

the different economic, political and social circumstances in each country.

An example is the border broadcasting issue. Canadian stations, subject to Canadian content and other Canadian regulations, were having to compete with American stations not subject to such regulations. In 1976 the Canadian Income Tax Act (Section 19.1) was amended to ensure the viability of the Canadian broadcasting industry by giving a tax advantage to the Canadian advertising industry for using Canadian border area television companies. As a result of pressure from a number of US television stations situated near the border, the US administration submitted tax legislation to Congress which would mirror the effects of Section 19.1. A hearing on this proposed legislation was held in May and its passage is expected shortly. Section 19.1 remains an important element of Canadian policy and there are no plans to change it.

Year	Exports	Imports	Balance
1977	2182.8	50107.7	35.1
1978	22641.3	42378.7	36.5
1979	23963.9	42477.7	43.7
1980	23638.4	38775.9	42.8

PERCENTAGE CHANGES

Year	WITHOUT USA (customs basis)		WITH USA (customs basis)	
	Exports	Imports	Exports	Imports
1978	+19.2	+18.4	+20.1	+18.7
1979	+21.1	+25.5	+19.2	+22.5
1980	+8.7	+10.0	+7.9	+6.4
1981	+10.2	+14.1	+15.4	+13.0

DISTRIBUTION OF EXPORTS

(1980 - 1981)

	Canada	USA
Canada	-	17
USA	66	-
Japan	5	9
EC	11	22

DISTRIBUTION OF IMPORTS

(1980 - 1981)

	Canada	USA
Canada	-	18
USA	69	-
Japan	5	14
EC	8	16