

referred to the Director of Investigation and Research for evaluation as to whether a formal inquiry should be instituted under the Combines Investigation Act." The reference followed the US decision to extend its regulations concerning oil and gas equipment and technology exports to the Soviet Union to foreign companies. External Affairs Minister Mark MacGuigan had already characterized the extension of these controls as an "unacceptable infringement of Canadian sovereignty" (External Affairs press release, August 9).

### **FIRA Criticized**

The Canadian Foreign Investment Review Agency (FIRA) was criticized during August and September as a result of several decisions which were seen as "bizarre" by observers (*Globe and Mail*, August 2 and September 21).

A US publishing company, J.B. Lippincott, sold its operation in Canada to Harper and Row in the US which was not allowed by FIRA to take over the Lippincott of Canada subsidiary. The Canadian operation was closed instead of being sold to a Canadian buyer. This prompted questions in the House of Commons on August 3. John Bosley (PC, Don Valley West) asked Industry, Trade and Commerce Minister Herb Gray what "significant benefit" for Canada was achieved through the loss of the twelve jobs involved. Mr. Gray responded that the parent company's decision to close the operation instead of selling to a Canadian company was deplorable. (In September it was announced that the new owner of US-based Random House, Herald Co. of Syracuse, NY, had met FIRA conditions to take over Random House of Canada. One of these conditions was to employ the dozen laid-off workers from Lippincott.)

Both Ambassador Paul Robinson and Richard J. Smith of the US Embassy in Ottawa complained in September about FIRA as well. In a letter to the editor of the *Globe and Mail* published September 8, Mr. Smith cited the Lippincott case as an example of "FIRA abuse." He said, "It is particular aspects of FIRA's operation that concern us, such as delays, the lack of transparency, the unwarranted intrusions into the merger activities of the US parents of Canadian companies." Ambassador Robinson told reporters September 11 that, "When bureaucratic red tape becomes the hallmark [of FIRA], then something has to be really done about it. . . . If it's not done, it'll simply kill off foreign investment in Canada" (*The Citizen*, September 13).

Canada was at the same time critical of US laws, regulations policies and practices regarding foreign investment. At a seminar on Canadian economic nationalism September 8, sponsored by the Canadian government as a "sidelight" to the International Monetary Fund meeting in Toronto, a seventy-two page report on barriers to foreign investment in the US was presented. The FIRA report said that, "US officials, politicians and businessmen claim that the US supports and maintains an open policy toward incoming foreign investment. This report shows that this is hardly the case." On September 29, Herb Gray, although no longer the minister responsible for FIRA, defended the agency before an audience of US businessmen and lawyers in New York City. Mr. Gray repeated the Canadian complaints that there are a variety of instruments in the US

which serve to screen foreign investment (*The Citizen*, October 1).

Ed Lumley was sworn in on the same day as Canada's Minister of Industry, Trade and Commerce. The new minister responsible for FIRA was "welcomed" by US businessmen, according to newspaper articles about the cabinet shuffle. The *Globe and Mail* October 1 reported that business executives in the US viewed Mr. Lumley as having "no pre-conceived leanings" in the direction of economic nationalism, and as being an enthusiastic supporter of bilateral economic relations with the US, and of US and other foreign investment.

### **Trucking Regulations**

The US Congress passed measures on September 17 which put a two-year moratorium on the issuing of further truck-route licences in the US to Canadian companies. The provisions were part of a bill to reduce regulation of the bus industry in the US. Canada had previously asked President Ronald Reagan to veto such a bill. Mr. Reagan signed the bill into law on September 20. He also issued a memorandum which partially removed the moratorium by permitting the US Interstate Commerce Commission (ICC) to issue certificates to Canadian trucking firms subject to "certain conditions." The memorandum called upon US Trade Representative William Brock to "seek an understanding with Canada that will ensure the fair and equitable treatment of both Canadian and United States trucking interests on both sides of the border" (*Globe and Mail*, September 22). The waiver gave the ICC two months to determine the public interest and the economic effect of new licences for Canadians on the industry (*The Citizen*, September 24).

The US had had an unofficial moratorium on licences for Canadian truckers since last February. US truckers had received Congressional support for their charges that Canadian regulations discriminated against them, and that Canadians had been gaining access to their markets as a result of deregulation in the US. The new measures were based on these charges, which both Canadian truckers and Canadian ministers responsible denied. International Trade Minister Ed Lumley, in Washington at the time, said that he was "extremely disappointed" with the measures. "From our perspective we operate a non-discriminatory policy," he said (*Globe and Mail*, September 22).

Further reaction came from the Canadian trucking industry. Officials said that they were "confused" by the measures. "Nobody quite knows what the new standards will mean," said one official. The executive director of the Canadian Trucking Association, Kenneth Maclaren, told reporters that Canadian provinces, which regulate the industry, have been generous with US carriers, granting eighty-five to ninety percent of the US requests to serve Canadian points. Mr. Maclaren insisted that there is no discrimination against US trucking in Canada as claimed by that industry (*The Citizen*, September 24).

Federal Transport Minister Jean-Luc Pepin and Trade Minister Lumley responded on behalf of the federal government September 24. An External Affairs press release said that "The Government of Canada, with the full cooperation of the Provinces, has since the introduction of this legislation into Congress in late 1981 repeatedly demonstrated to the US Administration that there is no discriminatory treat-