

Embassy of the United States

Ottawa, Canada

501 Pennsylvania Ave N.W.
Washington, D.C. 20001

June 3, 1999

Note No. 0198

The Honourable Charlene Barshefsky
United States Trade Representative
Executive Office of the President
Room 209
600 - 17th Street N.W.
Washington, D.C. 20506

Dear Ambassador Barshefsky,

I have the honour to refer to recent discussions with respect to Bill C-55, the *Foreign Publishers Advertising Services Act*. In this regard, the United States will take no action under the World Trade Organisation (WTO) Agreements, the North American Free Trade Agreement (NAFTA), or section 301 of the Trade Act of 1974, as amended, in response to Bill C-55.

Canada will amend the *Foreign Publishers Advertising Services Act* to permit foreign-owned publishers of periodicals to benefit from increased market access with respect to advertising directed primarily at the Canadian market. In addition, Canada will amend its foreign investment policy with respect to the publication, distribution and sale of periodicals by issuing foreign investment guidelines for the publication, distribution and sale of periodicals pursuant to section 38 of the *Investment Canada Act*. The *Income Tax Act* will also be amended so as to allow advertisers deductions in respect of periodicals irrespective of the nationality of the publisher or place of production. In addition, the allowable deduction will be amended under the *Income Tax Act*. These initiatives will provide for greater competition in the periodical publishing sector and are expected to ensure the creation of increased opportunity for Canadian cultural expression.

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