The decision that stabilization payments also confer a subsidy on producers of fresh, chilled and frozen pork has important implications for our trade in agricultural products and we will be reviewing this decision closely in the light of U.S. obligations under the GATT".

Mr. Kelleher noted that the U.S. International Trade Commission will decide by July 25 whether Canadian imports have in fact caused material injury to the U.S. industry. However, until then Canadian exporters of live swine and pork will be required to continue to post bonds to cover the provisional duty liability. Minister Kelleher said, "there is no doubt that today's decision will continue to cause serious disruption and financial hardship to our farmers and meat packers".

The U.S. Commerce Department has been investigating a petition by the National Pork Producers Council that the Canadian federal and provincial governments are providing subsidies to producers of hogs and fresh, chilled and frozen pork in Canada and that Canadian exports of such products to the U.S. have materially injured the U.S. industry. The U.S. petitioners are seeking countervailing duties to offset the benefit of these alleged subsidies. The main issue has been whether federal and provincial stabilization payments to live swine producers are countervailable subsidies in the view of the Commerce Department, and whether or not these payments also constituted a benefit to pork production.

The final resolution of this investigation now hinges on the determination by the U.S. International Trade Commission of injury to the U.S. industry. It is the Canadian position that the economic problems of the U.S. industry are caused by market conditions, including the high value of the U.S. dollar, and not Canadian Government programs assisting Canadian live swine producers.

-30-