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

The Minister for International Trade, James Kelleher, and the Minister of Fisheries and Oceans Tom Siddon, expressed concern about the impact on Canadian fresh fish exports of a U.S. Commerce Department final determination which could result in the imposition of countervailing duties on imports from Canada of certain fresh Atlantic groundfish including cod and haddock. In 1985 total Canadian exports of fish to the U.S. amounted to around \$1 billion of which fresh groundfish accounted for about \$100 million.

On March 14 the Commerce Department announced its final determination that a number of federal and provincial government programs provide subsidies in the amount of 5.82 percent to Canadian exports of fresh groundfish. As a result, Canadian fresh Atlantic groundfish whole and in fillet form will continue to be subject to a bonding requirement by U.S. Customs to cover this countervail liability.

Minister Kelleher commented that "I am pleased that the Commerce Department has confirmed our view that a number of programs subject to the investigation, including unemployment insurance benefits, are not countervailable. I am naturally disappointed that the Commerce Department did not accept our arguments that other programs do not confer countervailable benefits to the Canadian industry".

Both Ministers went on to note that the U.S. International Trade Commission will decide by May 3 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 continue to be required to post bonds to

cover the provisional duty liability. The final resolution of this investigation therefore 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 high costs and depleted groundfish stocks and not Canadian imports.

The U.S. Commerce Department has been investigating a petition by the North Atlantic Fisheries Task Force, Gloucester, Mass. that the Canadian federal and certain provincial governments are providing subsidies to the production of fresh groundfish 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.

In conclusion Ministers Kelleher and Siddon indicated that federal officials will be discussing the finding with the Canadian industry and affected provinces to consider Canada's response to the final determination.