



news release

Date **October 22, 1993**
For release

No. 208

CANADA REQUESTS FTA PANEL ON SUBSIDIZED U.S. WHEAT SALES TO MEXICO

The Honourable Tom Hockin, Minister for International Trade, and the Honourable Charles Mayer, Minister of Agriculture, today announced the Government of Canada's request for a binational dispute-settlement panel to resolve the issue of subsidized U.S. wheat sales to Mexico under the Export Enhancement Program (EEP).

Canada held formal consultations with the United States under Chapter 18 of the Canada-U.S. Free Trade Agreement (FTA) on July 15, 1993, and at a meeting of the Canada-U.S. Trade Commission on September 17. These efforts did not resolve the matter.

"The U.S. action represents a deliberate targeting of Canadian wheat sales in Mexico," said Mr. Hockin. "The U.S. use of EEP in Mexico constitutes a direct contravention of U.S. obligations under the FTA, which requires that the United States take into account Canada's export interests."

"Mexico is an important and growing market for Canada's wheat exports. We will not back away from the Mexican market because of U.S. export subsidies," said Mr. Mayer.

The EEP provides subsidies to U.S. exporters enabling them to sell U.S. grain at reduced prices in third markets. The EEP is intended to target subsidized European Community (EC) competition, but the EC is not a significant exporter of wheat to Mexico.

On June 24, 1993, the United States announced its EEP initiatives for the 1993-94 marketing year, providing export subsidies for 32 million tonnes of wheat to 30 countries and regions. The announcement included an EEP allocation of 1.4 million tonnes to Mexico, a traditional Canadian market. In 1992, Canada exported 479,700 tonnes of wheat to Mexico.

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