

8.3.3.4 Saskatchewan Livestock and Horticultural Facilities Incentives Program

The purpose of this program was to promote the diversification of Saskatchewan's rural economy by encouraging investment in livestock and horticultural facilities. The program allowed for an annual rebate of education and health taxes paid on building materials and stationary equipment used in livestock operations, as well as greenhouses, and vegetable and raw fruit storage facilities. In examining the legislation and regulations governing both the program and the Education and Health Tax, Commerce determined that even if the two programs were found to be integrally linked under the regulations governing this case, the program would still be specific and thus countervailable. This determination was based in part on the fact that legislation administering these programs made them available only to certain industries. On this basis, Commerce determined the countervailable subsidy to be less than 0.01%.

8.4 Programs Determined Not to be Countervailable

8.4.1 Federal Programs

8.4.1.1 Canadian Wheat Board (CWB)

The Canadian Wheat Board had the exclusive authority to market Canadian feed and malting barley in domestic and export markets. It was alleged that the CWB pooling system sent distorted market signals to Canadian farmers and that the system of marketing feed barley in Canada imposed excessive costs on farmers, resulting in a decrease in barley exports. Consequently, more feed barley was available on the domestic market, thus artificially lowering prices paid by Canadian cattle producers.

Commerce preliminarily found that Canadian domestic prices were comparable to U.S. prices. In the final determination, it found that although the CWB had extensive control over the feed barley export market and its operations in that market could, and did, have a major impact on the domestic feed barley market, CWB operations did not provide a benefit to producers of live cattle. Commerce had to address many concerns relating to the actions of the Canadian Wheat Board and its effects on the price of barley. There were allegations by the petitioners that the CWB, through policies such as export restraints, caused the price of barley to decrease and consequently provided a benefit to cattle farmers. Commerce determined that although some actions of the CWB did create market distortions, the CWB did not provide a benefit to the producers of live cattle, thus not satisfying the specificity criteria.

A second issue was the reliance on certain methods for the analysis of barley prices. First, Commerce explained that cross-border comparison was a valid method of determining whether Canadian barley and wheat prices were artificially low. Also, after adjusting for freight in the comparisons, there were no