

Pork Producers Watch Canadian Imports

DES MOINES, Iowa — The National Pork Producers Council (NPPC) is disappointed that the extraordinary challenge committee ruling recently will lead to the removal of the countervailing duty on Canadian fresh, chilled, and frozen pork.

The committee announced that it will not overturn the actions of the binational panel that forced the International Trade Commission (ITC) to reverse its two previous opinions that imports of subsidized Canadian pork product threaten to injure the U.S. pork industry.

"The fact still remains that the Canadian government directly guarantees net income margins for its pork producers while U.S. producers are totally at risk in the marketplace," said NPPC President John Hardin. "We still believe that the use of the duty is justified, and we should have prevailed based on the merits of the case. However, the extraordinary challenge committee members used an exceptionally narrow standard in their review."

NPPC will continue to monitor Canadian pork imports, Hardin said. "We expect no short-term increases because pork inventories are currently low in Canada," he said.

"The federal tripartite program is the underlying problem which has caused friction between Canadian and U.S. pork producers," Hardin said. "If subsidized Canadian imports increase dramatically, the U.S. pork industry will consider initiating further trade actions."

NPPC requested the extraordinary challenge review because NPPC and the ITC believed that the binational panel departed from a fundamental rule of procedure and exceeded its authority. Both the binational panel and the extraordinary challenge procedure were established under the U.S./Canada Free Trade Agreement (FTA).

U.S. Trade Ambassador Carla Hills' call for the extraordinary challenge review on March 29 marked the first use of the procedure that was also established under the FTA. The extraordinary challenge committee consisted of three retired judges — two Canadian and one U.S.

The United States imposed the countervailing duty on fresh, chilled, and frozen pork in September 1989. A separate duty on subsidized Canadian live hogs remains unaffected by the extraordinary challenge committee's ruling.

The pork product duty has had a significant positive affect on U.S. pork prices while it has been in place, according to University of Missouri Agricultural Economist Glenn Grimes. The duty likely increased U.S. pork producers income by as much as \$118 million, or 55 cents per cwt., in the 12 months after it was imposed. "The return on the investment could be as high as \$100 for every \$1 invested in the case," Grimes said.

Because the 3-cent (U.S.) per pound duty will be lifted, U.S. Customs will be required to return the more than \$18 million in pork product duty with interest that it has collected since September 1989.

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