

provided by the federal and provincial governments, and is selling hogs in the United States at prices that are lower than average prices in Canada.

On August 17, 2004, the DOC released its CVD preliminary decision. The DOC found in Canada's favour and determined that trade in Canadian live swine is not unfairly subsidized. As a result of this preliminary determination, provisional countervailing duties are not being imposed on imports of live swine from Canada while this investigation continues.

On October 15, 2004, the DOC released its preliminary AD determination. It ruled that Canadian live swine are being sold in the United States at prices lower than those prevailing in the Canadian market or below full cost. Three Canadian exporters, who were the respondents in the DOC's AD investigation, received company-specific rates. All other Canadian exporters were given a rate of 14.06%.

The DOC's final determinations are due to be released on March 7, 2005. The federal government is the lead in the CVD investigation. The Canadian industry is the lead in the AD investigation, as it concerns the pricing practices of private sector enterprises.

U.S. Farm Act

The Government of Canada continues to express serious concerns about the 2002 U.S. Farm Security and Rural Investment Act, otherwise known as the Farm Act. Particular concerns centre on the increase in trade-distorting domestic support and the mandatory country-of-origin labelling requirements. The domestic support increases run counter to the agreed objective in the WTO agriculture negotiations to substantially reduce trade-distorting domestic support. The government is monitoring the implementation of the Act to ensure that the United States operates within its WTO domestic support commitments. It will continue to follow developments and make its concerns known to Congress and the Administration as the legislation is implemented. In coordination with our Canadian partners and U.S. allies, the Government of Canada will also continue its advocacy efforts in the United States in order to enhance awareness of the disruption that the country-of-origin labelling provision will cause to the integrated Canada-U.S. agricultural trade.

Country-of-Origin Labelling

The 2002 U.S. Farm Act provides for mandatory country-of-origin labelling, which will require certain U.S. food retailers (i.e. those licensed under the U.S. Perishable Agricultural Commodities Act) to display country-of-origin information at the final point of sale for covered commodities. The covered commodities include beef (including veal), lamb, pork, fish, shellfish, perishable agricultural commodities and peanuts. Under COOL requirements, fish and shellfish must also be labelled to indicate the applicable method of production (i.e. wild or farm-raised). Products sold in food service establishments and ingredients in processed food items are exempt from mandatory COOL requirements.

On September 30, 2004, the U.S. Department of Agriculture Agricultural Marketing Service issued the Interim Final Rule on COOL for fish and shellfish sold at retail, which will come into effect as of April 4, 2005. The applicability of mandatory COOL for all other covered commodities has been delayed until September 30, 2006.

Canada maintains that the COOL legislation is fundamentally flawed and that it places onerous costs on industry while providing no real consumer benefits. Mandatory COOL may also result in price distortions that would hurt all sectors of the red meat industry, and compliance costs could reduce the North American industry's competitiveness on world markets.

The Government of Canada, in partnership with provinces and territories, industry and U.S. allies, will continue advocacy efforts in the United States to build awareness of the disruption that mandatory COOL will cause in the integrated North American market; the government will urge the full repeal of the legislation.

Up-to-date material on COOL is available on the Agricultural Marketing Service Web site (www.ams.usda.gov/cool/).