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INTERNATIONAL TRADE AND AGRICULTURE MINISTERS OBJECT TO U.S. PORK SUBSIDY RULING

International Trade Minister John C. Crosbie and Agriculture Minister Don Mazankowski today objected to the U.S. Department of Commerce final subsidy determination on Canadian exports of fresh, chilled or frozen pork. The countervailing duty was set at 3.6 cents/pound, a slight increase over the preliminary rate of 3.5 cents/pound which had been announced in May.

"The U.S. decision is wrong", the Ministers said. Minister Mazankowski added "The decision is wrong in assuming that income insurance to farmers raising swine is automatically and fully passed through to pork producers. I also strongly disagree with the U.S. arguments that the National Tripartite Hog Stabilization Plan is a countervailable subsidy". Minister Crosbie said that "the Government intends to take these issues to dispute settlement under Chapter 19 of the FTA and our determination to press fully our case in this matter has been conveyed today to Commerce Secretary Mosbacher and U.S. Trade Representative Hills".

The Ministers pointed out that definitive countervailing duties would only be applied if the U.S. International Trade Commission finds that Canadian pork exports hurt the U.S. industry. That decision is expected to be made in late August.

"We remain of the view that the methodology used to make this ruling is inconsistent with U.S. obligations under the General Agreement on Tariffs and Trade (GATT). If the U.S. International Trade Commission makes an affirmative final injury determination, we also intend to invoke dispute settlement procedures with respect to the GATT consistency of the application in this case of the automatic passthrough of stabilization payments on swine to pork producers," Mr. Crosbie said.

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