



Minister for
International Trade

Ministre du
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CANADA PERSUADES KEY TRADING PARTNERS TO AGREE
TO PLACE AGRICULTURE HIGH ON WORLD TRADE AGENDA

Momentum is building to deal with the crisis in agricultural trade caused by the export subsidy war and other barriers to trade in agricultural products. All four Ministers attending the Quadrilateral Trade Ministers' meeting in Tokyo on April 24-26 signalled their intent to advance agricultural reform in the upcoming Organization for Economic Cooperation and Development (OECD) Ministerial meeting in Paris on May 12-13.

The issue was raised at the meeting by the Honourable Pat Carney, Minister for International Trade, after negotiations with Japan's Minister of International Trade and Industry, Mr. Hajime Tamura, to place agriculture on the agenda. Canada proposed five principles to deal with distortions in world agricultural trade at the March meeting of trade ministers in Taupo, New Zealand.

The Canadian principles state that agricultural policies should be designed so as not to adversely affect international trade. To this end and progressively over time:

1. Agriculture policies must become more price responsive.
2. Support for agriculture should avoid production incentives, i.e. support should be for farmers not farming.
3. Countries should freeze and seek to reduce governmental assistance measures that artificially distort world prices.
4. Countries should not introduce new import barriers not mandated by existing legislation.
5. These basic principles must be implemented collectively.

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Canada

The European Communities' Willy De Clercq outlined an approach similar to the stance adopted by Canada at Taupo. In noting this, Miss Carney commented: "It is encouraging that the European Communities have moved a long way to recognizing that agricultural reform must be addressed in a constructive and collective manner in the OECD and the Summit."

The U.S. and Japan also indicated their willingness to deal with the agriculture crisis in the OECD and Summit.

Canada's commitment to early progress on agricultural issues was demonstrated last year when Prime Minister Brian Mulroney brought the issue to world attention at the Tokyo Summit.

In addition, Canada's initiative to host the Cairns Group of Fair Traders in Agriculture in Ottawa on May 21-23, 1987, midway between the OECD Ministerial and the Venice Summit, reflects the lead role Canada is taking in seeking solutions to the serious agricultural trade situation.

"The four of us are meeting at times of great international tension," said Miss Carney. "The world needs to see we have the political will to face these problems. The OECD and Summit are opportunities to show the world these problems are being addressed in the GATT."

Miss Carney met separately with Mr. Tamura to review Canada-Japan bilateral relations. They discussed the Japanese tariff on spruce, pine and fir lumber which was reduced from 10% to 8% on April 1. Miss Carney pointed out that this tariff still places Canadian lumber exporters at a commercial disadvantage with respect to shipments of kiln-dried hemlock (mainly from the U.S.A.) which enters the Japanese market duty-free. She was assured that the Japanese would review this situation.

On coal, the Minister stressed that Canada expects Japanese importers to honour their commitments with respect to price and volume and pointed out that Canada had invested heavily in railway and port infrastructure based on the Japanese undertakings.

Miss Carney thanked Mr. Tamura for his March letter informing her that legislation had been placed before the Diet to amend the Japanese building code to allow the use of wood in the construction of three-storey town-houses. He assured her that the amendments should go through by the end of the current Diet session.

The Minister, referring to her November 1986 visit to Japan, urged further amendment of the code to include apartment buildings. This would give a significant boost to purchases of Canadian 2 X 4 lumber for this rapidly growing segment of the Japanese housing market.

Mr. Tamura assured Miss Carney that he would raise these issues with Japanese Prime Minister Yasuhiro Nakasone in a meeting scheduled for today.