Experts Meeting on Iron Ore, in order to promote international discussion on trade in this sector.

Canadian delegations have also been participants this year in the OECD High Level Group on Commodities, the UNCTAD Committee on Commodities, and the UN Economic Commission for Europe. Within these organizations Canadian government officials and their industry advisors have pursued Canada's interest in a wide range of commodity questions, *inter alia* regarding coal, tungsten, pulp and paper, timber.

## **Special trade relations, export and import controls**

### **Export controls**

On September 10, 1986, the Secretary of State for External Affairs announced a new export control policy for military and strategic goods. The new policy placed greater restrictions on the exports of military goods to countries in conflict and to countries with persistent records of human rights abuses.

Canada continued to work actively in the Co-ordinating Committee for Strategic Trade Controls (COCOM). The Committee, made up of NATO countries and Japan, maintains multilateral controls on the shipment of strategic military-related goods and technology to proscribed destinations. During the year, a major review was concluded as part of the triennial review process. COCOM has embarked on a continuous review which will keep the list of embargoed goods more up to date with current technology. COCOM also devoted attention to the exchange of information and greater co-operation on the enforcement of national controls.

### **South Africa**

With effect from October 1, 1986, a ban was imposed on imports of uranium, coal, iron and steel and agricultural products of South African origin. The communique of the Commonwealth Heads of Government Review Committee, London, 3-5 August, 1986, provided the authority for the imposition of this ban under the provisions of the *Export and Import Permits Act*. A transitional period, ending December 31, 1986, was allowed to permit entry of those products which were in transit on October 1, and for those goods which were subject to binding contractual commitments entered into prior to August 24, 1986.

### **Steel**

On September 1, 1986, carbon steel products were placed on the Import Control List for monitoring purposes. This action was taken on the basis of a recommendation by the Canadian Import Tribunal following an inquiry into carbon steel imports. This measure does not, in any way, restrict the quantity of steel entering Canada. Instead, it is intended to provide the government with more timely and precise information on imports.

### **Global import quota allocation system**

A major review was initiated in 1986 by the Minister for International Trade into the system used to allocate quotas to Canadian importers for products subject to global import control. The purpose was to determine whether an alternative system of allocation, other than the current system, which is based on traditional import performance, would be more equitable and responsive to changes in the market. An independent consulting firm was commissioned to undertake a study of the current system and to develop possible alternative approaches. Extensive consultations were held with the private sector, including all major associations with a direct interest in the global quota administration. An announcement by the Minister for International Trade is anticipated on the outcome of this review during 1987-88.