

## Border television battle

# American stations ask stiff retaliatory action against Canadian law

WASHINGTON (CP)

— A group of United States television stations bordering Canada will formally propose stiff retaliatory action by the U.S. government because of a Canadian law that discourages purchase of commercials on American TV beamed into Canada.

An American federal committee announced Tuesday it will hold a public hearing July 9 into the proposals for retaliatory action, which include special tariffs and other curbs on imports of Canadian records and films.

Lawyer Bart Fisher, representing 14 American television broadcasters stretching from Washington state to Maine, said the fact that the committee has called a hearing on retaliatory action indicates it has already decided that the Canadian law constitutes an unfair trade practice that has caused injury to American TV interests.

The case dates from 1976 when border broadcasters lobbied in Ottawa in vain against an income tax law that withdrew the right of Canadian advertisers to deduct for tax purposes money spent on advertising on the border stations.

The Americans claim the law has cost them millions of dollars in revenue since then. Canadian broadcasters, who gained financially from the tax law, say it would be unfair to restore the old law because U.S. stations are free of programming and other regulatory restric-

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tions and therefore hold an unfair commercial advantage.

The U.S. stations took their case to the federal government in 1978, seeking a finding that the Canadian law constitutes an unfair trade practice, is causing injury to Americans and therefore requires a remedy in the form of retaliation.

The committee that hears the case is composed of representatives of the departments of state, treasury, commerce and labor. It heard both the American and Canadian arguments on whether there is an unfair trade practice in November, 1978, but has never published a conclusion.

However, a 1979 Trade Agreements Act set deadlines for such conclusions and in this case it is July 27. This means the committee must recommend to the U.S. president whether administration action is called for.

The Canadian government has said repeatedly its tax law is not a negotiable trade matter.

The border broadcasters, in addition to recommending restrictions on film and record imports, says the United States should impose a so-called mirror law that would disallow tax deductions for U.S. advertising in Canada.

The broadcasters also

say the United States should continue its policy — fought by Canada — to disallow tax deductions for conventions held in Canada.

Further, said the broadcasters, the United States should be required to consider "the unreasonable nature of the Canadian tax restriction ... when dealing with Canada on matters of mutual concern."

By this, says Fisher, they mean such issues as the dispute over fishing rights off the Atlantic coast.

Canadian Ambassador Peter Towe says Canada objects to linking the broadcasting issue with others such as the fisheries convention.

Under the current trade law, the U.S. president has a deadline of Aug. 18 to decide what action to take after receiving any recommendation from the trade committee.

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