



# communiqué

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## TERMINATION OF TARIFF PREFERENCES ACCORDED SOUTH AFRICA

The Secretary of State for External Affairs, Flora MacDonald, and the Minister of Finance, John Crosbie, announced today that the Government has decided to terminate the preferential tariff treatment now accorded to South Africa under the Canada/South Africa Trade Agreement of 1932 and under the British Preferential Tariff (BPT). The Government of South Africa has been informed of the decision and has been given the six months notice required for the termination of the Agreement. This action will thus take effect before the end of January 1980. Legislation to withdraw the non-contractual preferences which South Africa now receives under the BPT is expected to be introduced by the Government in the fall in conjunction with legislation to implement the tariff results of the Multilateral Trade Negotiations (MTN).

The withdrawal of preferential tariff treatment from South African goods will mean that South African exports to Canada will be subject to Most-Favoured-Nation (MFN) rates of duty. As a result of termination of the trade agreement, Canada/South Africa trade relations will, in future, be governed by the General Agreement on Tariffs and Trade (GATT).

The Ministers explained that the decision had been taken as a result of the review of the preferences exchanged by Canada and South Africa, particularly in light of the extensive tariff changes which will be made in the context of the implementation of the MTN. The Ministers also pointed to the size of the imbalance in preferential trade in South Africa's favour which indicated that there is little economic justification from Canada's point of view for continuing to exchange preferential tariff treatment.