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## CANADA TAKES EUROPEAN COMMUNITY TO GATT ON NEWSPRINT

The Honourable Gerald Regan, Minister for International Trade, announced today that Canada will request under the General Agreement on Tariffs and Trade (GATT) that a panel of experts be established to examine Canada's complaint that the European Community has impaired the conditions of access for newsprint bound in the GATT. The request will be made at the March 13 meeting of the GATT Council in Geneva.

In December, 1983 the EC established a duty-free newsprint quota of 500,000 MT for 1984. In the Canadian view, this action is contrary to the EC's obligation to maintain an annual duty-free quota of 1.5 million tonnes open to all Most Favoured Nation (MFN) suppliers of newsprint. Canada is the principal MFN supplier of newsprint.

The EC's other major suppliers are the Scandinavian countries which have unlimited duty-free entry as of January 1, 1984, pursuant to their free trade agreements with the EC.

In discussions with the European Community, Mr. Regan has emphasized the importance of preserving Canada's traditional duty-free exports to the European Community. Newsprint is the largest Canadian export to the U.K. and the third largest to the European Community. Canada has, however, indicated a readiness to negotiate a reduction so long as the anticipated levels of Canadian newsprint exports would continue to enjoy GATT-bound duty-free access to the Community market, and the Community requirement that newsprint have water marks incorporated in the paper would be eliminated on a GATT bound basis.

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