

conditions, being an exceptional measure for a limited period of time, as permitted by the ILO. And so, the letter states, "We respectfully submit that the ILO should consider the *Public Sector Compensation Restraint Act* as an act required by particular circumstances and also consider that, although bringing into force financial restrictions, it is not inconsistent with Canada's commitments under Convention No. 87 and the ILO's requirements related to its freedom of association principles."

On December 1 it was reported that the ILO would examine the wage-restraint program in March. If the Organization supports the union, "it can slap the government on the wrist and recommend legislative changes but it cannot apply sanctions" (*Globe and Mail*)

NATO

Meeting of Ministers

Canada hosted a meeting of the foreign ministers of NATO countries in early October at a retreat in Val David, Quebec. The meeting came after reported stresses in the alliance regarding economic relations with the Soviet Union, especially the US-imposed sanctions on supplies for the Soviet Union's natural gas pipeline to be constructed to carry natural gas from Siberia to Western Europe. The meeting of the sixteen foreign ministers was the first of its kind, consisting of informal sessions where no policy decisions were taken but pressing problems discussed. The ministers met without their staff and aides.

After the meeting, Canada's External Affairs Minister Allan MacEachen told the press that the meeting had been very positive, with all parties seeking a comprehensive global policy involving military, political and economic problems that affect the NATO alliance (*The Citizen*, October 4). The Ministers decided that NATO officials should conduct a series of studies, particularly on energy relations between Europe and the Soviet Union, and on the offering by the West of trade and financial credits to Soviet-bloc countries. Although the pipeline dispute was not the focus of discussion during the ten-hour meeting, the *Globe and Mail* (October 4) reported, "The blowup over the pipeline was clearly the impetus for the studies. If the differences that led to the pipeline dispute are not bridged through the development of a comprehensive NATO policy for the conduct of east-west relations, the alliance, which has primarily concerned itself with military and/or political matters in the past, will be strained each time a major economic issue emerges."

GATT

Ministerial Meeting

The Ministerial meeting of the General Agreement on Tariffs and Trade (GATT) was held in Geneva from November 24 to 27. The Chairman of the meeting was Canadian External Affairs Minister Allan MacEachen. It was the first meeting of the ministers of the eighty-eight GATT countries since the Tokyo meeting in 1973 that had launched the

multilateral trade negotiations, concluded in 1979, which lowered trade barriers around the world (*The Citizen*, November 19).

The role of GATT is to promote free trade by watching over and providing safeguard mechanisms and dispute procedures in cases of trade barriers imposed by member countries. Two weeks before the Ministerial meeting, GATT had issued what was called a "gloomy review of the world's shrinking trade," a report which said that the present situation parallels the Depression years of the 1930s. Protectionism is on the rise as countries try to protect domestic industries from foreign competition (*Globe and Mail*, November 13).

Canada had prepared to take an active role at the meeting. The health of the Canadian economy is particularly vulnerable to protectionist measures abroad because about 30 percent of Canada's GNP is generated by goods and services exported. Recent OECD statistics have shown that Canada's productivity performance was the "worst in the western world" (*The Citizen*, November 13). And so Canada's position at the meeting was firmly in support of measures aimed at ensuring more secure access for exports of products such as fish, agricultural and petrochemical primary products. Canada claims to impose fewer tariff and other barriers to imports than the US and European countries. That is why, according to federal officials, Canada must rely on the mechanisms, including penalties and compensation, that can be applied within GATT (*The Citizen*, November 16).

A preparatory committee laying the groundwork for the Canadian position had been headed by trade ambassador Donald McPhail. Despite this, hopes for the meeting had been called limited at best in the current climate. Trade officials had said that the most that could be expected was a "credible and realistic" declaration by governments in support of an open multilateral trading system, and some agreement on setting up working parties to look into trade irritants (*Globe and Mail*, November 20).

Canada's position was put forward by International Trade Minister Gerald Regan. In a statement delivered November 25, Mr. Regan outlined Canada's commitment to free trade and the principles of GATT, urging "firm resolution" of key issues. Canada wanted stronger, more effective and relevant measures addressing problems of tariff and non-tariff barriers, direct and indirect subsidies, and new areas such as trade in services, to achieve greater predictability in the access to markets. As Chairman, Allan MacEachen had also addressed these concerns in his opening statement a day earlier. He called it a "crucial meeting" at a critical time, and asked that despite present difficulties, the issues be dealt with with commitment and understanding.

It was widely reported over the course of the session that the talks were in danger of falling apart or being postponed for several months due to deadlocks brought on by "bitter disputes" among member countries (*The Citizen*, November 27). There was, at the end, a Ministerial Declaration produced and agreed to by the member countries. According to the *Globe and Mail* November 30, Canada was pleased with progress made in strengthening the dispute settlement procedure, and the agreement by the ministers to set up a work program covering trade in key