

of low-cost access by Canadian companies to forests owned and allocated by Canadian provincial and federal governments (*The Citizen*, October 8).

Canadian Embassy officials and the lumber industry expressed "serious concern" about the US inquiry at the time of the announcement of investigation. International Trade Minister Gerald Regan said that the ending of unrestricted entry into the US market would threaten the lumber industry, one of Canada's major export industries. He noted that "Canadian exports of softwood lumber to the US are currently \$1.5 billion annually, down from a high of \$2.8 billion in 1979. Annual Canadian exports of cedar shingles and shakes and wooden fencing are approximately \$170 million and \$30 million respectively. The US market is essential to the Canadian lumber industry since exports to the US constitute over sixty percent of total Canadian production" (External Affairs press release, October 12).

The US Commerce Department's International Trade Administration is expected to make its preliminary ruling by March 7, 1983, on whether or not there is a Canadian government subsidy for lumber exporters. *The Citizen* (November 18) reported, "A finding of subsidy means preliminary duties could be imposed immediately, forcing importers of Canadian lumber to post bonds equal to the amount of any subsidy . . . Both the ITC and the International Trade Administration then would have to make final injury and subsidy decisions. If the US companies' injury claims are upheld, that would result in a final duty against Canadian lumber imports taking effect July 14, 1983, probably retroactive to March 7."

The matter was brought up before the House of Commons on November 25. External Relations Minister Charles Lapointe responded to concern expressed by Robert Howie (PC, York-Sunbury), about the Canadian response. Mr. Lapointe said, "The Government of Canada, in cooperation with the provincial governments and especially with industry, has already notified the American authorities that we do not agree with the preliminary finding which alleges that a subsidy was attached to provincial royalties with respect to logging operations." Mr. Lapointe said that some representations had been made, and "we are continuing our joint lobby with the provinces and industry . . ." He also said that Canada had advised the General Agreement on Tariffs and Trade that Canada does not agree with the US allegation.

**Bombardier Subway Car Contract**

Canada's Export Development Corporation signed an agreement November 15 which provided for the loan of \$US750 million to New York City's Transit Authority (MTA) for the financing of MTA's purchase of 850 subway cars from Bombardier Co. of Montreal. The fifteen-year loan was at a 9.7 percent interest rate. When MTA had selected Bombardier's offer last spring, US groups had charged that the interest rates of the proposed EDC loan constituted an unfair subsidy, as the interest rate offered was well below the going market rate. The falling of interest rates previous to the November 15 signing meant that the EDC rate was in line with commercial rates (*Globe and Mail, The Citizen*, November 16).

The US Commerce Department is in the process of deciding whether the interest rate subsidy caused material injury to the US rail car industry. It could impose counter-

vailing duties if it comes to this conclusion. A November 24 *Globe and Mail* article said that that Department had a day earlier concluded that the subsidy by the EDC had equaled about \$137 million in aid to MTA. The US Commerce Department based its figures on the subsidized interest rate in relation to June interest rates, when the agreement was signed. That date seemed most appropriate "since the availability of subsidized financing may have been instrumental in MTA's award of the contract to Bombardier over other bidders," a press release from that Department stated (*Globe and Mail*, November 24). The US Commerce Department's International Trade Administration has until February 4, 1983, to make its final determination. If countervailing duties are imposed, they will be paid by the MTA.

**Trucking Restrictions Withdrawn**

A trade dispute between Canada and the US was resolved at the end of November, following the withdrawal of a US moratorium on the granting of trucking licences to Canadian truckers. US trucking firms had charged that it was more difficult to get trucking licences in Canada than for the Canadian carriers to enter the US market, which had been deregulated with the present administration. Canada had formally protested the ban. The US Interstate Commerce Commission (ICC) had been investigating the charges during the moratorium, imposed last February. On October 18, the ICC concluded the investigation. It was announced that, "Based on near-unanimous testimony — backed by statistical data provided by the Canadian government — presented in this case, the commission found no intentional discrimination by the Canadian provinces against US motor carriers" (*Globe and Mail*, October 19).

Negotiations had taken place between US Trade Representative William Brock and the Canadian Ambassador to the US, Allan Gottlieb. The two sides exchanged letters in November, agreeing to some basic principles that should apply in the regulation of transborder trucking, and agreeing to deal with any problems arising in the future through bilateral consultation, as an alternative to unilateral action. (External Affairs press release, November 30). On November 30, US President Reagan withdrew restrictions on Canadian truckers and ordered the ICC to "process expeditiously" Canadian applications for operating permits that had been held up since the moratorium was imposed in February. The same day, International Trade Minister Gerald Regan "expressed satisfaction" with the US decision (External Affairs press release, November 30).

**Acid Rain**

The Canadian and US governments continued to differ in their approach to the problem of acid rain during this two-month period. A senior Canadian official delivered what was reported to be the "toughest environmental message" aimed at the US in a speech to the National Academy of Sciences in Washington D.C. October 5. In his speech, Raymond Robinson, head of Canada's Federal Environmental Assessment and Review Office, accused the Reagan administration of "blatant efforts to manipulate acid rain work groups" of scientists. Mr. Robinson charged that the US administration was suppressing scientific information about acid rain and cutting off money for pollution cleanups agreed to by both Canada and the US. This