



COMMUNIQUÉ

U.S. Countervailing Duty on Canadian Hogs to be Revoked

Ottawa, December 15, 1999 **S** The deadline has passed to appeal the U.S. Department of Commerce decision taken last month to revoke the countervailing duty order which applies to live swine from Canada.

“This means that as of January 1, 2000, for the first time in almost fifteen years, no countervailing duty concerns will apply to Canadian pigs as they cross the border”, said Edouard Asnong, President of the Canadian Pork Council.

The revocation of the duty became possible as a result of the so-called ‘sunset review’ provisions of the Uruguay Round of multilateral trade negotiations where WTO member countries committed themselves to reviewing any outstanding countervailing or antidumping duty orders at least every five years, and, if current conditions no longer justify their continuation, to terminate them.

The sunset review of the U.S. countervailing duty order on hogs from Canada began just under a year ago. The U.S. Department of Commerce had announced at the end of October that the level of countervailable subsidies it found to exist on live hogs in Canada were below *de minimis* (less than 0.5% ad valorem) and that the CVD order would be revoked as of the beginning of 2000. Mr. Asnong added: “The Commerce results reflect the reality in Canada of major reductions in government spending as well as the adoption of whole-farm, non-trade-distorting, agricultural safety net programs.”

Administrative reviews of the duty conducted in recent years arrived at the same zero subsidization result as this most recent Commerce Department decision. However, the duty order itself had remained in place, a source of some uncertainty and potential legal expense for Canadian live swine producers and exporters.

“Although we are very pleased to have this case behind us”, added Mr. Asnong, who finishes hogs at Pike River, Québec, “it just so happens major improvements in hog processing capacity and competitiveness in recent years has vastly increased the potential for Canadian hogs to be processed in Canada, and recent statistics confirm that significantly fewer market hogs are now moving south for processing in the United States. We expect that trend to continue, even with the elimination of the countervailing duty.”

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