

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MDF/W/26/Add.5

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WORKING PARTY ON TRADE IN CERTAIN NATURAL RESOURCE PRODUCTS

Fish and Fisheries Products

Remarks on MDF/W/26/Add.3 Submitted by Canada

Addendum

1. On 1 July 1985, the European Communities submitted an Addendum to MDF/W/26 of 28 March 1985, a background note submitted by Canada related to the quantitative restrictions and government assistance practices of selected contracting parties. The purpose of the present addendum is to provide additional information and to correct inaccurate or misleading references in the EC document of 1 July 1985 (MDF/W/26/Add.3) with respect to Canadian practices. Canada's view of the practices of the European Communities remains as outlined in MDF/W/26.

2. The Fishing Vessel Assistance Programme

No funding is available under this programme for 1985/86.

The Fisheries Improvement Loan Guarantee Programme

The Canadian Government guarantees private-sector bank loans against default. Since 1955, there has been less than a 5 per cent default on a total of Can\$212 million in bank loans (over a thirty-year period) and the programme has paid only Can\$7.4 million in guarantees.

The Shipbuilding Industry Assistance Programme

This programme has now been repealed.

National Fish Quality Improvement Programme

Initially, certain elements of the programme will be on a cost-shared, non-grant basis, but eventually the programme will be fully funded by the private sector.

3. Measures identified by the EC in MDF/W/26/Add.3

Fishing Vessel Insurance Plan

This insurance is provided at cost and, in fact, indemnities from the plan have exceeded disbursements.

Fisheries Prices Support Board

The Fisheries Prices Support Board is responsible for investigating and, when appropriate, recommending action under the Fisheries Prices Support Act to support prices of fishery products where declines have been experienced.

Subject to Governor in Council approval, the Board is empowered to:

- (a) prescribe prices for fishery products;
- (b) purchase fishery products at such prescribed prices and to process, package, store, ship, market or otherwise dispose of such products;
- (c) compensate producers for the difference between such prescribed price and the average market price; and
- (d) enter into contract and to appoint agents for the purposes listed.

The Board may consequently be authorized to purchase and store fishery products. Processors must agree to pay storage, insurance and other related costs during the time the product is held by the Board and have the option to repurchase their product at cost from the Board within a specified time frame. Products not claimed by the original supplier may be disposed of by the Board (Buy and Sell Programme).

The Board can also be empowered to make direct deficiency payments to producers of fishery products equal to the difference between a prescribed price and the average price at which products are sold. The only products for which deficiency payments were made in 1983/84 were seal pelts and this was due primarily to the EC import ban.

In 1983/84 the Buy and Sell Programme lost Can\$300,000 from its operations and deficiency payments of Can\$700,000 were made on the seal pelts.

The Canadian Saltfish Corporation

This Corporation does not provide financial assistance to the fishing industry. It is an agency Crown Corporation of Canada and it is required by law to conduct its operations on a self-sustaining basis. As a single-desk seller, the Corporation has low overhead costs; is able to provide buyers with continuity of supply; and is able to deal easily with State-trading agencies. These strengths have allowed it to make good returns for fishermen. The Corporation handles only one-quarter of Atlantic coast saltfish production.

Provincial Fishery Loan Boards

These Boards do not "lend to fishermen at 3 to 5 per cent below the market rate", but at rates ranging from slightly below to slightly above the prime rate.

Department of Regional Industrial Expansion (DRIE) programmes for 1984/85 in Newfoundland totalled Can\$49,950, rather than Can\$10 million as stated in the EC paper.

DRIE's Regional Development Incentives Act

The fisheries-related programme was terminated in 1982.

The export financing and loan guarantee programmes of the Export Development Corporation do not include fisheries.

The information provided in MDF/W/26/Add.3 with respect to Bill C-170 (on partial industry restructuring) is inaccurate in several respects. The new companies are operating, as well as several hundred other independent processing establishments, on a commercial basis.