

Mr. Regan said the unilateral action of the Community to reduce its duty-free quota will have serious effects upon Canadian newsprint mills and the many small communities which depend upon them. Canada has accordingly decided to refer its complaint to a GATT panel of experts. Canada is ready to resume negotiations at any time for a satisfactory settlement on the basis of appropriate GATT principles and procedures.

"I am disappointed", Mr. Regan said, "that a negotiated settlement has not so far been possible and we are left with no choice but to seek redress in the GATT."

Canadian exports of newsprint to the Community originate principally from Eastern Canadian mills, many of which have been recently modernized to serve the European market. There are also newsprint exports to the EC originating in other parts of Canada. In recent years Canadian newsprint exports to the EC have been in the order of 700,000 MT worth close to \$400 million. Some 75% of Canadian exports are sold in the United Kingdom. It is expected that European demand for Canadian newsprint will increase as economic recovery proceeds in the Community.

The Minister emphasized that close contact would continue to be maintained with the Canadian newsprint industry and with the provinces particularly concerned: Newfoundland, New Brunswick, Quebec, Nova Scotia, Ontario, Alberta and British Columbia.

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