

UNDER THE FTA

Canadian exports to the United States in August grew by \$548 million to reach \$9.7 billion, their highest monthly level ever. As a result, Canada's August trade surplus with the U.S. was \$1.9 billion, \$734 million higher than in July.

In response to the Commerce Department's decision in the fifth administrative review on live swine, Canada, along with the Quebec government and the Canadian Pork Council, launched an appeal to a binational panel under Chapter 19 of the FTA. The fifth annual review increased the countervailing duty to 9.3 cents per pound. A panel decision is expected by August 21, 1992.

Under pressure from certain members of Congress, on October 22, the U.S. Administration requested consultations under Chapter 18 of the FTA on Canadian Wheat Board sales of durum wheat to the United States. The Administration had earlier pressed Canada for Canadian Wheat Board pricing information but Canada refused stating that in Canada, as in the United States, export prices are confidential between buyer and seller. In a press interview, Ambassador Burney stressed that U.S. and E.C. export subsidies have driven wheat prices to disastrously low levels. He also underlined the damage to Canadian farmers caused by U.S. subsidies despite assurances that the U.S. is targeting the E.C.

IN THE ADMINISTRATION

On October 21, the U.S. Fifth Circuit Court of Appeal ruled that the Environmental Protection Agency (EPA) had insufficient evidence to justify its 1989 ban of asbestos. The court returned the matter to EPA for further consideration. Since EPA banned asbestos rather than adopting a controlled use approach (as Canada and other countries have done), the court found EPA had not complied with statutory requirements to choose the least burdensome regulatory alternative. The Government of Canada and the Government of Quebec had both submitted amicus curiae briefs to the court in support of the Canadian industry.

Bowing to political pressures, the U.S. Department of Agriculture officially withdrew on October 17 its earlier proposal to end U.S. border inspection for Canadian meat and create an "open border" for bilateral trade in meat. Canada has responded by implementing a parallel inspection system on U.S. meat.

On October 17, the Canadian International Trade Tribunal released its decision that the dumping of beer in British Columbia by Pabst, Heileman and Stroh was causing injury to Canadian brewers. Imports will attract antidumping duties of almost 30%. A GATT panel requested by the United States, on Canadian provincial marketing regulations and practices for beer, has given its report to the two countries for review before being

circulated to other GATT members. The panel report remains confidential. At the request of Canada, a separate GATT panel has been established on U.S. federal and measures that discriminate against Canadian wine and beer. The panel's report is expected in early 1992.

Over Embassy objections, on October 18, the Commerce Department initiated an investigation to decide whether imports of brass plate from a Canadian exporter are circumventing an existing antidumping duty order on imports of brass sheet and strip from Canada. The circumvention investigation, which was requested by the U.S. industry, will reach a preliminary decision by March 6.

On October 16, the U.S. International Trade Commission made a preliminary determination that imports of magnesium from Canada were injuring the U.S. industry. Antidumping and countervailing investigations initiated in September will therefore continue. A preliminary decision in the countervailing duty case is scheduled for November 29 and a similar decision in the antidumping case by February 12, 1992. The final decisions will be subject to binding dispute settlement procedures under Chapter 19 of the FTA.



Need More Information?

Here is a list of Embassy officers following the developments described in this advisory.

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