



news release

Date December 4, 1989.

No. 298

For release

CANADIAN GOVERNMENT RESPONDS TO GATT PANEL RULING ON ICE CREAM AND YOGHURT

International Trade Minister John C. Crosbie and Deputy Prime Minister and Minister of Agriculture Donald Mazankowski announced that the recommendations of the Panel report on Canada's import restrictions on ice cream and yoghurt, adopted today in Geneva, will be considered only in the light of the outcome of the Uruguay Round of multilateral trade negotiations. The Round is scheduled to conclude by the end of 1990.

"We have officially registered our serious concerns regarding the implications of this panel report," said Mr. Crosbie. "Since the Panel findings concern the interpretation of GATT rules currently under negotiation in the MTN, it would be premature to act on the Panel recommendations before the conclusion of these negotiations."

"This Panel decision demonstrates that there are weaknesses in GATT Article XI and reinforces the need to clarify and strengthen this Article in the current GATT negotiations," said Mr. Mazankowski. "We will continue to consult closely with the dairy industry on this issue as we did throughout the Panel process. We remain firmly committed to maintaining a strong supply management system in Canada."

"The current inequitable trading environment in agriculture," continued Mr. Mazankowski, "demonstrates why Canada is vigorously pursuing in the MTN the development of GATT rules which will be fair and equitably applied to all countries."

At the request of the dairy industry, Canada added ice cream and yoghurt to the Import Control List on January 28, 1988, in support of the national supply management program for industrial milk. The United States requested formation of a GATT Panel in December 1988 to examine the GATT consistency of Canada's action.

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The Panel found that Canada's import restrictions on ice cream and yoghurt were not fully consistent with Canada's obligations under Article XI of the GATT. Article XI establishes conditions under which a country may operate import controls in support of domestic supply management programs.

The quota levels for ice cream and yoghurt are being set at 347 tonnes and 332 tonnes respectively for 1990.

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