

an increase in the number of companies eligible to be considered under the small business procedure, which provides a special "short-form" application and more rapid processing (*Globe and Mail*, June 30). The related passage from the budget speech stated, "the threshold for review under the small business procedures will be raised from two million dollars and one hundred employees to five million dollars and two hundred employees for new investment or direct acquisitions in Canada" (FIRA press release, June 30).

Post-budget debates revealed that the changes in FIRA were "not enough" for PC members, and in the opinion of NDP members, "the floodgates were opened up for FIRA so that we can have more foreign takeovers and more foreign investment in Canada." In particular, the changes would "open the door" for the takeover of small Canadian high-tech companies, according to Lorne Nystrom (NDP, Yorkton-Melville), the NDP trade critic.

Prime Minister Trudeau defended FIRA after the US announced that US firms operating in Europe were banned from selling equipment to be used in the construction of the natural gas pipeline from Siberia to western Europe. He told a newsconference that European countries which have been complaining about FIRA now might think Canada had been right to protect itself (*The Citizen*, July 10).

### **Government Support for Export Industry**

Plans to create a national trading corporation to promote Canadian exports were reported "shelved" June 2 because of a lack of support from private trading firms. The establishment of the joint public/private venture had been recommended by a parliamentary committee a year earlier (*Globe and Mail*, June 2).

International Trade Minister Ed Lumley was questioned by Lorne Nystrom (NDP, Yorkton-Melville) in the House of Commons June 2. Mr. Lumley explained that the government did not "shelve" the idea of a national trading corporation, but had postponed the plan until the private sector committed itself to finance its portion of the proposed corporation. The government's priority will be to provide export financing to private companies, Mr. Lumley said. He had told a trading house conference the day before that the government also intends to sponsor trading company missions abroad and a series of conferences in Canada to help identify potential exports (*Globe and Mail*, June 2).

Government support of private sector export initiatives was the subject of a federal-provincial trade ministers' conference in Ottawa June 21 (External Affairs press release, May 31). Current trade issues, such as relations with major trading partners, export development programs and initiatives, and Canada's position regarding the General Agreement on Tariffs and Trade were discussed among the ministers. A statement issued after the conference emphasized the agreement between governments concerning the "importance of the continuing strong collective effort in support of Canadian export as a national priority."

Another government move to support private sector trade was announced June 15. Responsibility for the research activities of the Canadian Organization for the Simplification of Trade Procedures (COSTPRO) was transferred from the federal government to the Canadian Export Association. The Department of External Affairs provided

a \$1.6 million contribution to assist the program (External Affairs press release, June 15). (See this issue, MULTILATERAL — GATT.)

### **Grain Exports**

The House of Commons June 11 gave unanimous support to a motion commending the "unparalleled achievement" of all those involved in the production and transportation of grain. It was announced that, with seven weeks remaining in the crop year, Canada was on the verge of surpassing an all-time export record for grain. The previous record was set in 1979-80, when Canada exported 21.7 million tonnes of grain. On June 23 Agriculture Minister Eugene Whelan announced that Canadian grain exports this year, until June 16, had totalled 22.2 million tonnes. The crop year ended July 31 (Agriculture Canada press release, June 23).

### **Herring Exports**

A contract negotiated during June between three Atlantic fishing organizations and two European buyer groups provided for the sale of 32,000 tonnes of Canadian herring directly to foreign buyers. The fresh herring was to be sold at \$305 per tonne, almost three times the amount offered to the Canadian fishermen by Canadian processors. A Fisheries and Oceans press release June 24 said that Fisheries Minister Romeo LeBlanc called the contract an illustration of how fishermen can benefit through cooperative action. "The fishing industry must realize that it cannot ride on the backs of the fishermen, who would be fishing at a loss at the price offered by the (Canadian) processors," Mr. LeBlanc was quoted as saying.

In the House of Commons July 13, this arrangement was criticized by Lloyd Crouse (PC, South Shore), who stated that, "The artificial price of \$305 a tonne paid by communist countries, which pay no taxes to Canada, has placed Canadian processors at an unfair disadvantage in trying to meet the competition." On July 16, the *Globe and Mail* reported that, according to Canadian processors, "direct sales to Soviet processing ships by fishermen are responsible for putting 2,560 people out of work in New Brunswick and Nova Scotia."

### **Dollar**

The Canadian dollar began this two month period at a record-low level on foreign exchange markets. On June 1, the dollar was worth 80.06 cents (US), and continued to plunge until late June, declining to 76.86 cents (US) on June 22. It rose and fell into July, but by the end of the month, at 79.85 cents (US), the dollar registered its highest level since early June. Massive borrowing to defend the dollar was reported during this two month period.

### **Trade Surplus**

Figures released in July showed that Canada's trade surplus had increased during both April and May. In April, the surplus was 1.23 billion, and in May it was 1.36 billion (*Globe and Mail*, July 7).

### **Import Quotas on Leather Footwear**

Leather footwear import quotas were reimposed by