

NYTimes

AUG 31 1971

CANADA IS EAGER FOR NIXON'S VISIT

Hopes for a U.S. Exemption
of Imports Surcharge

By JAY WALZ

Special to The New York Times

OTTAWA, Aug. 30—Ottawa welcomed today the United States announcement that President Nixon would make a state visit to Canada. There was some disappointment, however, that the President did not plan to come until the spring.

Prime Minister Pierre Elliott Trudeau has had difficulty in putting down opposition demands that he get in touch with Mr. Nixon at once, to discuss Canadian problems growing out of the 10 per cent surcharge the United States has imposed on dutiable imports.

Most Canadian leaders feel that they have not been getting Washington's ear effectively through normal channels. They want their problems brought directly to the attention of the President, as soon as possible. An official visit that would involve much more than a round of ceremonial exchanges is considered long overdue.

When Mr. Trudeau, as Prime Minister, made his first trip outside Canada, it was to call on President Nixon at the White House, in March, 1969, and Mr. Nixon was invited to pay a return call.

Exemption Is Sought

At the moment, the Trudeau Government is pressing Washington for a general exemption from the 10 per cent surtax, which, the Prime Minister has said, deals a "rough blow" to the \$3-billion of Canadian manufactured goods that are sold in the United States each year.

There is a widespread feeling here that Canada has been a good neighbor to little avail. In a plea to Secretary of the Treasury John B. Connally 10

days ago, Edgar J. Benson, Canada's Finance Minister, noted that the new surtax was punishing Canada despite the fact that Canada had revalued her own dollar by 6 per cent a year ago and had never imposed discriminatory tariffs against the United States.

"I think Canada has behaved very well," Mr. Benson said to reporters after his talk with Mr. Connally.

Washington, however, has not responded to the request for exemption. Mr. Connally's promise to give the matter "careful consideration" is being taken as a polite "no."

It is feared here that, should the surtax deal Canadian goods the "rough blow" that Mr. Trudeau envisions, unemployment in industrial Ontario and Quebec, already at 6.3 per cent, will rise next winter. When he arrives in the spring, Mr. Nixon may find Mr. Trudeau fighting for his political life. General elections are expected in 1972 and may be called in the spring or early summer.

Aside from the surtax problem, Canadians hope that a Nixon visit will stimulate negotiations on such subjects as pollution control in the Great Lakes and in the Arctic; United States access to Canada's energy resources, oil, natural gas, ores and hydroelectric power, and the 1965 automobile tax, which allows motor vehicles and parts to cross the border duty-free.

There is also a strong desire here that Mr. Trudeau clear up with Mr. Nixon any doubts the United States may have about Canada's participation in the North Atlantic Treaty Organization and the North American Air Defense Command.

New Defense Policy

In a white paper last week, the Government outlined a new defense policy that would depend increasingly on mobile units that could serve home defenses as well as international commitments, including peace-keeping missions. One result would be the dismantling, against the recommendations of the Pentagon, of Bomarc anti-aircraft installations equipped with United States nuclear warheads.

The automobile pact, up for renegotiation now, is pertinent to any import tax discussions because it has been working in Canada's favor. American negotiators have taken the position

that Canada, now that she enjoys a surplus in her trade balance with the United States, should give up the safeguards written into the pact for Canadian industry.

The safeguards, guaranteeing some plant expansions by United States subsidiaries in Canada, have resulted in more cars moving into the United States from Canada than the United States moves into Canada. This, American officials say, has accounted for a substantial part of the United States deficit, in its balance of payments.

There is a growing fear in Canada, often expressed by leftists and militant nationalists, that her Governments have encouraged United States capital investment in Canada, now totaling \$33-billion, at the expense of a well-balanced economic development here.

American capital is financing almost all Canada's oil drilling and mining and owns or controls about two-thirds of the Canadian manufacturing industry.

The complaint is that Americans are depleting Canada's natural resources for the benefit of United States industrial expansion and jobs. Meanwhile, in the Canadian view, United States concerns expand Canadian industry or hold it back to suit United States economy, not Canada's.