

While the procedural issue of whether a new petition on essentially the same facts should be accepted is an important one, initiation of an investigation would raise a substantive issue of even greater significance for all Contracting Parties and especially those relying heavily on exports of natural resource products. The major contention of the petitioner is that the resource pricing policies of certain Canadian provinces constitute a subsidy warranting the application of countervailing duties. In effect the petitioner is arguing that countervailing duties should be used to offset another country's comparative advantage in natural resources. The Canadian authorities believe strongly that such an interpretation of the GATT was never intended by the Contracting Parties and in particular that it would be an abuse of the remedy provided for in Article VI.

We will of course be invoking our rights to hold consultations with the U.S. authorities on this issue, but I wanted to take the opportunity of this Council meeting to apprise other Contracting Parties of this development and the serious implications it could have for the international trading system.

Geneva
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