ported May 18 that the MTA had accepted Bombardier's bid, an unsuccessful competitor, Budd Co. of Troy, Michigan, testified before a US Senate Finance Committee hearing on interest-rate subsidies. The company charged that the subsidy provided by Canada was unfair competition. The 9.7 percent interest rate represented a subsidy of about $230 million *(Globe and Mail*, June 10).

Anger in the US about the Canadian subsidy spread during June to include US administration officials, the business community and labor organizations. On June 3, the AFL-CIO and three US industrial unions filed a complaint under Section 301 of the US Trade Act, asking for government action to block the sale. At the same time, Budd Co. filed a petition with the US Commerce Department and the International Trade Commission to impose a countervailing import surcharge on the subway cars. Already underway was an inquiry by the US Treasury Department to determine whether the US Export-Import Bank could provide a subsidized loan which would enable Budd to match Bombardier's offer *(Globe and Mail*, June 5). On June 22 US Trade Representative William Brock announced that the US had registered an official complaint about the financing arrangement with the General Agreement on Tariffs and Trade (GATT) *(Globe and Mail*, June 23). Mr. Brock said that the Bombardier offer violated an 11.25 percent, 8.5 year limit on loans in sales to developed countries, the guideline of the Organization for Economic Cooperation and Development *(Globe and Mail* and *The Gazette*, June 23).

The US Treasury Department inquiry results were announced July 13 by US Treasury Secretary Donald Regan. The investigation had shown that "non-competitive financing" had not been the determining factor in the awarding of the contract to Bombardier. The department found that Bombardier's offer was superior on price, delivery, schedules, engineering and performance, and on providing jobs and work in New York State. Mr. Regan said that because of the findings, he could not authorize the Export-Import Bank to provide a subsidized loan on behalf of Budd Company. International Trade Minister Ed Lumley was reported "very happy" with the July decision *(Globe and Mail*, July 14).

Still under consideration by the US administration was the request from Budd Co. for the US Commerce Department to impose countervailing duties on the subway cars. A decision was expected by August 9. If the preliminary investigation found that the Canadian export financing was injurious to US companies, the International Trade Administration of the Commerce Department would continue investigations and decide about imposing the penalties *(Globe and Mail*, July 16).

Canada is a strong opponent of subsidies in international trade, Mr. Lumley had told reporters in Washington June 29. He explained that the interest rate subsidy was used only to match a competing loan from the French government to secure a sale by a French company *(Globe and Mail*, June 30). It was later stated by a US administration official that New York transit authority had out-negotiated the EDC, and that Canada had made a "much larger expenditure of public funds than necessary to win the sale" *(Globe and Mail*, July 23).

On July 19 Mr. Brock announced that the June 3 union complaint would be investigated under the US Trade Act. Under the investigation, interested parties would submit their views to a committee by September 3. The recommendations of the committee would then be passed to the President *(Globe and Mail*, July 20). Mr. Lumley told a US foreign trade group July 22 that Canada would continue to support companies such as Bombardier when they are challenged in the export marketplace *(The Citizen*, July 23).

Anti-Telidon Bill

Draft legislation being considered by the US Senate Finance Committee would prevent US companies from claiming a business expense tax deduction on Telidon equipment imported from Canada *(Globe and Mail*, June 17). The proposed legislation is in response to a six-year-old Canadian law which prohibits Canadian companies from claiming a business expense for commercial time bought on US television stations and transmitted into Canada. US lawmakers have already prepared an exact duplicate of the Canadian law, but Democratic Sen. Daniel Moynihan of New York proposed adding the Telidon measure to put extra pressure on the Canadian government to repeal the 1976 law, a June 18 *Citizen* article stated.

The videotex industry has become highly competitive, and similar US measures would not be imposed on systems originating in Britain, France or Japan, which share the international market with Canada. The Canadian Telidon system and the European systems are not compatible. The proposed bill would effectively lock Telidon out of the US marketplace as a "practical consequence of a one hundred percent tariff" on the equipment *(Globe and Mail*, June 16).

An External Affairs Department official responsible for marketing Telidon told reporters, "We are not happy at the prospect and are taking steps to indicate our concern in a number of ways" *(Globe and Mail*, June 16).

Despite the proposed bill, the Telidon system "received a boost" in late June, when it was adopted by a joint decision of Canadian and US standards institutes as the "single North American standard for videotex." The announcement of the June 18 decision was made at the opening of the Videotex-82 conference in New York. The announcement gave Canadian companies "a four-month lead over a number of US companies about to jump into the burgeoning industry" *(Globe and Mail*, June 29). This put Telidon into a "commanding position to capture the North American market," according to a June 29 *Globe and Mail* article. The proposed US measure to deny Telidon's entry into the US market was called "the centre of a more serious political storm in the US [which is] escalating a trend to increased protectionism" *(Globe and Mail*, June 26). On July 28 it was reported that Sen. Moynihan had stated that he had White House support for the anti-Telidon bill *(The Citizen*, July 28).

Wheat Export Dispute

Comments made by US Secretary of Agriculture John Block during a speech to the Illinois Bankers Association in St. Louis, Mo., were "highly critical" of Canada and other countries for scheduling all-out wheat production at a time when the US was cutting back to reduce the world surplus, the *Globe and Mail* reported June 14. Mr. Block said that one option the US would consider was a "short-term trade war" with rival exporters by using US export subsidies and