

international commodity agreements (tin, natural rubber and coffee) with economic provisions designed to provide stability to the respective international markets.

The Sixth International Tin Agreement continued to devote considerable effort to defending itself in litigation resulting from the collapse of the tin market in 1985. In another development, the International Rubber Agreement was signed by the requisite number of producers and consumers to maintain the buffer stock through its interim period before the second agreement is expected to come into force (January 1989). Canada did not sign and must therefore decide whether or not to accede after entry into force. Canada chaired the International Coffee Council negotiation at which revised export quotas were agreed, and the International Coffee Agreement was then reactivated.

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 specific products. The International Wheat Council is one such consultative body that has its origins in an international commodity agreement. The 1988 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.

Canada supports the International Jute Agreement, which does not contain price stabilization provisions but focuses on increasing consumer awareness for jute and jute products, and research and development in new uses for jute. Preparations for the renegotiation of the first International Jute Agreement will begin in 1988 and will be completed in 1989.

In May 1986 Canada joined the International Tropical Timber Organization. This body was created for the purpose of establishing reliable data on markets and market structures in order to improve the assessment of world trade in tropical forest products and tropical forest management and development. The International Tropical Timber Agreement comes up for renegotiation in 1990, at which time its focus may expand to include a range of environmental issues.

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 and other major producers and consumers, for which a negotiating conference on the terms of reference was called in June 1988.

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.

Canada participated in the third UNCTAD *ad hoc* Intergovernmental Group of Experts meeting on iron ore, where it was agreed that sufficient intergovernmental interest in iron ore trade existed to warrant future *ad hoc* meetings within UNCTAD. The next meeting was tentatively set for October 1989.

Canadian delegations have been regular participants in the OECD High Level Group on Commodities, the UNCTAD Committee on Commodities, WHO and FAO Committees and related agencies, and the UN Economic Commission for Europe. Within these organizations Canadian officials and their industry advisors have pursued Canada's interest in a wide range of specific commodity questions regarding, *inter alia*, changing product standards, evolving health and safety requirements, and global production and consumption trends.

Agreement on government procurement

Canada participated in the negotiations that produced an accord to improve the procedures of the Agreement on Government Procurement. The improvements came into force on February 14, 1988. The Agreement, to which the major industrialized countries adhere, opens up a portion of the procurement of goods by its member governments to international competition.

Liquor boards

A GATT panel, established at the request of the European Community, found that certain Canadian provincial liquor board practices on pricing, listing and distribution discriminate against imports of alcoholic beverages and are inconsistent with GATT rules. Canada has been asked to have the provinces bring their practices into line with international trade rules and report back to the GATT before the end of 1989.

Harmonized system of tariffs

Work continued in preparation for the implementation by Canada and our trading partners of the Harmonized System (HS) within the GATT, and negotiations continued seeking to ensure that tariff conversions were as neutral as possible. In December 1987, Canada re-bound its tariff schedule in the GATT in its HS format, and also became a signatory to the Harmonized System Convention of the Customs Co-operation Council in Brussels. On January 1, 1988, Canada and over 40 of its trading partners implemented the HS, with the notable exception of the United States (which is expected to implement by January 1, 1989).

Pacific salmon and herring

Canadian regulations under the Fisheries Act prohibit the export of Pacific sockeye and pink salmon and herring unless it has been processed in a federally certified plant in British Columbia. U.S. fish processors petitioned the U.S. government under Section 301 of the Trade Act, complaining that Canadian fish processors were buying significant quantities of unprocessed Alaskan salmon and herring while they were denied access to unprocessed salmon and herring from British Columbia. After two rounds of bilateral consultations, the United States took the complaint to a GATT panel. In November 1987, the panel made its finding that Canada's export restrictions were