

### **International trade ministers' meetings**

Canada participated in two Quadrilateral Trade Ministers' Meetings, one in January in San Diego and the other in September in Sintra, Portugal. On that occasion, ministers of trade from Canada, the United States, Japan and the European Community pursued the launch of the new round of Multilateral Trade Negotiations and reviewed developments in international trade.

Canada also took part in informal meetings of trade ministers from a broad range of developed and developing countries. The meetings, held in Seoul in June 1986 and at Lake Taupo, New Zealand, in March 1987, were designed to develop a consensus in favour of prompt initiation of the next MTN round and to exchange views on progress in these negotiations. At the Lake Taupo meeting, Canada tabled a list of principles for agricultural policy-making, in order to promote the kind of domestic policy adjustments which resolution of the agricultural trade difficulties would require.

### **Industrial trade policy**

Efforts were pursued to maintain market access for exports of Canadian manufacturing industries particularly in sectors, such as steel, which remained subject to a managed trading environment. Particular areas of concern were the United States, where pressures continued for restrictions on Canadian steel exports, and Spain, where costly delays occurred in issuing import licences for Canadian steel.

Measures were adopted in response to the potential for increases in unfairly traded steel imports arising from world-wide production overcapacity, widespread subsidization and import restraints in other countries. An import monitoring system, which came into effect during September 1986, was established for carbon steel. In addition, consideration was given to the trade policy implications of an industry request for withdrawal of the General Preferential Tariff on steel imports from all beneficiary countries.

Trade policy initiatives were continued in order to facilitate industrial adjustment in certain sectors. Following bilateral discussions with Korea and Japan, those countries renewed their undertakings concerning restraint of automobile exports to Canada. Other industrial trade policy activities included continuing efforts to ensure that domestic industrial policies were consistent with Canada's international trading obligations.

In an effort to assist industrial development and adjustment, the Department pursued improved Canadian access to foreign technology by participating in multilateral and bilateral trade negotiations in regard to intellectual property. Canada worked to improve market access for manufactured products under the GATT agreement on technical barriers to trade.

### **Agricultural trade policy**

The crisis in agricultural trade came to the forefront in 1986, as subsidy-fed competition between the United States and the European Community depressed international agricultural prices and strained international trading relations. Prime Minister Mulroney raised the issue

of agriculture at the Tokyo Economic Summit and succeeded in obtaining public recognition by leaders of the world's major countries of the extent of the crisis in agriculture. Summit leaders endorsed the work of the OECD in the area of agriculture and urged the organization to address reform required in agricultural policy.

Following the Tokyo Summit, the Department considered the possibility of establishing an international Eminent Persons Group to examine agricultural trade issues and to recommend some possible solutions. Considerable planning and initial development work was engaged, and progress was made toward finding extra-governmental financing for the Group, in order to ensure that its objectivity could not be questioned. As work progressed, however, it became clear that certain countries, whose co-operation would have been essential to the successful follow-up to an eventual Group report, became determined to oppose the Group's establishment. In the circumstances, the government reluctantly came to the conclusion that establishment of the Group would not lead to progress on agricultural issues and the idea, as well as some possible variants on it which were subsequently considered, was abandoned.

At the same time, Canada was participating actively in work in the OECD on a major project to examine agricultural and trade policies, including an analysis of the effects of a balanced reduction in protection. That exercise advanced to its concluding stages during 1986. A report to ministers on the conclusions to be drawn from the OECD's five years of work on agricultural trade issues was completed toward the end of the fiscal year, for consideration at the 1987 OECD Ministerial Council. This activity supplemented the OECD's continuing work program, which consists principally of the review of market developments affecting grains, meat, dairy products and horticultural products, and of the review of member countries' agricultural and trade policies.

The launching of negotiations in the GATT at the Punta del Este ministerial meeting was a welcome development for agricultural trade. The Punta del Este Declaration clearly signalled that agricultural trade issues would be at the centre of the new round, instead of at the periphery as in previous negotiations. The Declaration embodies an undertaking to work toward agricultural trade liberalization, including improving access and developing better rules for agricultural subsidies affecting trade. The new round of negotiations will constitute a major thrust of Canadian agricultural trade policy over the next few years.

### **Resource and commodity trade policy**

Canada participates in a number of international commodity organizations of which three were created by international commodity agreements (tin, natural rubber and coffee) with economic provisions designed to provide stability to the respective international markets.

The International Tin Agreement is currently devoting a 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 negotiated and is now open to ratification. With regard to the coffee agreement, which is designed for