

AGRICULTURAL SECTOR : QUESTION #8

- A) What stance will Canada adopt with respect to the NAFTA negotiations for the reduction of subsidies?

Background:

The NAFTA negotiations WILL examine the removal of internal and export subsidies and also trade remedy actions such as countervailing duties. As previously indicated at the MTN, Canada favours, in light of the MTN agreement programmes such as generally available subsidies and those below a **de minimus** level.

Within generally available subsidies, are those falling within a "green category" of internal support programmes which would not be subject to reduction commitments or to countervailing duties. These would include programmes such as income safety nets, crop insurance, disaster relief, farm credit, environmental and conservation measures and regional development. Transportation subsidies under the Western Grains Transportation Act are also a prime concern of the U.S..

RESPONSE:

- THE GOVERNMENT RECOGNIZES THE INTERESTS OF THE FARMING COMMUNITY AND THE CYCLICAL DIFFICULTIES TO WHICH IT IS SUBJECTED. A NAFTA WILL PROVIDE AN OPPORTUNITY FOR THE FURTHER SECURING OF MEASURES TO ENSURE THAT THE CANADIAN AGRICULTURAL COMMUNITY FACES FAIR AND EQUAL COMPETITION FROM THE UNITED STATES AND MEXICO. CANADIAN SAFETY NET PROGRAMS WILL BE SUPPORTED.

- B) What will happen to agricultural marketing boards under NAFTA?

Background:

During the NAFTA discussions, there will mostly likely be pressure from the U.S. regarding export pricing mechanisms. It is an issue which remains outstanding from the FTA. This is particularly true with respect to the pricing practices of the Canadian Wheat Board.

RESPONSE:

- THE GOVERNMENT WILL SEEK TO STRENGTHEN AND CLARIFY EXISTING GATT RULES REGARDING THE SUPPLY MANAGEMENT. THOSE EXEMPTIONS PRESENT UNDER THE FTA WILL BE RETAINED.