

sector in Japan is evidence of the determination of governments to maintain domestic product preferences, over and above the tariff, in this area. Mr. Martin is correct, however, in noting that dumping might continue even if the procurement market was liberalized, but it might be less extensive.

25 By an "exchange link" mechanism we mean provisions in an exchange control system that allow an exporter to import a quantity of goods in proportion to the foreign exchange he has earned. If the goods to be imported are, say, luxury products under strict import limitation, prices in the domestic market may be much higher than world prices. Thus the exporter makes his profit in the related import transaction, not on the export sale; he has a motive for exporting at any price which will move the goods. Detailed examination of foreign exchange control administration may be required to reveal the existence of such practices.

26 Special Import Measures Act, Section 45(1).

27 Hugh Corbet. Public Scrutiny of Protections: Trade Policy and the Investigative Branch of Government, Paris, OECD, 1984.

28 Rodney de C. Grey. U.S. Trade Policy Legislation, p. 24, for a discussion of this feature of the "escape clause".

29 Monopolies and Mergers Commission. Discounts to Retailers, London, HMSO, 1981, HC 311, at page 89, and see detailed reference to Loi Royer.

30 Corbet. Op. cit.

31 In this approach we follow the late Jan Tumlir, director of research for the GATT; see his publications cited in Chapter I, and in the Selected Bibliography.

32 This is difficult to document, but it is a logical inference from such papers as the UNCTAD Secretariat Study TD/B/978: An Improved and More Efficient Safeguard System, January, 1984.

33 The enthusiasts for "fair labour standards" would also want the Board to inquire into labour conditions in the country concerned. Does it apply the various ILO conventions, for example. There is a growing literature on this issue, which we have not cited because it falls outside our terms of reference.

34 This is the so-called "Hatters' Fur" precedent.

#### FOOTNOTES TO APPENDIX

1 Over the period, say, since the end of World War II the Canadian competition authorities have made a number of recommendations that particular tariff rates be reduced, because of the absence of sufficient domestic competition. While the authorities have not used the delegated power to reduce