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Canada's strategy for a new international economic order

The Secretary of State for External Affairs, Allan J. MacEachen, addressing the seventh Special Session of the United Nations General Assembly in New York, September 3, stated that "the new economic order" was based on two propositions - "that developing countries do not derive sufficient benefits from the existing system of international trade, investment and finance; and that monetary instability, lagging economic growth, inflation and the impact of price increases of petroleum and of other essential imports have demonstrated the shortcomings of the world economic system and the need for changes which will benefit developing countries".

Canada accepted the validity of these assertions, he said, and recognized the need for changes in international economic relations "in order to reduce the intolerable disparities between rich and poor nations".

A fresh approach for a new economic order was contained in a Strategy for International Development Co-operation for 1975-80, published by the Canadian Government on September 2, Mr. MacEachen stated.

He described as follows, some of its main features:

* * * *

- We pledge ourselves to continue and to increase our programs of development assistance. This year our disbursements will exceed \$900 million and they will grow significantly in the years ahead.
- We reaffirm our determination to achieve the official UN target of .7 per cent of our gross national product and to move toward it by annual increases in our official development assistance in proportion to GNP.
- We will place major emphasis on fostering economic growth and the evolution of social systems in such a way that they will produce the widest distribution of benefits among the population of developing countries.
- We shall concentrate the bulk of our bilateral assistance on the poorest countries and on the poorest sectors of their economies.
- We will develop new forms of co-operation to meet the needs of middle-income developing countries in order to strengthen their potential for more self-reliant development.
- We will maintain a degree of concessionality in our bilateral programs of not less than 90 per cent. The grant component of Canada's development assistance is at present 95 per cent.
- We will arrange bilateral development loans so that developing countries will

be eligible to compete for contracts.

- We reiterate our pledge to provide a minimum of one million tons of grain a year as food aid for each of the current and the next two fiscal years.

- We plan greater emphasis on programs of agricultural and rural development in developing countries.

But aid alone is not the answer. It must be supplemented by measures in the areas of trade, investment and finance from which developing countries can derive greater benefit. Development assistance is concentrated on the poorest countries. Broader measures of international economic co-operation will bring greater benefit to those countries which have advanced further towards self-reliant growth. We must be ready to consider new ideas and new approaches in this area.

Basic Canadian response

My Government has reached certain broad conclusions on its approach to co-operation with developing countries:

- We agree that there must be adjustments in the international economic system which will lead to a more rapid reduction in the disparities between developed and developing countries.
- We consider that the transfer of re-

sources which these adjustments would entail can best be achieved in the context of a growing world economy.

- We believe the reform of existing institutions, where possible, is preferable to the establishment of new ones; and
- We believe positive co-operation not confrontation is required to solve difficulties particularly in the area of commodities and other raw materials, including energy resources.

The discussions and negotiations now under way will establish the framework of world trade and finance in the 1980s. There is much at stake for both developed and developing countries. I wish now to turn to three areas of particular concern to developing countries – commodities, trade liberalization and industrial co-operation.

Commodities

The area that has been accorded the greatest attention is commodities. This attention is undoubtedly justified. As both an importer and an exporter Canada regards the instability of the international commodities market as a major weakness of the international trading system.

How can we best deal with the "boom or bust" phenomenon in commodity trade?

- We believe commodity arrangements involving both producers and consumers constitute the most practical approach to the problem. Canada was an early supporter of commodity arrangements, including formal agreements on a commodity-by-commodity basis. We are one of the few countries which has adhered to all the major commodity agreements.
- We are prepared to examine positively the idea of negotiating arrangements for a wide range of products including, but not limited to, those listed in UNCTAD's Integrated Approach.
- We recognize that the use of buffer stocks and alternative stock mechanisms may be an appropriate stabilizing technique for a number of commodities.
- The concept of a common fund for financing such stocks is certainly worth examination. We are prepared to consider the concept sympathetically along with other potential donors, including both producers and consumers.
- We recognize that commodity prices

Canada's delegates to special session of United Nations General Assembly

Led by the Secretary of State for External Affairs, Allan J. MacEachen, the Canadian delegation to the seventh Special Session of the United Nations General Assembly, which convened in New York, September 1, comprises:

Dr. Saul F. Rae, Ambassador and Permanent Representative of Canada to the United Nations;

Mr. Herb Breau, Member of Parliament, Parliamentary Secretary to the Secretary of State for External Affairs;

Mr. D.D. Tansley, Senior Vice-President, Multilateral Programs Branch, Canadian International Development Agency;

Miss P.A. McDougall, Director General, Bureau of Economic and Scientific Affairs, Department of External Affairs;

Mr. G.F. Bruce, Deputy Permanent Representative and Minister to the United Nations;

Mr. A.L. Halliday, Acting General Director, Office of General Relations, Department of Industry, Trade and Commerce;

Mr. R.J. Martin, Acting Director, International Programs Division, Department of Finance.

have to reflect market forces. At the same time, we are well aware that no one's interest is served by commodity prices which are so low as to discourage production.

- We believe new features in commodity agreements to take account of international inflation and exchange rate changes should be explored.
- We shall wish to pursue these issues in the context of UNCTAD's Integrated Approach.

Trade liberalization

On trade liberalization we believe that improved access to markets can yield significant benefits to developing countries.

- At present 75 per cent of Canada's imports from developing countries enter duty free and we have proposed in the trade negotiations the removal of all duties on tropical products by industrialized countries.
- We are prepared to consider deeper tariff cuts and advance implementation on a most-favoured-nation basis of

other tariff cuts of interest to developing countries.

- We are also reviewing our generalized system of tariff preferences for developing countries in light of their suggestions for improvements.
- We recognize the importance that developing countries attach to the further processing of their commodities prior to export. We share with developing countries a common interest in the removal of tariff escalation and non-tariff barriers which impede the establishment of efficient processing facilities in the resource-exporting countries. In our view the sector approach provides an important technique for achieving this goal in the multilateral trade negotiations.

Industrial co-operation

The further industrialization of developing countries is an essential element in any concerted attack on the disparities which divide rich and poor. In shaping the world of the 1980s we must aim to bring about faster and more balanced industrialized growth in the developing countries. We recognize that developed countries must contribute to this process.

- Two of the elements essential to more rapid industrial growth – investment and technology – are primarily available from the private sector in industrialized countries.
- We believe there is an urgent need to reconcile the legitimate interests of developing countries – their need for capital, their right to sovereignty over their natural resources, their control over their own economic destinies – with the role of the private sector in providing capital and technology.
- Industrial co-operation on a bilateral basis may be an effective means of reconciling these interests. It might incorporate a variety of instruments, including investment, technical assistance, management training and advice, and at the same time provide a legal framework within which the private sector can operate to the benefit of both participating partners.
- We believe that a model industrial co-operation agreement might be devised internationally as a guide to governments and the private sector.
- We favour the provision of information and expertise to developing countries on the means whereby host coun-

New Ambassador to France

Gérard Pelletier, Minister of Communications has resigned from the Cabinet and Parliament to become Canada's Ambassador to France.

The Prime Minister, who made the announcement on August 29, also announced the appointment of Pierre Juneau, Chairman of the Canadian Radio-Television Commission since 1968, as the new Minister of Communications.

Mr. Pelletier, a former editor of the newspaper *La Presse* and special columnist for *Le Devoir*, was elected to Parliament in the Montreal constituency of Hochelaga in 1965. The same year he was appointed Chairman of the Standing Committee of Broadcasting, Films and Assistance to the Arts.

He became Parliamentary Secretary to the Secretary of State for External Affairs in 1967 and represented the Canadian Government as delegate to the twenty-second session of the United Nations General Assembly.

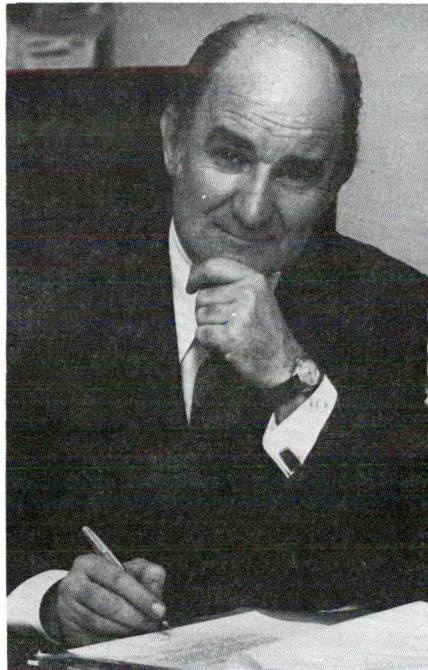


Photo Features

Former Communications Minister Gérard Pelletier is Canada's new Ambassador to France.

In 1968, Mr. Pelletier was appointed Minister without Portfolio with special responsibilities for the Secretary of State Department and he became Secretary of State in July of that year. During the four years in which he held this portfolio, he was elected Chairman of the General Conference of the Agency for Cultural and Technical Co-operation for French-speaking countries. He has been the Communications Minister since 1972.

Pierre Juneau's experience includes positions as Secretary of the Film Board and Assistant to the Commissioner and Executive Director of the Board. From 1964 to 1966 he was Senior Assistant to the Commissioner and Director of French-language production. He was appointed Vice-Chairman of the Board of Broadcast Governors in 1966.

Mr. Juneau was founder and one-time Chairman of the Board of Directors of the Montreal International Film Festival and has been very active in a number of educational, religious, social and cultural organizations.

Canada and the Soviet Union meet to resolve fishing problems – joint commission to be established

Canadian and Soviet delegations, which met in Ottawa August 25 to 27 to discuss fisheries, have agreed to recommend to their governments the establishment of a "Joint Fisheries Consultative Commission". Canada had closed its Atlantic ports to Soviet fishing ships in July owing to over-fishing of quotas set by the International Commission for the Northwest Fisheries (ICNAF). (See *Canada Weekly*, dated August 13, P. 3.)

All delegates recognized that it was imperative to ensure strict adherence to and implementation of measures agreed within ICNAF, particularly in light of the urgent need to maintain and restore the stocks. Both delegations agreed to establish new methods of co-operation to achieve this result.

Following a review of past differences, delegates undertook to develop procedures that would lead to a common understanding of catch information on which implementation of quotas is based, to ensure that any future differences, could be speedily resolved.

To this end, Canadian and Soviet technical experts will meet from time

to time to co-ordinate information. A meeting of this nature will be held this month.

Function of Commission

The Joint Commission will, among other things:

(a) review problems referred to it by the two governments regarding the implementation of measures agreed upon, and make recommendations for the resolution of such problems;

(b) facilitate the co-ordination of statistical and scientific information;

(c) improve bilateral co-operation under the ICNAF Scheme of Joint International Enforcement;

(d) provide for an improved exchange of information with regard to areas of concentration of fishing operations of both countries and promote other co-operative measures for the purpose of preventing damage to fishing gear and of facilitating the settlement of any claims arising from such damage; and

(e) will perform other functions that may be assigned to it by the two governments.

In connection with the establishment of the proposed Commission, Canadian and Soviet officials further agreed to ensure the prompt discontinuance of a fishery when the national quota allocation for the stock in question had been taken. Upon the effective establishment of such provisions and the other procedures referred to above, Soviet fishing vessels will be granted renewed access to Canada's Atlantic ports.

It was understood at the meeting, that the role of the proposed Commission would have to be re-examined in the light of future developments.

Bilateral agreement envisaged

Both delegations attached great importance to future co-operation in fisheries. They expressed their readiness to meet soon to consider the elaboration of a bilateral agreement on fisheries co-operation that would establish the terms and conditions governing continued fishing by the Soviet fleet in Canadian waters, taking into account anticipated legal and

jurisdictional changes in fisheries-management in such waters and traditional Soviet fishing.

The meeting reviewed the Canadian proposals for the conservation and management of fish stocks off Canada's Atlantic Coast first advanced at the June 1975 meeting of ICNAF and scheduled for further discussion at the special ICNAF meeting to be held in Montreal this month. The Canadians stressed the importance Canada attached to these proposals and their possible implications for the future of ICNAF.

Aleksey A. Volkov, Deputy Chief of External Relations Department, Ministry of Fisheries, headed the Soviet delegation, and L.H. Legault, Director General, International Fisheries and Marine Directorate, Department of the Environment, led the Canadian delegation.

Tax cuts to boost Canadian films

Secretary of State J. Hugh Faulkner announced recently two initiatives by the Federal Government designed to increase support by the private sector of the Canadian feature film industry. A new income tax regulation will allow investors in an eligible film to deduct 100 per cent of their investment in one year; and the two largest theatre chains in Canada – Famous Players Ltd and Odeon Theatres (Canada) Ltd – have agreed to a screen time quota of four weeks a theatre a year and an investment program of at least \$1.7 million to aid the production of Canadian feature films.

"I am certain that these measures will be of significant benefit to the film industry in Canada," said Mr. Faulkner, "and will see the private sector making additional investments in Canadian films to supplement the \$3 million or thereabouts now invested annually by the Canadian Film Development Corporation (CFDC)."

Eligibility rules

To be eligible for the increased capital-cost allowance, an applicant must invest in a Canadian feature film that is: at least 75 minutes long; produced under a formal Canadian co-production agreement with another

country; or a film in which:

- the producer is Canadian;
- two-thirds or more of the personnel performing key creative functions are Canadian;
- a minimum of 75 per cent of the remuneration paid to personnel other than those included above is paid to Canadians;
- at least 75 per cent of the technical services are performed in Canada;
- the Canadian copyright is beneficially owned by Canadians for not less than four years following completion of the film.

To determine what degree of Canadian participation in a feature film would be required under the new regulations, Mr. Faulkner said that his department had consulted with representatives of the film industry. For film investors to be eligible for the tax write-off, producers will be required to apply for certification of the film to a district taxation office of Revenue Canada.

"If they meet these criteria, all films, no matter what their intended means of distribution, will be eligible for the tax deduction," Mr. Faulkner added.

Regarding films shorter than 75 minutes, Mr. Faulkner said that he had received representations from filmmakers suggesting that those films should also be eligible for the increased capital-cost allowance. "I recognize the importance of short films to the healthy development of the industry and am prepared to consider the possibility of including them at a later date should that be desirable," he said.

Films not eligible for the new allowance will still benefit from the capital-cost allowance of 60 per cent already in the law.

Guaranteed screen time

Mr. Faulkner also announced that he had reached an agreement with Famous Players Ltd and Odeon Theatres (Canada) Ltd, which between them control about 500 theatres in Canada, to guarantee screen time for Canadian feature films and capital investment for production of Canadian films.

The two organizations have agreed to a quota system by which Canadian feature films will be guaranteed not less than four weeks of screen time a theatre a year.

"I also approached the chains to increase their investment in Canadian films. They have consented to invest at least \$1.7 million in Canadian films over a one-year period. Famous Players will provide \$1.2 million and Odeon \$500,000."

"I will be keeping a close watch on the progress of this quota and investment agreement," Mr. Faulkner concluded. "I am confident that, together with the new capital-cost allowance criteria, these measures will provide a healthy stimulus to the film industry in Canada so that it may compete more effectively with its foreign counterparts."

Pension Act provides equality

Under amendments to the Pension Act, effective August 1, male and female pensioners now enjoy equal status.

A female disability pensioner is eligible to receive additional pension for her husband and children. The Act also now provides a formula to be used when both spouses are pensioners, or when one such spouse has died but there is a surviving pensioned spouse and children.

Rules respecting common-law relationships have been amended to provide that three years of living together and public representation as a spouse, and the existence of a bar to the marriage will permit the Canada Pension Commission to deem a marriage to exist. Where no bar to marriage exists, only one year of living together and public representation as a spouse will be required before a marriage will be deemed to exist.

The beneficial changes also include the raising of the expiry age for pensions paid to male children from age 16 to age 17, to equate to the current expiry age for female children. Also, the age limit for dependent children continuing their education is raised from 21 to 25 years.

The changes, however, are not automatic; applicants must apply in writing before such changes will take place. Canadian residents may apply through the office of the Canadian Pension Commission serving their district; applicants outside Canada must apply to the Canadian Pension Commission, Ottawa, Ontario, K1A 0P4.

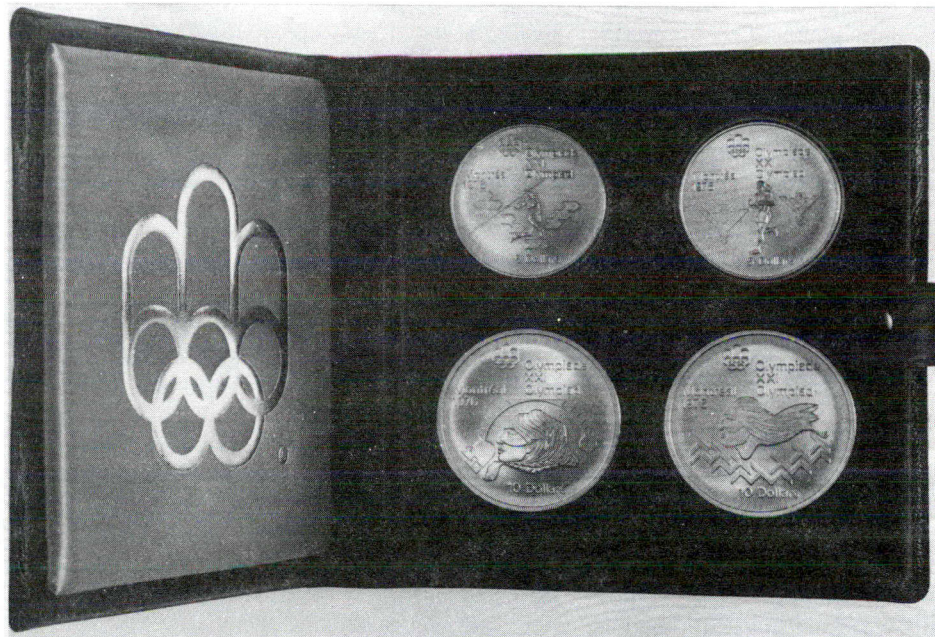
Fourth series of Olympic coins

On the eve of the opening of Toronto's Canadian National Exhibition last month, Postmaster-General Bryce Mackasey, minister responsible for the Olympic coin program, encouraged Canadians to support Canadian athletes and the 1976 Olympic Games by the purchase of Olympic coins. The Minister was launching Series IV of the Olympic coins and the opening of the Olympic coin sport art tour at the Exhibition.

"The Olympic Games are less than 11 months away," he declared. "If Canadians expect to derive a sense of pride from this international event, now is the time for us to show some tangible support. Canadian athletes have risen in the ranks of world sporting events and they deserve our enthusiasm and support."

The Olympic coin sport art tour is designed to increase awareness of Canadian athletic achievements and endeavours, both past and present, Mackasey told the audience, which included Ontario's Lieutenant Governor, Pauline McGibbon and former Governor-General Roland Michener, honorary chairman of the Olympic Trust. But the tour's parallel object was to promote the sale of Olympic coins, he added, thereby contributing to the Games and assistance of Canada's Olympic team and amateur sport in general - particularly during the critical months prior to the Games.

Throughout the world \$130-million worth of sterling silver coins have been sold in about 15 months. Net profits exceed \$35 million and, so far, the program has - through the 3 percent payment of the face value of all Olympic coins sold in Canada - con-



tributed \$1.25 million to the Canadian Olympic Association's Olympic Trust for training and direct aid to athletes.

"Canada's Olympic coins are a sound investment, a valuable collectors' item - and the benefit to our athletes from their sale, is immeasurable," said Mr. Mackasey.

Mrs. McGibbon congratulated the designer, of the Series IV coins, Leo Yerxa, an Ojibway Indian from the Couchiching reserve in Ontario. "He called upon his sensitivity, his heritage and an instinctive understanding of the tension and fluidity expressed in athletic movement," she said, "when he undertook the personal challenge of designing the coins."

Series IV depicts mens' hurdles (\$10); marathon (\$5); ladies' shot put (\$10) and ladies' javelin (\$5). "There could be no more fitting medium for these distinctive Canadian works of art than Olympic coins," added Lieu-

tenant-Governor McGibbon.

For further information regarding the sale of Olympic coins contact:

(United States and Mexico region)
Olympic Coin Program,
Canadian Consulate,
1251 Avenue of the Americas,
New York 10020, U.S.A.

(Pacific region)
Olympic Coin Program, Government
of Canada,
13-12 Rappongi,
3-chome,
Minato-ku,
Tokyo 106, Japan.

(European region)
Olympic Coin Program,
33 Rue du Congrès, B-1000,
Brussels, Belgium, or
Olympic Coin Program,
60 Queen Street,
Ottawa, Ontario, K1A 0X7,
Canada.

Canadian airlines reduce fares

Canada's two national airlines have decided to try to improve their passenger revenues by cutting, instead of raising, fares.

Although the move applies only to domestic flights, Air Canada, which initiated the reductions, says it would support cuts in international air fares if airlines of other countries would agree. Air Canada expects a \$5-million increase in revenue from fare reduc-

tions up to 35 per cent.

Before inflation, price reductions to stimulate demand have been accepted as essential to the economy. More recently, the trend has been in the opposite direction - to attempt to offset falling revenues by raising prices. An Air Canada spokesman indicated that the company, hit like other world airlines by declining traffic, had decided to fall back on the older custom as at least a worthwhile experiment.

"While we have no firm guarantee

that the low fares will reverse the declining growth in air traffic," said John McGill, Air Canada vice-president for marketing, "we feel we must do everything possible to stimulate demand."

Shortly after Air Canada announced its new policy last month, in Montreal, the other national airline, CP Air, announced in Toronto that it planned to introduce a similar plan.

The experimental discounts apply from September 8 and will remain in

effect until May 31, 1976.

The new excursion fares are up to 35 percent lower than existing economy fares. The fare for youths aged 12 to 21 travelling on a standby basis will be reduced by 50 per cent of economy fares until December 15, 1975, when they will revert to the existing 20 percent discount level.

An economy flight from Montreal to Vancouver return will cost \$221, instead of \$340. A youth fare on the same route will cost \$170. The distance between Montreal and Vancouver is 3,041 miles and between Montreal and London 3,251 miles. Air fares between London and Montreal range from a low-season excursion of about \$250 to a high-season regular economy of \$670.

Sheep production boosted

Canadian sheep producers are being challenged to expand their operations in lambs and wool.

"We don't come near meeting the domestic requirements for lamb and wool," says Hans Grieger of Agriculture Canada's Livestock Division. "Production of both these commodities can be greatly expanded without the risk of producing a surplus."

In 1973, the average *per capita* consumption of lamb and mutton was 3.7 pounds — a total of 82 million pounds only 21.8 million pounds of which was produced in Canada. In the same year, manufacturers used 45.1 million pounds of wool, but only 3.2 million pounds of it came from Canadian sheep.

"Sheep are an economical animal to produce. They can graze and thrive on marginal land and need little grain for finishing," Mr. Grieger says. He estimates that between five and six ewes can be supported on the same amount of land needed for one cow. A

cow generally produces only one calf a year. But six ewes produce approximately nine lambs. Early this summer, lambs were selling for \$35 to \$40 apiece, liveweight. "That adds up to more than a beef producer can get for a calf," Mr. Grieger says.

To boost the production of lamb and wool, the Federal Government encouraged the formation of the Canadian Sheep Marketing Council in 1972. The Government will contribute \$750,000 to the Council over a five-year period.

The Council is using the funds in many ways for the betterment of the sheep industry. An important phase of this undertaking is the restructuring of provincial sheep associations to produce active groups across the country which will represent the sheep industry on a national basis when the Council's term ends.

For many years, the federal and provincial governments have co-operated in the Sheep Transportation Assistance Policy to relieve areas with a surplus of sheep and to build up the sheep populations of deficient areas.

Under this policy, Eastern sheep producers who buy at least 200 breeding animals in the West can move them East at no transportation cost. The Federal Government and the Eastern provinces to which the sheep are shipped share the transportation cost. This scheme has encouraged sales of Western sheep to Eastern farmers.

Loan to Botswana

Canada has loaned Botswana \$2 million to carry out an aero-magnetic survey of 80 per cent of the country.

Terra Surveys of Ottawa, one of six companies asked to submit tenders, was chosen by the Botswana Government and the Canadian International Development Agency to make the air survey, which will help create a regional geographic picture of the country. The result will help isolate the most promising areas for more detailed geological and mineral exploration.

Among other Canadian efforts to assist Botswana develop its mining industry have been a \$30-million loan to build a power station for the Shashi copper-nickel mining project and the provision of staff for the country's Geological Survey, and its Department of Mines.

Canada's strategy for a new international economic order

(Continued from P. 2)

tries can identify and articulate their national priorities concerning transnational corporations.

• We are prepared to make available our own experience in the establishment of screening mechanisms, statistical methods, and techniques of taxation. We support international efforts to enable developing countries to assess their own interests more clearly and to negotiate effectively the terms of the entry of transnational corporations in a manner consistent with their national goals.

* * * *

People's Republic of China — new procedures for immigrants

New procedures to expedite the processing of immigrants from the People's Republic of China have been approved by the Chinese and Canadian Governments, Manpower and Immigration Minister Robert Andras announced last month.

Under the terms of the new formal undertaking, signed by Canada and the People's Republic of China, the sponsor or nominator in Canada of a prospective immigrant from China will be directly responsible for completing the required application forms and, later, for making arrangements with the relative in China to obtain exit permits and proof of relationship documents.

"The new procedures replace those set up following the signing of the family re-unification agreement with China in October 1974.

Canada, U.S. lift cattle quotas

Import controls on live slaughter cattle were removed on August 7. At the same time, the United States removed its quotas on Canadian cattle, hogs and pork, introduced last November 18.

Canadian export controls on these products, introduced to facilitate the equitable allocation of export opportunities among Canadian exporters, were also lifted.

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