

stepped up its use of export subsidies under its Export Enhancement Program. This has driven world prices down to levels well below US domestic market prices.

Prime Minister Mulroney first introduced agriculture as a Summit issue at Tokyo in 1986. Leaders then noted with concern the surplus in agriculture production that had resulted, in large measure, from domestic subsidy and protection policies. Consensus was reached that action was needed to redirect policies and discipline agricultural production in light of real world demand.

That same year, Canada played an instrumental role in the founding by Australia of the "Cairns Group" of 13 agricultural exporting nations. The Group includes a broad range of countries and has established far reaching objectives for agricultural trade reform, a major item on the agenda of the Uruguay Round. The problems of agricultural trade were a major priority of Canada at Venice in 1987. The Venice Economic declaration gave a strong, unqualified endorsement of the 1987 OECD Ministerial communiqué on agriculture, which had strongly reaffirmed the need for a concerted reform of agricultural policies, given the scope and urgency of the problems.

At their most recent meeting, Cairns ministers agreed on the need to develop the elements of a reform package, by the middle of this year, to enhance the prospects for a collective commitment to a long-term framework for agricultural reform at the MTN Mid-Term Review Conference, to be held in Montreal in December. Canada takes the position that this framework should be underpinned by strengthening of GATT rules. In addition, measures for immediate implementation should encompass a freeze of all support measures distorting trade in agriculture followed by reductions in global support, particularly for the most trade distorting production and export subsidies. An immediate increase in access opportunities and an agreement on the management of surpluses so as to avoid the disruption of world markets are also needed.

In Toronto, Summit leaders will review progress towards agricultural trade reform and discuss the tasks that remain, particularly in relation to the Multilateral Trade Negotiations.