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MR. TURNER'S COMMENTS IN NEWFOUNDLAND ON THE CANADA-U.S. FREE TRADE AGREEMENT

International Trade Minister, John C. Crosbie, responded today to statements made by the Right Honourable John Turner in Newfoundland regarding the Canada-U.S. Free Trade Agreement.

"Mr. Turner is wrong when he says that Atlantic fish processing is threatened by the Free Trade Agreement", said Mr. Crosbie. "In fact, the existing fish export control laws of the Atlantic provinces cannot be challenged under the Agreement".

Under the Free Trade Agreement, the controls on the export of unprocessed fish of the Eastern provinces have been grandfathered under Article 1203. These existing requirements cannot be challenged under the dispute settlement mechanism established for the Agreement.

"Furthermore", Mr. Crosbie added, "the United States Administration has indicated that it does not intend to challenge under the GATT existing provincial East Coast regulations such as those in Newfoundland".

The situation on the West Coast is not related to the Free Trade Agreement but stems from a decision of a GATT panel established according to procedures of that institution at the request of the United States.

Mr. Turner is also reported to have said that Hibernia could be harmed by free trade because the agreement frowns on government subsidization. In fact, Article 906 of the FTA fully recognizes the place of government incentives in energy resource development.

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"It is no coincidence that investors are prepared to take the risk now to move ahead with this project that will help assure Newfoundland's future", said Mr. Crosbie. "The FTA will create the climate needed for secure investment, and will give us secure market access to the U.S. for the output from Hibernia. Newfoundlanders will be able to sell their oil at the best price the market will bring".

Mr. Crosbie went on to point out that Mr. Turner continues to mislead Canadians on the question of social programs. "His statement about harmonizing our unemployment insurance and medicare with those in the U.S. is simply wrong. Canada is justly proud of its superior social programs and nothing in the FTA will jeopardize those programs. In fact, the economic growth generated by the FTA will allow us to enhance these programs, not diminish them".