

or by subsidizing production to replace otherwise competitive imports. Canada has suffered from such import-replacing subsidies by other countries, and therefore one of our important objectives in Geneva is to get rules just as effective in limiting the damage to our trade from such subsidies as in devising rules for subsidies which affect exports, and which are therefore potentially subject in import markets to countervailing action.

In terms of the economic considerations, in terms of the impact on important national economic policies and priorities, not only in Canada, but also in Japan, in Europe and in the U.S.A., this is an exceedingly difficult, almost intractable, and very sensitive issue.

The countervailing duty question is clearly, just a part of this broader complex of issues. But surely the least we can hope for is that the U.S.A. will accept that they do not need to apply a countervailing duty on subsidized imports when U.S. producers are not demonstrably injured to a material degree.

It seems fairly clear to me that any such rules regarding the injury issue, and any procedural requirements that might be codified in Geneva and then legislated in Washington, could be acceptable to Canada.

And finally, Mr. Chairman, I come to the issue that in previous negotiations was regarded as the centre