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CANADA TABLES FIRST COMPREHENSIVE PROPOSAL
FOR NEW GATT SUBSIDY-COUNTERVAIL RULES

The first comprehensive proposal for reforming international rules and procedures on trade-distorting subsidies and countervailing measures was tabled today by Canadian negotiators in Geneva, International Trade Minister John Crosbie announced today.

Mr. Crosbie released a summary of the Canadian position following a wide-ranging speech to the Pacific Economic Co-operation Conference Trade Policy Forum and the Institute for Research on Public Policy, in Vancouver.

In its proposal, Canada called on the 96 members of the General Agreement on Tariffs and Trade (GATT) to clearly identify the criteria for legitimate countervailing measures, in order to stop the growing trend towards disruptive trade actions.

Countervail actions can be launched when one country feels another country's subsidies unfairly damage its domestic industry. The existing GATT Agreement on Subsidies and Countervailing Measures contains imprecise language and has not been adopted by all GATT members. This has created uncertainty, a rising tide of bilateral disputes and unilateral trade actions.

Mr. Crosbie noted Canada's continuing commitment to the Uruguay Round of multilateral trade negotiations, and said, "It is no exaggeration to state that the continued health of the world economy depends on the progress we make in the current Uruguay Round."

By deciding on which types of subsidies are trade-distorting, the current Uruguay Round of multilateral trade negotiations can help ensure that Canadian exporters, and other trading nations, can act with greater certainty in world markets. The multilateral negotiations should also help guide forthcoming negotiations with the United States, under the Free Trade Agreement, on bilateral subsidy and countervail rules.

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