

(For story on demands made on Japan, see "Ex-Treasury Head Warns Japan on Trade," by Richard Malloran, NYTimes 2 Nov 71, filed China file.)

## U.S. SAID TO URGE ACTION BY CANADA

Continued From Page 61

ment decision and trading patterns.

¶Increase the number of duty-free items that Canadian citizens are allowed to take back into the country after visits to the United States. "The Canadian balance of payments position enables Canada to liberalize the allowance," the memorandum is quoted saying, "and the United States gain could reach \$100-million."

¶Revise a proposed tax reform plan, which calls for foreign-controlled Canadian companies to pay "substantially higher tax rates" on the first \$50,000 than Canadian-owned concerns.

The newspaper said that the memorandum's recommendation that Canada increase defense buying from United States producers would "among other things require Canada to go ahead with plans to purchase from the United States a new antisubmarine warfare plane."

Secretary of the Treasury John B. Connally recently told the annual meeting of the International Monetary Fund that the price for removal of the surcharge was "tangible progress toward dismantling specific barriers to trade."

### Canadian Declines Comment

KINGSTON, Ont., (Reuters) Oct. 11—Finance Minister Edgar J. Benson declined comment today on a published report that the United States had given Canadian authorities a list of demands that must be met before the United States would lift the 10 per cent surcharge on Canadian imports.

"I haven't seen any list and therefore I can't comment on it," Mr. Benson said.

"In my talks with U. S. Treasury Secretary Connally, I raised certain things that bother us and they raised certain things that bother them. But I haven't seen any list of demands and we haven't given them any list."

## U.S. Reported to List Conditions To Canada for Lifting Surcharge

BUSINESS PAGE Special to The New York Times

OCT 12 1971

CHICAGO, Oct. 11 (AP) — Major Items." The paper did not say who wrote the memorandum or how it was obtained. The article said the memorandum had called for Canada to do the following:

CHICAGO Tribune reported today.

The requirements include expansion of the United States-Canadian automobile agreement to include used cars and "all-terrain" vehicles among duty-free items, the paper said.

Herbert Gray, Canadian Minister of National Revenue, has said that the auto agreement, which allows free flow of new autos across the border to integrate both nations' automobile industry, was not open for negotiations.

The story, under a Washington dateline, said that the list of the United States demands was obtained from a confidential memorandum entitled "Grievances Against Canada

Major Items." The paper did not say who wrote the memorandum or how it was obtained.

The article said the memorandum had called for Canada to do the following:

¶Increase defense purchases from the United States and allow the United States to remove preferential treatment of Canada under the defense production sharing arrangements.

¶Unilaterally reduce tariffs on manufactured goods because "Canada's tariffs on manufactures and semi-manufactures are among the highest of the developed countries."

¶Loosen pressures against foreign companies in Canada. Pressures indicated are aimed at production, exports and imports. The memorandum is quoted as saying the Canadian Government should allow market forces to operate on invest-

Continued on Page 67, Column 7