

ten years has been the EC's transformation from a net importer of most major agricultural products to a new exporter of those products.

Whether it be wheat, beef, sugar or dairy products, the EC has accumulated massive surplus stocks and has acquired new foreign markets through its export subsidies.

Some of these markets were yours, some were ours, and in some the United States held sway. As you know, the United States responded by stepping up the competition for international markets with its own subsidies. This has led to lower international prices for our exports of grains and oilseeds, so that the United States export enhancement program has penalized our farmers and your farmers. For us the result has been the unwelcome spread of the subsidy war to our traditional markets in the Middle East, Eastern Europe and China. These we had been assured, were not intended to fall within the U.S. subsidy program.

Subsidy wars are not an effective means to attain what Washington calls a "level playing field": they promote the survival of the player with the deepest pockets, but not necessarily the most efficient players.

This underlines the fundamental problem facing the international trading system: the existing rules are simply inadequate to deal with the demands of today's world economy. Moreover, there is a critical need for governments to harmonize their domestic economic policies with strengthening disciplines on international trade.

In Canada, with a domestic market of 26 million people, and without the resources to compete in a world where success is often determined by the size of the National Treasury, we are seeking to improve our international competitiveness through a variety of positive, outward looking policy measures. I want to discuss two of those measures: Canadian participation in the GATT negotiations and the negotiations currently underway with the United States.

First and foremost, we are committed to the further liberalization of world trade through active participation in the Uruguay Round of multilateral trade negotiations. Multilateral trade diplomacy is the cornerstone of Canada Trade Policy.