

Minister Kelleher went on to note that this preliminary determination of subsidy could be modified or reduced when it is finalized. If significant subsidies are found in the final determination due by June 10, the U.S. International Trade Commission will decide by July 25 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 finalized, Canadian exporters of live swine and pork will be required to post bonds to cover the provisional duty liability. Minister Kelleher said, "there is no doubt that this interim finding will cause serious disruption to a major Canadian export to the U.S of vital importance to many of 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. While there are a number of federal and provincial programs under review, the main issue is 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 constitute a benefit to pork production.

In conclusion, Minister Kelleher indicated that Federal Officials will be meeting with the Provinces and the Canadian industry in Ottawa shortly to consider Canada's response to this preliminary determination. Minister Kelleher stated that "we are determined, with the continued co-operation of the Provinces and the Canadian industry, to turn back this serious threat to two vital Canadian exports".