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U.S. COMMERCE DEPARTMENT PRELIMINARY FINDING ON SUBSIDIES TO CANADIAN FRESH ATLANTIC GROUND FISH

The Minister for International Trade, James Kelleher, expressed concern about the impact on Canadian fresh fish exports of a U.S. Commerce Department preliminary determination which could result in the imposition of countervailing duties on imports from Canada of certain fresh Atlantic groundfish including cod and haddock. In 1984 total Canadian exports of fish to the U.S. amounted to around \$1 billion of which fresh groundfish accounted for \$60 million.

On January 2 the Commerce Department announced its preliminary determination that a number of federal and provincial government programs provide subsidies in the amount of 6.85 percent to Canadian exports of fresh groundfish. As a result, Canadian fresh Atlantic groundfish whole and in filet form will immediately be subject to a bonding requirement by U.S. Customs to cover this preliminary countervail liability.

Minister Kelleher commented that "I am very disappointed that the Commerce Department found a number of federal and provincial programs to be countervailable. We had argued strongly that these programs do not confer countervailable benefits to the Canadian industry. We will continue to press our arguments forcefully with the Commerce Department during the next stage of the investigation".

Minister Kelleher went on to note that this preliminary determination of subsidy could be changed or modified when it is finalized. If significant subsidies are found in the final determination due by March 18, the U.S. International Trade Commission will decide by May 10 whether Canadian imports have caused material injury to the U.S. industry and, if no injury is found, the case would be terminated. However, until the final determination is made, Canadian exporters of fresh groundfish will be required to post bonds to cover the provisional duty liability.