



news release

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DOC Responds to FTA Panel

International Trade Minister John C. Crosbie and Agriculture Minister Don Mazankowski today said they were disappointed by a U.S. Department of Commerce (DOC) decision to substantially uphold its countervailing duty determination against imports of fresh, chilled and frozen Canadian pork.

The countervailing duty rate paid by Canadian exporters fell slightly to 6.6 cents per kilogram from 8 cents on exports of pork to the United States. The difference between the old and new levels of duty will be refunded to exporters, retroactive to September 13, 1989.

Canadian participants have 15 days to file a motion with the panel for a review of the DOC decision. If the panel agrees to undertake the review, it must issue its findings no later than 90 days from today. The Canadian participants are the federal government, the Canadian Meat Council, the Canadian Pork Council, and the governments of Alberta, Ontario and Quebec.

The ruling is the DOC response to a finding on September 28, 1990, by a Canada-U.S. Free Trade Agreement (FTA) dispute-settlement panel. The panel sent the original subsidy finding back to the DOC for re-examination because the U.S. agency's arguments were not supported by evidence on the record.

"The government and industry have consistently argued that Canada's Tripartite Stabilization Payments Program does not confer countervailable benefits to the industry," said Mr. Crosbie. "I have instructed my officials to consult closely with the Canadian industry to determine whether there is a basis to challenge the DOC's decision."

"Measures such as those imposed by the U.S. will continue to be the subject of intense scrutiny by the federal government," said Mr. Mazankowski. "We will continue working

together with the agri-food industry to ensure that trade laws are correctly enforced under the FTA and the GATT [General Agreement on Tariffs and Trade]."

In a separate but related case, a decision is expected by another FTA panel by January 22, 1991, on whether a ruling by the U.S. International Trade Commission that Canadian pork exports to the United States threatened to cause injury to the U.S. market is consistent with the original panel finding.

In a third case, a GATT panel ruled in August this year that the DOC's use of the automatic subsidy passthrough provision of U.S. trade law was inconsistent with the GATT. This provision deems that subsidies given to hog producers are passed on to pork processors. The Canadian government continues to press the U.S. to adopt and implement the GATT panel report. The report will be up for adoption at the December 12-13 meeting of the Contracting Parties.

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For further information, media representatives may contact:

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