

President David R. Brink said that "the need for a recognition of the rule of law and application to the relations between states is ever more apparent. If the United States and Canada, bound by long ties of common interest and friendship and sharing similar domestic legal traditions, cannot demonstrate that the law may be used to resolve legal disputes, it can hardly be expected that the rest of the world will follow a similar course." The press release stated that both the CBA and the ABA agreed to urge their governments to give serious study to the recommendations. If implemented, the recommendations would ease access to domestic courts in both countries to deal with trans-frontier pollution, and create a mechanism for the arbitration of disputes.

Canada-US Relations Conference

"Growing strain" in Canada-US relations was the subject of a meeting between "thirty-seven political, corporate and academic heavy-weights" from both countries who gathered in Toronto for three days in early May (*Globe and Mail*, May 6). The group participated in talks about offshore boundaries, US monetary policy, Canada's National Energy Program, the Foreign Investment Review Agency, environmental issues, and other points of contention between the two countries. Participants from both countries talked about furthering mutual understanding regarding US "protectionist" and Canadian "nationalistic" policies which have created tension on both sides of the border. Many of the participants suggested that a yearly summit meeting between the Canadian Prime Minister and the US President would be a good platform for ironing out any diplomatic creases, according to the *Globe and Mail* article.

The *New York Times* May 9 reported that the meetings were organized by the Columbia University Graduate School of Business and by an international federation of accountants and management consultants whose partners detected growing tensions between the US and Canadian clients recently.

Broadcast Law Dispute

A six-year-old Canadian broadcast law was attacked by US trade official William Brock, who wanted the US to retaliate with a similar law. In May Mr. Brock accused Canada of being intransigent on a dispute involving Canadian tax laws which denies Canadian income tax deductions for advertising carried on US radio and television stations but aimed at audiences north of the border. The 1976 law was "designed to keep advertising revenues in Canada and to help develop Canada's film and broadcast industries and protect and enrich Canadian culture" (*Globe and Mail*, May 15).

On May 14, Mr. Brock urged US senators in Washington to pass a law which mirrors the Canadian law. Washington Republican Senator Slade Gordon said that such a law "would send a strong message to the Canadian government and to our other trading partners that we will not tolerate trade practices which prevent American businesses from competing in the world marketplace" (*Globe and Mail*, May 15).

In a speech to the National Press Club in Washington May 19, Mr. Brock again expressed his discontent with the Canadian tax laws, calling such trade conflicts between Canada and the US "just as stupid an exercise" as the war over the Falkland Islands (*Globe and Mail* May 20).

US Complaints to GATT

The US is considering asking the Council of the General Agreement on Tariffs and Trade (GATT) to examine Canada's National Energy Program legislation and the Canada Oil and Gas Lands Administration. The US government claims these policies discriminate against foreign investment, according to a *Globe and Mail* report May 12. Canada's Foreign Investment Review Agency is already being examined by GATT as a result of the US allegation that it violates the international trade rules established by the GATT.

The US administration has been critical of Canadian policies which promote Canadian control of industries. This attitude exists in the US Congress, which has been examining proposed bills that call for "bilateral sector-by-sector retaliation against countries whose trade laws are less open than those in the US" (*Globe and Mail*, May 20).

Bombardier Subway Contract

Bombardier Inc. of Montreal signed a letter of intent May 18 to supply the Metropolitan Transportation Authority of New York City with 825 subway cars valued at one billion dollars. The *Globe and Mail* May 19 reported that Bombardier said that the transit authority based its selection on the company's ability to fill the order within the required period of time, its ability to conform to specifications and competitive pricing. Another factor mentioned was the provision by Canada's federal Export Development Corp. to provide a low-interest loan to the purchaser. If signed the contract will create 15,000 man-years of work over five years in La Pocatière and Valcourt, Quebec. A *Citizen* report May 19 called the agreement of intent "the largest-ever Canadian manufacturing export contract."

On May 25, newspaper reports said that an unsuccessful competitor for the contract, Budd Co. of Troy, Michigan, intended to take legal action to block the Bombardier contract. On May 27 it was reported in the *Citizen* that the US Senate Finance Committee had taken up the case of Budd Co.. A US Senate Committee hearing May 28 into the transit contract was part of an inquiry into whether Canada's interest rate subsidies were "actionable under US countervailing duty law." Under US trade law, "the government could slap a penalty levy on the imported Bombardier car components if the commerce department or the US International Trade Commission ruled that the Canadian loan to New York included a subsidy and Budd suffered financial injury as a result" (*Citizen*, May 27).

On May 29 it was reported that the US government officials at the hearing warned that they will press legal sanctions against the proposed purchase "unless the Canadian government backs away from a pledge to finance part of the deal with a cut-rate loan." Deputy Secretary of the US Treasury R.T. McNamar called Canada's credit terms "pure folly," and said the deal was in violation of an