

In May 1987 Royal Assent was given to Bill C-57, an Act to Amend the Export and Import Permits Act which provided authority to add a certain type of steel or a certain product made of steel to the Export or Import Control Lists for the purposes of collecting information. Effective June 1, 1987, carbon steel was added to the Export Control List and specialty steel (stainless) was added to the Import Control List for the purposes of monitoring. To ensure compliance with the program, audits of company records are undertaken periodically. Monthly reports on both imports and exports of steel are published by the Department.

In addition, Canada withdrew the General Preferential Tariff on steel imports from February 1987 after a determination, in response to steel industry and labour representations, that the Canadian industry was being seriously affected by excess supply, and depressed world demand and prices. An agreement was negotiated with Spain to provide access for Canadian steel exports in 1987 under the safeguard action taken by that country under GATT Article XIX against steel imports to Spain from countries outside the EC. Canada continued support for greater international co-operation in the OECD Steel Committee to address adjustment issues in the steel industry.

The Department continued seeking to ensure that Canadian industrial development initiatives benefited from, and were consistent with, Canada's obligations under international trade disciplines. Such efforts were undertaken in relation to sectoral policy reviews of the automobile and automobile parts industries, the Canadian tariff regime for railway freight cars, restructuring of shipbuilding industries, drawback of anti-dumping duties on steel and duty remission orders on imports of manufactured products. Canada continued to be active in the OECD committees dealing with industry, technology, science and regional development issues.

The implications of technical standards for Canadian exports required increased attention during the year. Particularly significant were foreign government measures including phytosanitary regulations on forest products and prohibition on imports of meat from livestock reared with growth-producing hormones. Proposals to restrict imports of asbestos-containing products were a continuing area of concern. Canada undertook bilateral consultations with several countries on some of these issues and participated in discussions of others under the GATT Agreement on Technical Barriers to Trade (the Standards Code). Attention was also given to Canadian interests in strengthening disciplines of the GATT Code to deal with issues involving technical standards. The Canadian Enquiry Point under the Code received 199 notifications of new standards regulations in other countries and issued 24 from Canada. During the year, 182 enquiries were made by 19 countries about Canadian notifications, an increase of 28 per cent. Canadian enquiries grew by 6 per cent to 39.

Agricultural trade policy

Although the crisis in agricultural trade persisted during 1987, a number of developments may enable progress to be made towards long-term solutions before the end of the

decade. Prices remained severely depressed during the year, as the competition in export subsidies between the United States and the European Community continued. The severity of the crisis was such, however, that all the major agricultural countries began to address it and discussion of possible solutions began in earnest. The GATT Multilateral Trade Negotiations were the preferred forum for addressing the situation.

In May, at the OECD Ministerial Meeting, a major study of "National Policies and Agricultural Trade" was endorsed by ministers, as were a number of country studies. They identified excessively generous national support policies in the OECD countries as the root cause of the problems in agricultural trade. To resolve the problems, ministers committed their countries to a set of principles for reform, designed to make agriculture more market-oriented by reducing government support, eliminating trade-distorting domestic policies and improving market access. Canada supports the OECD's continuing monitoring of policy developments and assessment of the impact of policy changes.

At the 1987 Venice Economic Summit, Prime Minister Mulroney again raised the issue of agricultural subsidies and obtained commitments from the Summit participants to an early tabling of negotiating proposals at the Uruguay Round of GATT negotiations taking place in Geneva. The United States was first to follow up in July, followed by Canada, the Cairns Group, the European Community, the Nordic countries and Japan during the autumn of 1987. Although the proposals offer different orientations to solving the current problems, most share a commitment to address the fundamental causes of the crisis and common ground has been established as a basis for work on a long-term framework for agricultural trade.

The Department's efforts have focused on the activities of the Cairns Group of 13 smaller "fair traders in agriculture," whose members are Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay. Together, they account for approximately one-quarter of world exports of agricultural products.

The Cairns Group held two ministerial meetings in the last twelve months. At the Ottawa meeting held on May 21-23, 1987, the Group endorsed the position Prime Minister Mulroney had decided he would adopt at the Venice Summit. At the meeting in San Carlos de Bariloche, Argentina, on February 23-27, 1988, ministers reviewed progress in the MTN and agreed that the Group would further elaborate its position in the MTN before the summer of 1988. Members share the objective of a long-term liberalization of agricultural trade and have acted as a "third force" in the Uruguay Round of GATT negotiations, trying to bridge the gap between the United States and the European Community. The Cairns Group has been very effective in bringing attention to the plight of smaller exporting countries and in putting together a number of concrete proposals which have helped to advance discussions in the Uruguay Round.

Resource and commodity trade policy

Canada participates in a number of international commodity organizations of which three were created by