

and Trade (GATT) has recommended that both countries negotiate by October 12 a higher duty-free quota for the importation of Canadian newsprint by the EEC (see "International Canada" for December 1983 and January 1984 — EEC — Newsprint). Canada had previously placed before GATT (in the spring of 1984) a claim of trading rights impairment because of a lowering of duty free quotas by the EEC. Both Canada and the EEC were to consider the recommendations issued by GATT, and should they remain unable to achieve a resolution to the issue, the full GATT council would receive and review the conclusions submitted by the preliminary panel. The Canadian claim faces opposition within the EEC from Italy (with a newsprint overstock), but also the support of Britain — which needs additional supplies that would be received under an increased Canadian quota (*Globe and Mail*, September 28).

Meat Countervailing Case

Following a lengthy investigation of Canadian meat industry complaints of dumping by the EEC, the Anti-Dumping Tribunal released its detailed report on August 7 (see "International Canada" for June and July 1984 — EEC — Meat Imports). Canadian representatives testifying before the Tribunal held that the imports could not have "achieved their market penetration of the last two years without the EEC subsidy." The Tribunal determined that Canadian production had been materially injured, this injury comprising a "significant loss of both market share and sales volume, and profits foregone" (Anti-Dumping Tribunal report, August 7). With regard to subsidized canned ham and canned picnic meat from Denmark and the Netherlands and canned pork-based luncheon meat from the EEC, the Tribunal found that, based upon weight measure:

- importation of the subsidized Danish and Dutch canned ham was and is causing material injury to Canadian production of similar nature;
- the subsidized canned picnic meat from the same countries has not caused material injury in Canada;
- the subsidized canned pork-based luncheon meat from the EEC was and is causing material injury to the production in Canada of goods of that class or kind.

Once the Tribunal's findings had been submitted, the Governor in Council declared the disputed products subject to countervailing duties. It was stressed in the Revenue Canada (Customs and Excise) announcement that the countervailing duties were a procedure constituting an "effective and internationally accepted recourse for domestic producers faced with injurious and subsidized imports" (*Globe and Mail*, August 14, Revenue Canada communiqué, August 17).

FISHERIES

Foreign Fishing Activity

Statistics with regard to foreign fishing activity in Canadian waters were released by the Department of

Fisheries and Oceans August 28. The figures revealed a decrease in activity for 1983, but the Department stated that efforts had, for the same period, been increased in the patrol (ship days of surveillance) of foreign vessels operating in Canadian and Northwest Atlantic Fisheries Organization (NAFO) waters. The number of foreign vessels operating in Canadian waters was indicated to have dropped to less than 200 from a pre-1977 figure of 700 (Canada having declared its exclusive 200-mile offshore fishing zone in that year). While Canada has endeavored to protect declining stocks and increase the Canadian share of the total available catch, it grants allocations to the fishing fleets of foreign countries for fish surplus to Canadian requirements. Those countries granted allocations agree to purchase Canadian processed fish products. It was noted in the announcement that foreign fishing inspections totalled 416, with the detection of 34 infractions of Canadian regulations (Fisheries and Oceans news release, August 28).

IMF

Annual Report and Meeting

The annual report of the International Monetary Fund (IMF) was released prior to the Fund's annual meeting, and included several suggestions with regard to Canada's economic performance and prospects. The report, while predicting a strengthening of the Canadian economy, pointed critically at Canada's method of keeping interest rates down through a high deficit. (The US received the same criticism.) Canada was called upon to "make useful and necessary adjustments in [its] budgetary structures while avoiding some of the adverse repercussions that might have resulted from such actions during the recession period." The Fund apparently considered that Canada might cut its deficit without incurring a heightening of unemployment. It was pointed out that Canada's GNP growth rate of 3.3 percent compared favorably with the IMF average of 2.5 percent for the industrialized countries. Continued heavy borrowing (especially on the part of Canada and the US), continued the report, could threaten to curtail the recent signs of world economic recovery. While Canada required 12 percent of private savings for government deficit financing in 1981, the figure for 1983 had risen to 49.9 percent, the report showed (*Globe and Mail*, *The Citizen*, September 13).

Canada's Finance Minister, Michael Wilson, in Washington, DC, for the annual IMF meeting, made remarks that indicated a divergence of opinion from US policy on several international monetary issues. He supported the call by developing nations for industrialized countries to provide an increased input into the international economy. This included a new allocation of special drawing rights (SDRs) by the IMF, a proposal opposed by the US. The request for an additional \$15 billion in SDRs by the Third World countries was rejected by the IMF's top policy committee. The Minister suggested that a figure of \$5 billion might have been issued without incurring a significant increase in inflation. At the same time, Mr. Wilson advocated a case-by-case rather than a global approach in handling foreign