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## MINISTER WILSON RESPONDS TO QUEBEC MANUFACTURERS ASSOCIATION POSITION ON DRAFT GATT PROPOSAL

The Honourable Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, today said the Quebec Manufacturers Association (QMA) either misunderstood or is misleading the public on how the world trade negotiations might affect economic development instruments in Quebec.

The Minister was responding to a statement issued by the QMA in Montreal today. The statement suggested that the subsidy and countervail proposals in the draft General Agreement on Tariffs and Trade (GATT) proposal would prevent the Quebec government from providing industrial subsidies.

"It is simply misleading to suggest that this important agreement would mean that Quebec would lose important economic levers. Quite the contrary, Quebec would be much better off under the proposed new rules," Mr. Wilson said.

The Minister explained the overall benefits that Quebec, other provinces and Canada would gain from a world agreement on subsidies and countervail.

- For the first time, there would be an internationally agreed definition of what constitutes a trade-distorting subsidy and how to calculate such a subsidy. This means that Caisse de dépôt loans and loan guarantees provided at commercial rates, as well as government bonds, would not constitute subsidies.

- For the first time, regional development programs and industrial research that meet the new criteria would be exempt from the threat of countervail. These benefits would be available to both federal and provincial governments. Indeed, the whole province of Quebec would fully qualify for regional development assistance under the proposed GATT criteria.
- There would be greater disciplines on the use of countervailing measures (for example, more stringent conditions for launching investigations and stricter injury determination).
- The definition of a subsidy would clearly protect social and labour adjustment programs from the threat of countervail.

"These criteria will protect firms in Quebec and across Canada from the kind of harassment they often face in countervail cases. In addition, there are absolutely no new prohibitions of any Quebec industrial development instruments under the proposed GATT deal," Mr. Wilson said.

"Canada has only one problem with the current draft GATT agreement on subsidies and countervail. It is the so-called provincial specificity issue. We are continuing to seek a satisfactory solution to it as the Uruguay Round reaches its final stages. This issue, however, needs to be kept in its proper perspective, in light of all the benefits mentioned above."

The Minister added, "The Quebec Manufacturers Association should know the benefits that the GATT has brought to this country and to the world economy over the past 40 years, including elimination of approximately 80 per cent of the tariffs in industrialized countries. Successful conclusion of the Uruguay Round will lower or eliminate trade barriers to some \$3.5 billion worth of global trade and extend trade rules to services, investment and intellectual property. In short, this is a very good deal for Quebec, and we are trying to make it better."

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