



news release

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MINISTERS PLEASSED WITH PORK RULING

International Trade Minister John C. Crosbie and Agriculture Minister Don Mazankowski announced today they were pleased with the ruling by the Canada-U.S. Free Trade Agreement (FTA) dispute settlement panel on the U.S. subsidy determination on imports of fresh, chilled or frozen Canadian pork.

The panel remanded to the U.S. Department of Commerce (DOC) three of the four issues that were being challenged by the Canadian Government.

The panel remanded the DOC ruling on the countervailability of Canada's National Tripartite Stabilization Program, the conversion factor used by the DOC to allocate subsidies to pork packers, and claims by the DOC that the Western Diversification Office conferred countervailable subsidies to pork processors.

The panel upheld DOC arguments that the automatic subsidy passthrough provision of U.S. law, which deems that subsidies given to hog producers are passed on to pork processors, was correctly applied.

However, in August this year, a General Agreement on Tariffs and Trade (GATT) dispute panel ruled that the application of the automatic subsidy passthrough provision was inconsistent with the GATT and recommended the U.S. refund excess duties paid by Canadian pork exporters.

The DOC has until November 27, 1990, to return to the panel with a reconsideration of its final subsidy determination. Other parties have 15 days to comment on the new submission and a final decision should follow soon after.

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The decision was in response to the countervailing duty order of eight cents per kilogram imposed by the DOC, effective September 13, 1989.

"We are encouraged by the panel's finding that the DOC must provide more evidence to support its ruling on the countervailability issue and the appropriateness of the conversion factor it used," said Mr. Crosbie.

"The Agricultural Policy Review, already under way, will take into account the results of both Chapter 19 panels and the outcome of the Multilateral Trade Negotiations," said Mr. Mazankowski.

The request for the FTA panel review of the subsidy issues was made jointly by the federal government, the Canadian Meat Council, the Canadian Pork Council, and the governments of Alberta, Ontario and Quebec.

In a related matter, an FTA panel on pork injury has yet to reach a decision on whether the U.S. International Trade Commission (ITC) was correct in finding that Canadian pork exports injured U.S. producers. The panel remanded the issue to the ITC for reconsideration on August 24, 1990. The ITC will return with the results of the remand on October 23, 1990.

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