

tured goods, more fully accountable within the framework of GATT rights and obligations.

I should say, Mr. Speaker, that we have made very extensive preparations for these negotiations. We have undertaken extensive consultations with all the sectors of the Canadian economy and with provincial governments which obviously have a very crucial interest in these negotiations. These consultations will continue, and at each state, as is required, the negotiators will be holding consultations with industry, labour, and the provincial governments.

On the negotiations themselves, I think that we can report a certain amount of progress in our negotiations with the United States. In so far as the reduction of industrial tariffs is concerned, one of the important elements in this area is the prospect of a substantial agreement with the United States. Both sides are still pressing for certain improvements in each other's offer, and complete agreement has not yet been reached. The outlook, however, is promising, but the final shape of the Canadian industrial tariff offer and, indeed, of the U.S. offer as well, will also depend on what other countries, particularly Japan and the European Community, are prepared to do. As matters stand now, further improvement is needed in both cases from the Canadian point of view, and we are pressing for additional changes which would go further to meet our special concerns. In the case of the European Community this is made more complicated by the fact that last summer the Community diminished its original tariff offers on a variety of items of interest to Canada, particularly in the area of non-ferrous metals and forest products.

Agriculture remains an important and sensitive area of the negotiations. Canada has continually stressed the importance of an acceptable settlement on agricultural products. This would involve improved access to markets, particularly those of the Community and Japan, and a greater degree of control over agricultural export subsidies. Special arrangements for dairy products and bovine meats are also being pursued. As a separate matter efforts are being made to reach new understandings on trade in wheat and course grains.

Broad success in the agricultural negotiations will not be easy. In so far as negotiations between Canada and the United States are concerned, each side is still seeking further concessions from the other, but there are prospects for a mutually advantageous agreement, one that would reflect the basic interests of the two countries in their future trade and that would promise a greater degree of harmonization of North American agricultural tariffs.

As the House will be aware from the statement made by the Minister of Finance, we are negotiating with the United States and other countries separately from the MTN with respect to changes in the Canadian tariff for fresh and processed fruits and vegetables, arising from the recommendations of the Tariff Board. Finally, on a more general plain, the Community and the United States proposed an approach designed to provide a new framework within GATT for looking at ongoing problems of agricultural trade.

#### *The Budget—Mr. MacEachen*

On the very important question of fisheries there appears to be prospects for meaningful access to the United States market, although certain improvements in its offer to Canada are still being sought. The offers so far put forward by Japan and the European Economic Community are less satisfactory, and both are being urged to put greater concessions on the table. I can assure hon. members that in these areas in the negotiations, as in all others, the priority interests of various regions of Canada are being vigorously pursued. In so far as the fisheries are concerned the reduction of trade barriers is indeed important if we are to take advantage of the potential for greater exports of both traditional and underutilized varieties arising from the extension of our fishing zones.

I come now to a very important and technical subject, namely, the international codes of conduct. In this context work has been going forward on codes which deal respectively with technical barriers to trade, government procurement subsidies and countervail, and customs valuation. In these areas not only have we been concerned with the liberalization of trade but with its fairness and certainty from the import and export points of view. In broad terms, the principal objective is to attempt to bring a greater degree of international discipline to bear on certain measures which, whether deliberately or not, can have a serious effect on the flow of trade.

● (1302)

I draw to the attention of hon. members situation report No. 4 which was published on October 30. The report deals with international codes of conduct, and it describes the situation as of that date. That would be a more efficient way for hon. members to bring themselves up to date on the question of the codes which are being negotiated at the present time.

Earlier in my remarks I referred to the work which is being done to improve and clarify certain provisions of the general agreement, to make them more responsive to changing world economic conditions. One of the most important provisions under discussion is that relating to the use of safeguards, that is to say, measures by which imports that cause or threaten to cause serious injury to domestic producers temporarily can be restrictive.

At a time when efforts are being made to reduce tariffs and further liberalize world trade, it is important to ensure an effective mechanism is in place to protect ourselves against disruptive import competition. What we and other participating countries now are looking toward in Geneva are improvements in the current rule which will accomplish two things. One is to provide more effective, efficient and more certain procedures to deal expeditiously with whatever injurious situations may arise. The other is to make sure that such procedures are not used irresponsibly. Once again we have interests both as an importer and an exporter. These negotiations are of tremendous importance to Canada. In developing our position at Geneva we have tried to provide benefits for all sections of Canada and in all sectors of the economy. As we draw to the final days of these negotiations, that will be our continued objective.