

- Agriculture: Canada has continued to work actively within the Cairns Group. In November 1989, a comprehensive blueprint to bring agriculture fully within the GATT and to achieve agricultural trade liberalization on the basis of the objectives and the elements contained in the April 1989 Mid Term Review was submitted by the Cairns Group. The proposal (Annex VI) seeks, in essence, the elimination of export subsidies; greater discipline on countervailing duties; the classification of domestic support measures in three categories (non-countervailable, countervailable or prohibited along the lines of Canada's previous general proposal on subsidies/countervail described in the August 1989 Situation Report), with a substantial reduction of trade distorting or countervailable support; and a substantial reduction of market access barriers, with conversion into tariff equivalents of those non-tariff measures not in conformity with the new GATT rules.

Canada has clearly indicated in the Agriculture Negotiating Group in Geneva that the so-called "tariffication" approach would not apply to import quotas legitimately imposed under GATT rules in support of effective production control programs. It also indicated that as part of the Montreal Mid-Term Review framework to bring agriculture under "operationally effective" GATT rules, Canada would present its own proposal early in 1990 to clarify and strengthen GATT Article XI related to supply management. Other major agricultural proposals include those from the USA, Japan, the Nordics and the EC.

- Balance of Payments: Canada and the United States have submitted a joint proposal aimed at strengthening the multilateral surveillance of trade measures taken for balance of payments purposes. In particular, the proposal (Annex VII) seeks to ensure that balance of payments measures taken by developing countries under GATT Article XVIII are not misused for trade protective purposes for individual sectors and are not maintained long after the balance of payments problems have effectively disappeared. The recent disinvoking of GATT Article XVIII by Korea is a positive example of the direction envisaged in restoring a greater overall balance in GATT rights and obligations and in increasing the security of access to those markets.