

larly with a view to ensuring that it is consistent with the United States' obligations under the GATT. If representations are appropriate they will be made." Ms Carney noted, as well, that disputes such as the one over potash were almost unavoidable under the existing rules governing a trading relationship as large and diverse as that between Canada and the US. "This case is a graphic illustration of why the government has placed such a high priority on the need for a comprehensive bilateral trade agreement with the US to provide better rules for the conduct of our trade" (International Trade communiqué, August 21).

The Regina *Leader-Post* reported on August 22 that Saskatchewan Energy Minister Pat Smith had expected "the worst case for any one company [to be the New Mexico Potash Corporation's maximum request of a] 43 percent tariff." Potash Corporation of Saskatchewan (PCS) president Chuck Childers said he thought the worst aspect of the ruling was the wide range of tariffs imposed, from 9.1 percent on one company to 29.67, 36.62, 51.9, 77.4 and 85.2 percent on others. "It doesn't seem fair, does it?" asked Mr. Childers, adding that the range of tariffs was likely a result of how the cost of production was determined by the US Commerce Department for each company. (PCS, a Saskatchewan crown corporation, had suffered a huge loss in 1986, he said, while another producer, IMC, had its losses absorbed by its US parent company. PCS had been assessed at 51.9 percent and IMC at 9.1 percent.) The report also said that the Canadian potash producers had until November 3 to try to reverse the ruling, and that an October 5 hearing in Washington would be crucial to their case.

In the Commons on August 24, Lloyd Axworthy (Lib — Winnipeg-Fort Garry) told Deputy Prime Minister Don Mazankowski that "it appears that the more we negotiate [a free trade agreement], the more we get hit by American trade actions which are having an incredibly damaging effect on all parts of the Canadian economy. So much for the negotiations when all we do is pay the price and they get the benefits." NDP leader Ed Broadbent told the Commons the same day, "The last time a major [trade] decision was made against us [by the US] was on the softwood issue. The government then said it would protest the American decision at GATT. Instead of doing that, it caved in and, in a masochistic way, imposed a self-inflicted punishment on Canadians in order to mesh with the American decision."

On August 28 Saskatchewan premier Grant Devine announced at the end of the premiers' conference in Saint John that his government would bring in retaliatory legislation against US tariffs on potash. Mr. Devine did not give details of the legislation, but received, in a final conference communiqué, support from all the other provincial premiers, who expressed concern over "recent protectionist actions" taken by the US (*Globe and Mail*, August 29).

In the Commons on August 31, International Trade Minister Pat Carney said, "[The US producers' dumping] action should never have been brought because the companies that brought the action against the Canadian producers account for less than 5 percent of the US production The United States only produces about 10 percent of

its own potash requirements. To bring an action against their major supplier does not make economic sense The people who will pay for this in the long run are the US farm producers and US consumers It is inconsistent with trading rules to bring this kind of action. That is the stand we have been taking in Washington."

On September 1 Saskatchewan Energy Minister Pat Smith introduced the potash resources act, which would allow the province to limit production by all Saskatchewan potash producers. A management board, to be appointed within a month, would allocate quotas to the mines. The legislation, said Ms Smith, was designed to hold down production in the hopes of seeing a rise in prices, and added, "This legislation is not zeroed in on the anti-dumping action. This legislation has to do with supply and demand, first of all. The anti-dumping is simply a symptom that came about because of the imbalance in the potash industry." Premier Devine said, "We have no choice. If the US is going to level this kind of protectionism and hurt against Canadians, then we are going to have to resort to the kind of power that allows us to deal with it with some sense of strength This is as strong a legislation as you've seen in Canada. It gives you complete control over the resource" (*Ottawa Citizen*, September 2).

On September 4 PCS announced that its potash export price to the US would increase by 60 percent, while domestic and other offshore prices would remain the same (*Globe and Mail*, September 5). Other potash producers were considering price increases as well, "simply because we cannot possibly absorb any duties imposed now on top of the losses we have incurred through the first half of 1987," according to one company president. However, a spokesman for the United Steel Workers of America — the main union of the Saskatchewan potash industry — said that US farmers could manage without most of the province's production for the coming fall season by using potash from New Brunswick, New Mexico, and two US-owned Saskatchewan potash producers (*Saskatoon Star-Phoenix*, September 9).

Meanwhile, the US Farm Bureau — the world's largest voluntary farmers' organization, consisting of 3.5 million member families — told a US senate committee that it was opposed to the US intervention in the potash market. Spokesman Don Rawlins said, "Before we were aware of what was going on, the US Department of Commerce had published its preliminary ruling Basically we indicated that we don't want to get the Canadians mad at us because 80 to 85 percent of our potash comes from Canada" (*Saskatoon Star-Phoenix*, September 10).

Premier Grant Devine went to New York in mid-September, where he told a fertilizer industry trade association, "The entire US agricultural industry will pay through the nose, hundreds of millions of dollars [for the potash ruling] Does it make sense for America?" Mr. Devine assured the industry representatives, "We're not in the business of embargoes; we're not planning to stop production." However, he said, as the world's largest potash exporter, Saskatchewan was prepared to take a leadership role in trying to combat the overproduction problem. "You