

Mr. MacEachen and Mr. Regan said the unilateral action of the Community to reduce its duty-free quota could have serious effects upon Canadian newsprint mills and the many small communities which depend upon them. This action is particularly regrettable at a time when Canada and the Community together with other major trading countries have agreed to avoid further restrictions on trade. While Canada remains ready to resume negotiations at any time for a satisfactory settlement, the Community's unilateral action leaves us with no choice but to invoke Canada's GATT rights.

Canadian exports of newsprint to the Community originate principally from Eastern Canadian mills, many of which have been established and recently modernized to serve the European market. There are also exports originating in other parts of Canada. Some 75% of Canadian exports are sold in the United Kingdom. Community demand for Canadian newsprint has grown in recent years, and is worth approximately \$450 million per year. In the first ten months of 1983, exports were almost 600,000 tonnes, worth close to \$320 million. It is expected that demand for Canadian newsprint will continue to increase as economic recovery proceeds in the Community.

The Ministers emphasized that close contact would continue to be maintained with the Canadian newsprint industry and provinces particularly concerned (Newfoundland, New Brunswick, Quebec, Nova Scotia, Ontario, Alberta and British Columbia).