

demanded tougher measures against rising Canadian lumber exports. Should the administration fail to negotiate voluntary curbs, Congress would, they said, move on its own to proceed with restrictive legislation (*Globe and Mail*, June 26). Against this background of frustration in the House of Representatives, US Trade Representative Clayton Yeutter, prior to his July meeting with International Trade Minister James Kelleher, stated that lumber was a "short-term issue" that had to be dealt with "in a timely" manner before consultations could proceed on the broader trade relationship. "Pressure" would be maintained on Canada, he added, on this sensitive, individual issue.

While Canada had, in the past, remained adamantly opposed to the entire concept of redefining subsidies as outlined in the Gibbons legislation, by mid-July, Mr. Kelleher stated that Canada would seek an exemption from lumber restrictions. This Canadian lobbying effort would endeavor to secure "whatever is required to retain Canada's access to the American market" (*Globe and Mail*, *The Citizen*, July 11). The International Trade Minister met with both Mr. Yeutter and Congressman Gibbons in order to further advance the Canadian position.

Attending further hearings in Washington in late July, a delegation of Parliamentarians later spoke of a "genuine" legislative threat against Canadian lumber, but remained firm in the contention that Canada would not voluntarily limit exports. They also warned against any protective US measures "which would generate counter actions" (*Globe and Mail*, July 25). It was also acknowledged that a Presidential veto might not prove effective in averting a heavily supported Congressional bill. The MPs agreed that Canada's most effective course would be an attempt to have any legislation amended to "minimize or eliminate" the potential for damage to the Canadian lumber industry specifically.

Hog Exports

Another protective trend in US trade practice was noticeable in a boycott of Canadian pork exports instituted by several mid-western states (South Dakota, Iowa, Nebraska, Wisconsin and later Minnesota) and blamed on the presence of an antibiotic, chloramphenicol, used in Canadian livestock and deemed harmful to humans. This followed a prior tariff imposed on such exports due to charges of unfair competition through income stabilization plans. Manitoba Premier Howard Pawley characterized the boycott as a "smokescreen" for protectionist measures, and stated that a ban would be placed on the objectionable antibiotic (CTV Television [External Affairs transcript], May 31). Without waiting for federal action on the bilateral trade dispute, Premier Pawley instituted the ban, citing a lengthy time delay as grounds for acting unilaterally on what was characterized as an "artificial barrier" (*Winnipeg Free Press*, May 31, June 1). However, the US states involved continued the restrictive measures, stating that traces of the chemical would still be found in Canadian exports in the near future, especially since federal action on the issue had not been taken. On the federal level, the Department of External Affairs advised producers' marketing boards to

institute court proceedings against those US states issuing the ban (*Winnipeg Free Press*, June 11).

On June 11, International Trade Minister James Kelleher issued a statement which expressed "disappointment" in a US Commerce Department determination on Canadian price stabilization programs that could result in the imposition of countervailing duties applicable to hog exports. Mr. Kelleher noted that the program had been intended to introduce "income security" without "distorting" the market (External Affairs communiqué, June 11). The US determination that the stabilization payments constituted a subsidy would be examined, said the Minister, in light of US obligations under GATT. He noted, as well, that the decision would "cause serious disruption and financial hardship" to Canadian producers, since it required the posting of bonds by these producers to cover "provisional duty liability." Like the position taken in the lumber dispute, Canadian lobbyists maintain that the situation arises from the high value of the US dollar rather than governmental assistance. Speaking in the Commons June 11, Agriculture Minister John Wise stated that the decision was not final, but had been forwarded to the International Trade Commission (ITC) for consideration as to material injury or damage to the US domestic hog industry. Representations to the US administration would continue, he added. However, with the announcement of a US increase in duties, Federal Health Minister Jake Epp issued a temporary ban on chloramphenicol, with a decision on a permanent ban to follow (*Globe and Mail*, *Winnipeg Free Press*, June 13). Mr. Wise later stated that the federal ban would send a clear signal to the US that Canada was intent on having the boycott ended.

External Affairs Minister Joe Clark announced in the Commons June 17 that a meeting was to be held between Mr. Kelleher and provincial and trade union representatives to discuss the advisability of a "joint Canadian position" in order to protect Canadian interests. Prior to discussions with US trade officials, the International Trade Minister stated in a scrum June 18 that Canadian countervailing measures had not been considered. Canada would, he said, emphasize its concern that a program of stabilization thought to be "satisfactory" was now seen by the US as countervailable. He also expressed dissatisfaction over the fact that several states had levied a non-tariff barrier "in the guise of a health measure" and stated that he would seek administrative action against those states initiating the restrictive legislation — in his words an "excess of jurisdiction" (External Affairs transcript, June 21).

Despite the Canadian lobbying effort, the ITC determined to allow the imposition of countervailing duties on live swine but not, however, on fresh, chilled or frozen pork. The ITC decision that the live swine constituted or threatened injury to the US pork industry was met with "regret" by the Canadian Ministers for Agriculture and International Trade. While both Ministers expressed their concern over the possible impact on Canadian producers, they also stated that the broader issue of bilateral agricultural trade need be examined. Consultations would be held to establish a "consensus" on those programs considered "trade distorting" (Government of Canada press release, July 25).