

Minister of Industry,
Science and Technology and
Minister for International Trade



Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

News Release

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MINISTER WILSON OBJECTS TO PRELIMINARY RULING BY U.S. COMMERCE DEPARTMENT IN MAGNESIUM TRADE DISPUTE

Minister of Industry, Science and Technology and Minister for International Trade, the Honourable Michael H. Wilson, today said he strongly objected to the U.S. Department of Commerce's preliminary determination that Canadian magnesium exports were benefiting from subsidies at a rate of 32.8 per cent.

The Minister said he is working closely with the province of Quebec and other interested parties to fight this case. He added that Canada has retained U.S. legal counsel to ensure that everything that can be done will be done to defend against the subsidy allegations. The Government's counsel will review the details of the preliminary subsidy finding to ensure that it was based on objective analysis.

"This action by the United States is inconsistent with its obligations under the General Agreement on Tariffs and Trade (GATT)," said Mr. Wilson. "We are protesting the initiation of this case on the grounds that the U.S. petitioner, the Magnesium Corporation of America, lacked proper standing to request an investigation. We have consulted with the United States under the GATT on this issue and will be taking the matter to conciliation under the GATT Subsidies Code."

The Canadian government is challenging the standing of the Magnesium Corporation of America to file the request for an investigation, since the company accounts for less than one-quarter of all magnesium produced in the United States. Under the GATT Subsidies Code, domestic industry refers to producers who together account for a major proportion of total domestic production.

On September 25, 1991, the U.S. Department of Commerce initiated anti-dumping and countervailing duty investigations of Canadian magnesium imports. The preliminary ruling on dumping is expected February 12, 1992. Canadian magnesium exports to the United States were valued at \$70 million last year.

Mr. Wilson said that today's ruling is preliminary and that no duties will be collected at the border. Canadian exporters will, however, be required to post bonds to cover the provisional countervailing duty rate.

The final determination on subsidy is scheduled for April 27, 1992, and the U.S. International Trade Commission will make a final determination on injury on June 11, 1992. A countervailing duty can be applied only if both subsidy and injury, or the threat of injury, can be proven.

Although this investigation has a long way to run, Mr. Wilson noted that "the parties involved in the case can call for a review by a binational panel under Chapter 19 of the Canada-U.S. Free Trade Agreement (FTA) of any final determination of subsidy or injury made by U.S. administering authorities."

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