

MTN: SUBSIDIES AND COUNTERVAILING MEASURES
BACKGROUND ON CANADIAN SUBMISSION
TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE,
GENEVA, JUNE 28, 1989

The proposal being tabled by Canada at the Multilateral Trade Negotiations (MTN) in Geneva is based on the Framework for Negotiations which Trade Ministers agreed to at the Mid-Term Review of the MTN in Montreal in December 1988.

The Framework, which developed from an earlier Canadian initiative, envisages comprehensive and balanced negotiations aimed at developing better and more precise international rules and disciplines, building on the existing GATT Agreement on Subsidies and Countervailing Measures. The Framework calls for negotiation on various issues related to government subsidies and trade remedies. It envisages negotiations on which practices should be prohibited; which should be countervailable or actionable under GATT trade remedies; which assistance measures are not trade-distortive and should not be actionable or countervailable; and, what improvements can be made to the multilateral system of rules and procedures for addressing disputes and enforcing rules.

Canada's primary MTN objectives in the area of subsidies and countervail are:

- To seek disciplines on trade distortive subsidy practices.
- To add precision to the rules and procedures governing countervail so as to avoid countervail being used as an instrument to harass legitimate trade.
- To obtain multilateral understanding that certain forms of government assistance are not trade distorting and should not be subject to trade remedy action.
- To establish a stronger basis in the GATT to resolve disputes in a timely fashion and enforce the multilateral rules.