of Foreign Direct Investment exempting Canada from the restrictions on foreign investment and repatriation of earnings imposed by the Administration on January 3 of this year.[2]

THE ADMINISTRATION BILL

The Administration bill, to which testimony at these hearings has been largely devoted, does not, as presently drafted, contemplate a change in the current status of standard newsprint paper as a duty-free commodity. The American Newspaper Publishers Association urges that no action be taken which would affect this duty-free status.

The Administration bill also does not call directly for enactment of border taxes or other non-tariff duties or limitations on imports.[3] Nevertheless, some government officials have given consideration to border taxes as one remedy for the balance of payments deficit and as a response to the system of similar taxes maintained by the members of the European Economic Community. Without commenting on the advisability of this course of action, the American Newspaper Publishers Association urges that, if such border taxes are imposed, they be made subject to the duty-free classification of standard newsprint paper currently established by 19 U.S.C. 1202, item 252.65 of the Tariff Schedules of the United States.

ADVERSE ECONOMIC EFFECTS

Basic to the overall Canadian economy is the fact that Canadian paper mills, Canada's largest manufacturing industry, cannot absorb the cost of a U.S. tariff or a border tax.

Furthermore, the imposition of a tariff or border tax would cause serious economic hardship to daily newspapers. Over the past decade, the U.S. daily newspaper business, as a whole, has maintained a rather stable head count of approximately 1,750 daily newspapers.[4] But the situation in the largest cities has

[2] Published in the *Federal Register*, March 12, 1968, at p. 4442:

CANADA—APPLICATION OF FOREIGN DIRECT INVESTMENT REGULATIONS

General Authorization No. 4, set forth in proposed form below, is issued to implement the exchange of letters on March 7, 1968, between the Secretary of the Treasury of the United States and the Minister of Finance of Canada.

Proposed General Authorization No. 4, among other things, generally (a) authorizes direct investments by direct investors in Canada notwithstanding the limitations on transfers of capital to Schedule B countries in § 1000.504(a)(2) of the Foreign Direct Investment Regulations ("Regulations"): (b) exempts repatriation of earnings by a direct investor attributed or allocated to affiliated foreign nationals in Canada notwithstanding the repatriation requirements for Schedule B countries of § 1000.202(b) of the Regulations; (c) exempts direct investors from the requirement to reduce the amount of all bank deposits and other short-term financial assets held in Canada notwithstanding the requirements for Schedule B countries of § 1000.203(a) of the Regulations; and (d) excludes from the base period for Schedule B countries direct investments in Canada; subject, in all cases, to the provisions set forth below in Proposed General Authorization No. 4.

[3] The Administration's Section-by-Section Analysis of the "Trade Expansion Act of 1968" explains that section 302(a) of the bill permits an indirect increase in import restrictions on a finding by the Tariff Commission that an industry is adversely affected by the tariff reductions, the President may increase import quota protection for that industry. The Analysis, at page 16, states:

> "Under section 302(a) of the TEA, if the Tariff Commission makes an affirmative finding with respect to a petition for tariff adjustment filed on behalf of an entire industry, the President may furnish increased import protection (e.g., increased tariffs or quotas) to the industry involved, and/or provide that the firms and workers in the industry may request the Secretaries of Commerce and Labor, respectively, for certifications of eligibility to apply for adjustment assistance."

It is highly unlikely that the domestic paper industry would seek to demonstrate entitlement to administrative adjustment of the tariff.

[4] Since 1957, the number of newspapers and their combined circulations have varied according to the following table:

Year	*Number of dailies*	*Total daily circulation*
1957	1,755	57,805,445
1958	1,751	57,418,311
1959	1,761	58,299,723
1960	1,763	58,881,746
1961	1,761	59,261,464
1962	1,760	59,848,688
1963	1,754	58,905,251
1964	1,763	60,412,266
1965	1,751	60,357,563
1966	1,754	61,397,252
1967	1,749	61,560,952