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CANADA REQUESTS GATT CONSULTATIONS ON NEWSPRINT EXPORTS TO THE EUROPEAN ECONOMIC COMMUNITY

The Deputy Prime Minister and Secretary of State for External Affairs, the Honourable Allan J. MacEachen, and the Minister for International Trade, the Honourable Gerald Regan, announced today that Canada is requesting consultations under the General Agreement on Tariffs and Trade with the European Community (EC) concerning Canada's duty-free newsprint exports to the Community.

On December 19 the Community decided to open a duty-free quota for newsprint of only 500,000 tonnes for 1984. In the Canadian view, this action is contrary to the EC's obligation to maintain an annual duty-free quota of 1.5 million tonnes open to all Most Favoured Nation (MFN) suppliers of newsprint. As the principal MFN supplier of newsprint whose historical and anticipated level of exports would be curtailed, Canada is requesting these consultations to be held early in the new year.

In discussions with the European Community, Mr. MacEachen and Mr. Regan have emphasized the importance of preserving Canada's traditional duty-free exports to the European Community. Newsprint is the largest Canadian export to the U.K. and the third largest to the European Community. In response to an indication from the Community of a wish to modify its international obligations to maintain duty-free entry for 1.5 million tonnes of newsprint, Canada has indicated a readiness to negotiate a reduction so long as a) the anticipated levels of Canadian newsprint would continue to enjoy GATT-bound duty-free access to the Community market and b) the Community requirement that duty-free newsprint have water marks incorporated in the paper, would be eliminated.