

1978 to stimulate sustainable and non-inflationary economic growth. The combination of policies endorsed by foreign and finance ministers at the meeting acknowledged that energy policy was an integral component of macro-economic strategy and, while the differentiated demand management elements of the 1978 program remained valid, it was agreed that they should be coupled with improvements to the supply side, especially by encouraging productive investment and facilitating structural adjustment. Ministers also welcomed the emergence of the "newly industrializing countries" (or "NICS") in the knowledge that, given appropriate economic policies on the part of both the NICS and the industrialized countries, OECD trade with the NICS should evolve over time in a balanced and mutually beneficial manner. Much of the policy discussion centred on the impact of energy supply and pricing on the world economy, and the OECD ministers were in agreement on the need to reduce energy consumption and increase production. Although in the short term there was a conflict between raising energy prices and fighting inflation, in the longer term higher energy prices would help ensure that a chronic shortage of energy did not become a permanent source of inflation.

At the Tokyo Summit in June, Canada along with other Summit participants agreed on a common strategy to attack the problems of inflation, higher oil prices and oil shortages. It was agreed that the most urgent tasks were to reduce oil consumption and to hasten the development of alternative energy supplies. In the context of the general strategy, each participating country agreed to specific oil import goals and a high level representative body was set up to review each country's progress toward meeting its commitments. In addition, regarding energy, agreement was reached at the Summit on establishing a register of international oil transactions to slow the spot market's price spiral, speeding up the development and commercial application of new energy technologies, and expanding the use of non-oil energy sources.

Commercial policy

Trade in goods and services remains an important component of Canada's over-all economic well-being. Exports now account for 25 per cent of Canada's gross national product, up from about 20 per cent in 1975. Thus, Canada has a vital interest in ensuring that international disciplines are sufficiently effective to reinforce the resistance to increasing protectionist pressures in all countries which, if yielded to, would only impair the economic well-being of all countries. In international consultations in 1979, Canadian positions reflected our dependence on an open multilateral trading system and our interest in promoting constructive international adjustments to accommodate changing world economic conditions. The agreements and commitments emerging from the successful conclusion of the Tokyo Round of the MTN constitute a good base from

which to build. The negotiated MTN tariff concessions should contribute to an expansion in international trade, while the development and elaboration of GATT rules governing anti-dumping, subsidies/countervailing duties, import licensing procedures, government procurement, technical barriers to trade, customs valuation, and trade in civil aircraft, together with an agreement on bovine meat and a dairy arrangement, should contribute to a fairer and more liberal trading environment for the 1980s. (Canada has not accepted the Dairy Arrangement because it did not accommodate some of Canada's essential skim milk powder export requirements. Also, Canada's acceptance of the customs valuation agreement is subject to an agreed four-year delay in its implementation.) Perhaps one of the most important aspects of the MTN results, particularly for countries like Canada which may in a given instance have less economic and political leverage than some other countries, is the general strengthening of the GATT dispute settlement procedures.

During the course of 1979, Canada entered into consultations or negotiations covering a range of trade issues. Consultations were continued during 1979 with three principal suppliers of footwear to the Canadian market, the USA, the EC and Brazil, all of which were affected by the 1977 decision to impose a global quota, under Article XIX of GATT, on imports of footwear. Canada also initiated consultations under GATT Article XIX with the USA in regard to US safeguard action on industrial fasteners, and continued consultations in regard to US quotas on imports of specialty steel. Canada's first countervailing duty investigation, involving imports of subsidized baler twine from Brazil, Mexico and Tanzania, came to a satisfactory conclusion when the three exporters agreed to maintain their export prices at the level prevailing at the end of 1979, which was substantially higher than the level prevailing in 1978 when the investigation was initiated.

Textiles and clothing

Currently, nearly all clothing imports and a significant range of textile items enter Canada under restraint. Since January 1, 1979, quotas have been administered on the basis of bilateral export restraint arrangements negotiated within the framework of the GATT Arrangement Regarding International Trade in Textiles. By the end of 1979, arrangements were in place with Hong Kong, Korea, Taiwan, the People's Republic of China, the Philippines, Macao, Thailand, Singapore, Sri Lanka, Pakistan, Poland, Romania, Bulgaria, Hungary, Brazil, and Japan. In addition, negotiations were in progress with Malaysia and India, whose exports were temporarily controlled through import quotas pending the conclusion of bilateral arrangements. Since the end of 1978, there have been no Canadian restrictions in the textile and clothing sector under Article XIX of the GATT.