

inadequate by conservation interests. The adoption of higher corporate average fuel economy (CAFE) standards may well be at the centre of the debate as Congress begins legislative action. The proposed opening of the Coastal Plain of the Arctic National Wildlife Refuge to exploration and drilling is of particular concern to Canada.

●On February 5, President Bush submitted his budget proposals for the 1992 fiscal year (which begins October 1). The deficit for FY 1991 is expected to be \$318 billion, significantly higher than the \$220 billion registered in FY 1990. The deficit expected for FY 1992 is \$281 billion; this figure does not include the costs of Desert Storm -- much of which will be borne by the Gulf States. The President's budget proposals are consistent with the 5-year deficit reduction plan so painfully achieved last fall. Specifics of the President's proposals will now be subjected to Congressional scrutiny and debate through much of this year.

●On February 13th, President Bush unveiled the U.S. Administration's proposal for a five year, US\$105 billion national transportation plan for highways and mass transit. The Surface Transportation Assistance Act of 1991 is designed to improve the interstate highway system through expansion and capital improvements. The current legislation imposes severe "Buy

American" restrictions which limit the ability of Canadian companies to win contracts. The Embassy will be working to have these restrictions relaxed.

●On February 12, the U.S. ball bearing industry requested an antidumping investigation on imports of ball bearings from several countries including Canada. It is likely the Commerce Department will initiate an investigation.

IN THE CONGRESS

●On February 20, the Senate passed the Export Administration Reauthorization Act including Cuba sanctions to block sales to Cuba by U.S.-owned foreign companies. The legislation has yet to receive House approval. Canada will take firm action to counteract the Cuba sanctions through blocking measures under the Foreign Extraterritorial Measures Act should the U.S. legislation become law.

●The Administration has requested Congress to extend the "fast track" process for the negotiation and approval of trade agreements (e.g. for the current GATT multilateral trade negotiations and for a North American free trade agreement). Under fast track procedures, Congress cannot amend a trade agreement implementing bill but must approve or disapprove the agreement as a whole. Opposition is expected from

textile, labour, agriculture and other interests. A major debate is likely. Unless Congress approves the Administration's request by June 1, 1991, fast track procedures will expire.

WORLD BANK CONTRACTS

●The Embassy continues to provide assistance to Canadian business competing for World Bank contracts. Canadian companies won over \$200 million in project opportunities in 1990. The Canadian consulting industry turned in a strong performance capturing contracts worth about \$54 million or 10% of all World Bank spending in the sector. World Bank lending is expected to exceed \$22 billion in 1991 with over \$5 billion slated for eastern Europe.

SPACE TECHNOLOGY

●Heralding another landmark in bilateral space technology collaboration, Canada and the United States signed a Memorandum of Understanding on the Canadian remote sensing satellite RADARSAT on February 27, 1991. NASA will launch the satellite in 1994 in exchange for access to its data. RADARSAT's all-weather and night-time scanning capacities will permit it to generate unique scientific and economic data on ice, water, land and climatic conditions over much of the earth. Benefits for the Canadian private and public sectors are estimated to exceed \$1 billion.

Need More Information?

Here is a list of Embassy officers following the developments described in this advisory

The main Embassy phone number is: (202) 682-1740.

FTA & Trade Policy

William Dymond, Minister-Counsellor,
ext. 7334

Energy

Jean-Pierre Gombay or
Margaret Martin, Counsellors,
ext. 7741 and 7506

Economic Policy

Philip Somerville, Minister-Counsellor,
ext. 7427

Congress

Jonathan Fried, Counsellor,
ext. 7344

World Bank

Astrid Pregal, Counsellor,
ext. 7719

Trade Development

David Ryan, Minister-Counsellor,
ext. 7742

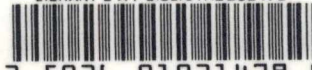
Environment

Ross Glasgow, First Secretary,
ext. 7736

Business Travel

Ian Rankin, Counsellor,
ext. 7755

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