



# communiqué

N°:  
No.: 197

December 20, 1985.

## U.S. COMMERCE DEPARTMENT PRELIMINARY FINDING ON SUBSIDIES TO CANADIAN OIL COUNTRY TUBULAR GOODS

The Minister for International Trade, James Kelleher expressed disappointment over the U.S. Commerce Department's preliminary affirmative determination of subsidy of 0.72% to two Canadian producers of oil country tubular goods - IPSCO and Seigfried Kreiser. As a result of this determination interim countervailing duty measures will be imposed on the exports of those companies. Minister Kelleher stated, "While I am pleased that most Canadian exporters were found not to be subsidized, I had hoped for a negative or "de minimus" (less than 0.5%) determination for all the companies involved".

Minister Kelleher went on to note that this preliminary determination of subsidy could be modified or reduced when it is finalized. If significant subsidies are found in the final determination due by March 4, 1986, the U.S. International Trade Commission will decide by May 7 whether Canadian imports have caused material injury to the U.S. industry. If no material injury is found, the case will be terminated. However, until finalized, two Canadian producers of oil country tubular goods will be required to post bonds to cover the provisional duty liability.

The U.S. Commerce Department has been investigating a petition by the Lone Star Steel Company and the CF&I Steel Corporation that the Canadian Federal and Provincial governments are providing subsidies to the production of oil country tubular goods in Canada and that Canadian exports of such products to the U.S. have materially injured the U.S. industry. The U.S. petitioners are seeking countervailing duties to offset the benefit of these alleged subsidies.

In conclusion, Minister Kelleher indicated that Federal officials will be discussing the finding with the Canadian companies to consider Canada's response to this preliminary determination. Minister Kelleher stated that "we are determined, with the cooperation of Canadian industry, to turn back that threat to an important Canadian export".