

chemicals; and Australia's decision as a member of the New Zealand-Australia Free Trade Agreement (NAFTA) to allocate 89 per cent of its newsprint market and 75 per cent of its pulp market to domestic and New Zealand suppliers. More recently, a number of unilateral actions have affected preferential tariffs. Since early 1974, various recommendations put forward by the Industries Assistance Commission have had the effect of either increasing rates of duty on certain Canadian goods, or reducing margins of preference. A wide range of Canadian products has been affected. In a number of cases Canadian imports were not the immediate cause of the market disruption but were nonetheless caught up in the protective measures imposed. The situation is of particular concern because of the large number of investigations and the uncertainty caused by the long periods that can elapse between the initial complaint by a domestic producer and the ultimate decision by government. Importers are reluctant to make purchase commitments once an investigation has been initiated. Similar problems have resulted from the two per cent revenue Customs duty imposed in late 1979. There have been problems as well with Australian health and sanitary regulations. Some success has recently been achieved making the movement of Canadian cattle, swine, horses and bovine semen possible, but quarantine regulations still prevent the entry of poultry.

Australia has expressed concern, among other things, over Canada's import restrictions on beef and dairy products, increased tariffs on certain fruit and vegetable products, the effect of changes in the general preferential tariff on competing Australian products, and a number of general issues relating to access for Australian wines (such as bilingual labeling, appellations of origin, and the practices of provincial liquor commissions).

3. Investment and Joint Ventures

Canadian direct investment in Australia totaled \$457 million in 1978 (the latest year for which published figures are available), accounting for less than three per cent of total foreign investment in Australia and about four per cent of the total investment by Canadian interests in all countries. An outline of Canadian investment in Australia is attached as Appendix III. Australian direct investment in Canada is estimated to be \$76 million.

A number of Canadian mining and oil companies are already active in the resource development sector. In manufacturing as well, there are many areas where the combining of Canadian and Australian resources and expertise has already proved beneficial to both sides in such disparate enterprises as food processing and production of prefabricated buildings. In