



# communiqué

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## CANADA TAKES EUROPEAN COMMUNITY TO GATT ON NEWSPRINT

The Honourable Gerald Regan, Minister for International Trade, announced today that Canada will request under the General Agreement on Tariffs and Trade (GATT) that a panel of experts be established to examine Canada's complaint that the European Community has impaired the conditions of access for newsprint bound in the GATT. The request will be made at the March 13 meeting of the GATT Council in Geneva.

In December, 1983 the EC established a duty-free newsprint quota of 500,000 MT 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. Canada is the principal MFN supplier of newsprint.

The EC's other major suppliers are the Scandinavian countries which have unlimited duty-free entry as of January 1, 1984, pursuant to their free trade agreements with the EC.

In discussions with the European Community, Mr. Regan has 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. Canada has, however, indicated a readiness to negotiate a reduction so long as the anticipated levels of Canadian newsprint exports would continue to enjoy GATT-bound duty-free access to the Community market, and the Community requirement that newsprint have water marks incorporated in the paper would be eliminated on a GATT bound basis.

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Mr. Regan said the unilateral action of the Community to reduce its duty-free quota will have serious effects upon Canadian newsprint mills and the many small communities which depend upon them. Canada has accordingly decided to refer its complaint to a GATT panel of experts. Canada is ready to resume negotiations at any time for a satisfactory settlement on the basis of appropriate GATT principles and procedures.

"I am disappointed", Mr. Regan said, "that a negotiated settlement has not so far been possible and we are left with no choice but to seek redress in the GATT."

Canadian exports of newsprint to the Community originate principally from Eastern Canadian mills, many of which have been recently modernized to serve the European market. There are also newsprint exports to the EC originating in other parts of Canada. In recent years Canadian newsprint exports to the EC have been in the order of 700,000 MT worth close to \$400 million. Some 75% of Canadian exports are sold in the United Kingdom. It is expected that European demand for Canadian newsprint will increase as economic recovery proceeds in the Community.

The Minister emphasized that close contact would continue to be maintained with the Canadian newsprint industry and with the provinces particularly concerned: Newfoundland, New Brunswick, Quebec, Nova Scotia, Ontario, Alberta and British Columbia.

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