

According to the report Canada had a deficit of about \$1.3 billion in non-grain food trade in 1980, and the deficit has been increasing due to rising imports and lack of export growth. While citing a number of factors contributing to the trend, the report states:

"However, the single most important government policy, and the one which has had by far the greatest impact on Canada's unfavourable performance in the area of food imports and exports, arises from the encouragement by the federal and provincial governments of supply management-type Marketing Boards. The existence of this type of marketing facility, in the opinion of the Task Force, has significantly increased the cost of food to Canadian consumers, while rendering the food and beverage industry ineffective in competing against foreign suppliers in both the world and Canadian markets."

A study of the Canadian potato industry, which the GPMC released at the same time, concluded that if the proposed eastern Canadian potato marketing agency were to receive supply management powers the demand for Canadian potatoes could be reduced by 30 to 50 percent over the next ten years.

Among its recommendations, the GPMC proposed the creation of a consulting body consisting of all federal departments with responsibility for food and of primary producers, processors, distributors, retailers and consumers. It would be to "ensure that all future policy decisions take into account the best interests of each link in the food continuum".

COMBINES DIRECTOR URGES ADOPTION OF FLEXIBLE STOCK BROKERAGE RATES

Mr. Lawson Hunter, Director of Investigation and Research under the Combines Investigation Act, appeared before the Ontario Securities Commission on November 23, to urge adoption of flexible brokerage rates for trading on the Toronto Stock exchange instead of the present system of fixed rates. The O.S.C. has been holding public hearings on the question and representatives of the Montreal and Vancouver exchanges have been present. Mr. Hunter summarized his position as follows:

"My analysis leads me to believe that a switch to a system of negotiated or flexible brokerage rates would increase efficiency in the Brokerage industry and also in capital markets. In addition, I believe that both individuals and institutions will be treated equitably in a flexible brokerage rate system. Analysis of the effects of a change in rate structure in the United States also leads me to conclude that the new system is working very well in that country and although one cannot directly map U.S. experience into the Canadian context, I am confident that there are enough similarities in the market milieus in the two countries to allow me to predict that similar results could be expected in Canada.

"In sum, then I think the conclusion is fairly self-evident that a decision by the Commission to allow negotiated brokerage rates would be in the best interest of competition in the brokerage industry."

The Toronto Stock Exchange opposes the change although some of its members favour it.

COMBINES DIRECTOR URGES LESS RIGID ANTI-DUMPING LAW

Mr. Lawson Hunter, Director of Investigation and Research under the Combines Investigation Act, appeared before the Sub Committee on Import Policy of the House of Commons Standing Committee on Finance, Trade and Economic Affairs to recommend that the proposed Canadian Import Tribunal or the existing Anti-Dumping Tribunal be empowered to take competition policy considerations into account in fixing the levels of anti-dumping and countervailing customs duties.

The Sub Committee has been holding hearings on the Department of Finance discussion paper of July, 1980 entitled Proposals for Import Policy. The paper proposes a strengthening of existing measures dealing with injurious imports in order to take full advantage of rights under the last round of GATT negotiations. Under both the existing and proposed legislation the levels of anti-dumping or countervailing duties which must be imposed are set by the degrees of dumping or subsidization respectively which are found. Also, authority is proposed whereby injury could be determined by reference to a "basic price" which would be in the nature of an average and not necessarily the actual price in any particular exporting country.

Mr. Hunter contended that the Anti-Dumping Tribunal is prevented from tailoring the additional duties it imposes to Canadian interests and that his office cannot make representations before it because competition is not a factor which it is authorized to take into account. Summarizing his concerns about the proposals, he stated:

- "(1) That penalties imposed as a result of dumping or export subsidization may confer a bonus to domestic manufacturers either -
 - (A) Directly as a result of being in excess of the actual margin of dumping or export subsidy or
 - (B) Indirectly by creating domestic market situations which allow the realization of monopoly profits;
- (2) That an arsenal of legislative provisions will be created which will go well beyond the need to offset dumping and export subsidization which could serve to encourage the expression of protectionist sentiments;