

Nov 20 1985

For Six Month Period Ending _____
(Insert date)

Name of Registrant Registration No.
Wexler, Reynolds, Harrison & Schule, Inc. 3306

Business Address of Registrant

1317 F Street, N.W., Suite 600
Washington, D.C. 20004

I-REGISTRANT

1. Has there been a change in the information previously furnished in connection with the following:

(a) If an individual:

- (1) Residence address Yes No
- (2) Citizenship Yes No
- (3) Occupation Yes No

(b) If an organization:

- (1) Name Yes No
- (2) Ownership or control Yes No
- (3) Branch offices Yes No

2. Explain fully all changes, if any, indicated in item 1.

N/A

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 U.S. DEPARTMENT OF JUSTICE
 OFFICE OF THE DIRECTOR

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, and 5.

3. Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period? Yes No

If yes, furnish the following information:

N/A

Name	Position	Date Connection Ended
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4. Have any persons become partners, officers, directors or similar officials during this 6 month reporting period?
Yes No

If yes, furnish the following information:

<i>Name</i>	<i>Residence Address</i>	<i>Citizenship</i>	<i>Position</i>	<i>Date Assumed</i>
Steven F. Stockmeyer,	1414 Kurtz Road, McLean, VA 22101	USA	Principal	3/31/86

5. Has any person named in Item 4 rendered services directly in furtherance of the interests of any foreign principal?
Yes No

If yes, identify each such person and describe his services. N/A

6. Have any employees or individuals other than officials, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period? Yes No

If yes, furnish the following information: N/A

<i>Name</i>	<i>Position or connection</i>	<i>Date terminated</i>
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7. During this 6 month reporting period, have any persons been hired as employees or in any other capacity by the registrant who rendered services to the registrant directly in furtherance of the interests of any foreign principal in other than a clerical or secretarial, or in a related or similar capacity? Yes No

If yes, furnish the following information: N/A

<i>Name</i>	<i>Residence Address</i>	<i>Position or connection</i>	<i>Date connection began</i>
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II—FOREIGN PRINCIPAL

(PAGE 3)

8. Has your connection with any foreign principal ended during this 6 month reporting period? Yes No

If yes, furnish the following information: N/A

Name of foreign principal

Date of Termination

9. Have you acquired any new foreign principal¹ during this 6 month reporting period? Yes No

If yes, furnish following information: N/A

Name and address of foreign principal

Date acquired

10. In addition to those named in Items 8 and 9, if any, list the foreign principals¹ whom you continued to represent during the 6 month reporting period.

Foothills Pipelines (Yukon) Ltd.
NOVA, An Alberta Corporation
Novacor Chemicals, Ltd.

III—ACTIVITIES

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 8, 9, and 10 of this statement? Yes No

If yes, identify each such foreign principal and describe in full detail your activities and services:

Novacor Chemicals, Ltd. - During this reporting period, our firm engaged in monitoring legislative proposals regarding natural resource subsidies and the tariff treatment of imported petrochemicals (H.R. 2451, H.R. 2345, S. 1292 and related trade legislation). See Attachment A which is appended to this filing.

Foothills Pipelines (Yukon) Ltd. - During this reporting period, our firm monitored legislation of interest to the foreign principal.

¹The term "foreign principal" includes, in addition to those defined in section 1(b) of the Act, an individual or organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a)(9)).

A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those foreign principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity² as defined below?
Yes No

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

Novacor Chemicals, Ltd. - See answer to Question 11.

13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits any or all of your foreign principals? Yes No

If yes, describe fully.

²The term "political activities" means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

IV—FINANCIAL INFORMATION

14. (a) RECEIPTS—MONIES

During this 6 month reporting period, have you received from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes No

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.³

<i>Date</i>	<i>From Whom</i>	<i>Purpose</i>	<i>Amount</i>
12/3/85	Foothills Pipelines (Yukon) Ltd.	retainer & hourly fee	\$6,075.00
12/9/85	Novacor Chemicals, Ltd.	hourly fees	\$4,920.00
1/15/86	Foothills	retainer	\$5,000.00
1/21/86	Novacor	hourly fees	\$3,715.00
1/29/86	Novacor	hourly fees	\$1,485.00
2/3/86	Foothills	retainer	\$5,000.00
3/10/86	Novacor	hourly fees	\$840.00
3/10/86	Foothills	retainer	\$5,000.00
4/2/86	Novacor	hourly fees	\$525.00
4/11/86	Foothills	retainer	\$5,000.00
4/21/86	Novacor	hourly fees	\$615.00
4/23/86	Foothills	retainer	\$5,000.00
Total			\$43,175.00

(b) RECEIPTS—THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value⁴ other than money from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal?

Yes No

If yes, furnish the following information: N/A

<i>Name of foreign principal</i>	<i>Date received</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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³A registrant is required to file an Exhibit D if he collects or receives contributions, loans, money, or other things of value for a foreign principal, as part of a fund raising campaign. See Rule 201(e).

⁴Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

15. (a) DISBURSEMENTS—MONIES

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 8, 9 and 10 of this statement? Yes No

(2) transmitted monies to any such foreign principal? Yes No

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

<i>Date</i>	<i>To Whom</i>	<i>Purpose</i>	<i>Amount</i>
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Normal support services consisting of telecopy, long distance phone charges, postage, local transportation, xeroxing, delivery charges, air express charges, publications and meals:

Novacor Chemicals, Ltd.	\$488.47
Foothills Pipelines (Yukon) ltd.	\$ 81.91

\$570.38

Total

15. (b) DISBURSEMENTS—THINGS OF VALUE

During this 6 month reporting period, have you disposed of anything of value⁵ other than money in furtherance of or in connection with activities on behalf of any foreign principal named in items 8, 9 and 10 of this statement?

Yes No

If yes, furnish the following information: N/A

<i>Date disposed</i>	<i>Name of person to whom given</i>	<i>On behalf of what foreign principal</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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(c) DISBURSEMENTS—POLITICAL CONTRIBUTIONS

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value⁵ in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Yes No

If yes, furnish the following information:

<i>Date</i>	<i>Amount or thing of value</i>	<i>Name of political organization</i>	<i>Name of candidate</i>
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See attachment B.

V—POLITICAL PROPAGANDA

(Section 1(j) of the Act defines "political propaganda" as including any oral, visual, graphic, written, pictorial, or other communication or expression by any person (1) which is reasonably adapted to, or which the person disseminating the same believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, or in any other way influence a recipient or any section of the public within the United States with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party or with reference to the foreign policies of the United States or promote in the United States racial, religious, or social dissensions, or (2) which advocates, advises, instigates, or promotes any racial, social, political, or religious disorder, civil riot, or other conflict involving the use of force or violence in any other American republic or the overthrow of any government or political subdivision of any other American republic by any means involving the use of force or violence.)

16. During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any political propaganda as defined above? Yes No

IF YES, RESPOND TO THE REMAINING ITEMS IN THIS SECTION V.

17. Identify each such foreign principal.
Novacor Chemicals, Ltd.

⁵Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating political propaganda? Yes No

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

N/A

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of political propaganda include the use of any of the following:

- Radio or TV broadcasts Magazine or newspaper articles Motion picture films Letters or telegrams
 Advertising campaigns Press releases Pamphlets or other publications Lectures or speeches
 Other (specify)

20. During this 6 month reporting period, did you disseminate or cause to be disseminated political propaganda among any of the following groups:

- Public Officials Newspapers Libraries
 Legislators Editors Educational institutions
 Government agencies Civic groups or associations Nationality groups
 Other (specify)

21. What language was used in this political propaganda:

- English Other (specify)

22. Did you file with the Registration Section, U.S. Department of Justice, two copies of each item of political propaganda material disseminated or caused to be disseminated during this 6 month reporting period? Yes No Because

there was no transmission by U.S. mail or other means of interstate or foreign commerce.

23. Did you label each item of such political propaganda material with the statement required by Section 4(b) of the Act? Yes No

24. Did you file with the Registration Section, U.S. Department of Justice, a Dissemination Report for each item of such political propaganda material as required by Rule 401 under the Act? Yes No

See explanation in Question #22.

VI-EXHIBITS AND ATTACHMENTS

25. EXHIBITS A AND B

(a) Have you filed for each of the newly acquired foreign principals in Item 9 the following: N/A

- Exhibit A⁶ Yes No
Exhibit B⁷ Yes No

If no, please attach the required exhibit.

(b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period? Yes No

If yes, have you filed an amendment to these exhibits? Yes No

If no, please attach the required amendment.

⁶The Exhibit A, which is filed on Form CRM-157 (Formerly OBD-67) sets forth the information required to be disclosed concerning each foreign principal.

⁷The Exhibit B, which is filed on Form CRM-155 (Formerly OBD-65) sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

26. EXHIBIT C

If you have previously filed an Exhibit C⁸, state whether any changes therein have occurred during this 6 month reporting period. Yes No

If yes, have you filed an amendment to the Exhibit C? Yes No

If no, please attach the required amendment.

27. SHORT FORM REGISTRATION STATEMENT

Have short form registration statements been filed by all of the persons named in Items 5 and 7 of the supplemental statement? Yes No N/A

If no, list names of persons who have not filed the required statement.

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this registration statement and the attached exhibits and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in attached Short Form Registration Statement, if any, insofar as such information is not within his (their) personal knowledge.

(Type or print name under each signature)

(Both copies of this statement shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

Anne Wexler

Anne Wexler
Robert M. Schule

Robert M. Schule
Gail Harrison

Gail Harrison

Subscribed and sworn to before me at District of Columbia

this 20th day of June, 19 86

Sandra A. Neal

(Signature of notary or other officer)

NOT COMMISSION EXPIRES OCTOBER 31, 2005

⁸The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, constitution, and bylaws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, Criminal Division, Internal Security Section, U.S. Department of Justice, Washington, D.C. 20530.)

ATTACHMENT A

- 12/2/85 Telephone conversation with Greg Mounts of Congressman Dingell's office regarding NRS report language on behalf of Novacor Chemicals, Ltd.
- 12/4/85 Meetings with Bruce Gwinn of Congressman Florio's office and R. Gould of Congressman Lent's office regarding HR 3777 report language on behalf of Novacor Chemicals.
- 12/9/85 Meeting with Bruce Gwinn of Congressman Florio's office regarding HR 3777 on behalf of Novacor Chemicals.
- 12/9/85 Telephone conversation with Greg Mounts of Congressman Dingell's office regarding HR 3777 on behalf of Novacor Chemicals.
- 12/12/85 Telephone conversation with Greg Mounts of Congressman Dingell's staff regarding HR 3777 report on behalf of Novacor Chemicals.
- 1/17/86 Telephone conversation and follow-up letter to Greg Mounts of Congressman Dingell's office regarding HR 3777 report on behalf of Novacor Chemicals.
- 1/17/86 Telephone conversation with Bruce Gwinn of Congressman Florio's subcommittee staff regarding NRS report language on behalf of Novacor Chemicals.
- 1/20/86 Follow-up memorandum to Bruce Gwinn regarding NRS report language on behalf of Novacor.
- 1/29/86 Meeting with Bruce Gwinn of Congressman Florio's subcommittee staff regarding NRS report language on behalf of Novacor.
- 1/29/86 Follow-up telephone conversation with Bruce Gwinn of Congressman Florio's staff regarding NRS report language on behalf of Novacor.
- 4/28/86 Telephone conversation with George Weiss, Ways and Means Subcommittee on Trade staff, regarding the Trade Bill on behalf of Novacor Chemicals.
- 4/28/86 Letters to George Weiss and Rufus Yerxa, Ways and Means Subcommittee on Trade staff, from Anne Wexler regarding the Trade Bill on behalf of Novacor Chemicals.
- 5/20/86 Letter to Congressman Sam Gibbons from Anne Wexler regarding the Trade Bill on behalf of Novacor Chemicals.

INTERNAL SECURITY
SECTION
REGISTRATION UNIT

JUN 20 11 07 AM '86

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CRIMINAL DIVISION

ATTACHMENT B

Answer to Question 15(c) of the Supplemental Statement for the Period Ending May 20, 1985 for Wexler, Reynolds, Harrison & Schule, Inc., Registration No. 3306:

15(c). Disbursements - Political Contributions.

During this 6 month period, have you from your own funds or on your own behalf either directly or through any other person, made any contributions of money or other things of value in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office:

YES

If yes, furnish the following information:

<u>Date</u>	<u>Amount or thing of value</u>	<u>Name of political organization and/or candidate</u>
11/22/85	\$ 500.00	Friends of Phil Sharp
12/2/85	1,000.00	Friends of Don Nickles
12/2/85	250.00	R. L. Mazzoli Campaign
12/19/85	25.00	The Clarenbach Campaign
1/14/86	400.00	Ed Markey for Congress
1/14/86	500.00	House Leadership Fund
1/14/86	50.00	Friends for Harry Reid
1/15/86	1,000.00	Broyhill for Senate
1/16/86	250.00	Al Swift for Congress Committee
1/16/86	500.00	Sam Gibbons for Congress
1/28/86	250.00	John Bryant Campaign Fund
1/29/86	250.00	Wayne Owens for Congress
2/3/86	150.00	Kennelly for Congress Committee
2/5/86	1,000.00	Patrick Leahy for U.S. Senate
2/18/86	1,000.00	Friends of Bob Graham
2/18/86	250.00	Citizens for Schulze Committee
2/18/86	250.00	Friends of Connie Morella for Congress
2/19/86	1,000.00	John Breaux Committee
2/27/86	300.00	Britt for Congress
3/4/86	500.00	Committee for Tim Wirth
3/5/86	250.00	Mikulski for Senate
3/5/86	500.00	Gradison for Congress Committee
3/5/86	50.00	Francke for Congress Committee
3/5/86	500.00	The Gephardt-in-Congress Committee
3/5/86	500.00	Citizens for Downey
3/5/86	250.00	Committee to Re-elect Congressman Ford
3/5/86	100.00	Matsui for Congress Committee
3/5/86	250.00	Stan Lundine for Congress Committee
3/5/86	300.00	Eckart for Congress Committee
3/5/86	1,000.00	Quayle for Senate Committee
3/12/86	250.00	Friends of Congressman Sikorski
3/13/86	500.00	Dixon for Senate Committee
3/17/86	250.00	Friends of Neal Smith
3/19/86	150.00	VanderJagt Campaign Committee
3/19/86	500.00	Wyden for Congress
3/19/86	500.00	McGrath for Congress Committee
3/20/86	350.00	Coughlin for Congress Committee
3/25/86	150.00	Larry Smith for Congress
4/9/86	1,000.00	Friends for Harry Reid
4/9/86	250.00	Russo for Congress Committee
4/9/86	250.00	New Mexicans for Bill Richardson
4/9/86	150.00	Polly Baca for Congress Campaign Committee

<u>Date</u>	<u>Amount or thing of value</u>	<u>Name of political candidate and/or organization</u>
4/9/86	\$ 250.00	Alexander Campaign Committee
4/9/86	300.00	Leland for Congress
4/9/86	2,000.00	The Chairman's Council of the Dem. Cong. Camp. Comm.
4/10/86	250.00	Friends of Jim Oberstar
4/15/86	500.00	Jake Garn Reelection Committee
4/21/86	500.00	Mike Dewine for Relection Committee
4/23/86	250.00	Friends of Jim Oberstar
4/23/86	500.00	Schroeder for Congress
4/23/86	500.00	Frenzel for Congress Volunteer Committee
4/23/86	250.00	Friends of Sherwood Boehlert
4/23/86	200.00	Keep Kastenmeier in Congress
4/23/86	250.00	Oakar for Congress Committee
4/23/86	250.00	Mineta for Congress Committee
4/23/86	300.00	Pursell Congress Committee
4/23/86	150.00	Hall for Congress Committee
4/23/86	250.00	Doug Walgren for Congress Committee
4/23/86	300.00	Craig for Congress Committee
4/24/86	500.00	Citizens for Rodino
4/24/86	250.00	Murtha for Reelection Committee
4/24/86	200.00	Hope for Congress Committee
4/24/86	100.00	Sanford for Senate Campaign
4/24/86	250.00	Friends of Byron Dorgan
4/24/86	300.00	Jim Bates for Congress
4/24/86	300.00	Conte for Congress Committee
4/30/86	500.00	Tom Daschle for U.S. Senate
4/30/86	250.00	Shelby for U.S. Senate
5/5/86	500.00	Wyche Fowler for Senate
5/5/86	250.00	Don Ritter for Congress Committee
5/5/86	150.00	Lehman for Congress Committee
5/5/86	500.00	Friends of Mattingly Committee
5/5/86	100.00	Synar for Congress Committee
5/7/86	50.00	Cleta Deathrage Mitchell for Lt. Governor
5/7/86	1,000.00	John McCain for Senate
5/7/86	250.00	Sabo for Congress
5/6/86	500.00	Burdick Campaign Committee
5/20/86	250.00	Gejdenson for Congress
3/2/86	150.00	Congressman Robert Madigon
1/14/86	500.00	Jackson for Congress
2/86	150.00	Billings for Congress
2/86	500.00	Hamilton Jordan for Senate
4/86	250.00	John Milliken for Congress
11/6/85	250.00	Mel Levine for Congress
12/1/85	250.00	Burnes for Senate Committee
12/1/85	50.00	Americans for Hart
1/24/86	50.00	Friends for Harry Reid
2/9/86	50.00	Gejdenson for Congress
4/8/86	50.00	Committee for Tim Wirth
5/18/86	75.00	Citizens for Moffett
4/10/86	25.00	Comitee for Tim Wirth
1985	250.00	Congress Bob Edgar
5/86	250.00	Jackson for Congress
4/86	750.00	Barbara Mikulski

WEXLER, REYNOLDS, HARRISON & SCHULE, INC.

SUITE 600
1317 F STREET, NORTHWEST
WASHINGTON, D. C. 20004
(202) 638-2121

BRUCE C. WOLPE

Friday, January 17, 1986

Greg,

Thanks very much for taking a look at this proposed report language on Canadian petrochemicals. If you can incorporate the attached into the report in substantial form, it would be helpful, again, in providing a measure of insurance in any ill-founded challenge to Canadian petrochemical imports at the ITC under the terms of HR 3777.

With respect to the issue of access to the natural resource in Canada, enclosed is an excerpt from an ITC report on natural resource subsidies. The argument to be made, if you care to address it, is that there is that access to Canadian gas is not denied to U. S. producers by the Government of Canada -- unlike, for example, the policy of the Government of Mexico.

As you can see, both parts of the argument -- the price of Canadian gas and access to it -- are of use to our Canadian client in seeking guidance in the Committee's report on the bill.

I did discuss this with both Bruce Gwinn and Rebecca Gould shortly after action in the full Committee -- and they both said they were interested in these views.

I appreciate very much your review and any efforts to craft some language on this matter.

Please call me if you need anything further.

Best,

Greg

Greg Mounts
Committee on Energy and Commerce
2145 Rayburn Building

STATEMENT REQUIRED BY FOREIGN AGENTS REGISTRATION ACT

In accordance with the requirements of Section 4 of the Foreign Agents Registration Act of 1938, McHenry & Staffier, P.C., 1300 Nineteenth Street, N.W., Washington, D.C., 20036, and Wexler, Reynolds, Harrison & Schule, Inc., 1317 F Street, N.W., Washington, D.C., 20004, hereby state that they are registered under the Act as agents for Novacor Chemicals Ltd.

With respect to the application of Section 401(d) of this legislation (national resource inputs) to investigations regarding Canadian exports of products with a significant natural gas component (e.g., ammonia, methanol, ethylene, and other petrochemical products), the Committee notes the continuing implementation of natural gas pricing policies by the Canadian government which has resulted in substantial progress toward market-oriented pricing. The export price for Canadian natural gas has declined substantially since 1983, from \$4.40 per MMBtu to near \$3 today, with spot sales reported at even lower prices, the result being a steady erosion of any margin between the domestic and export price for Canadian gas. Under these new policies there is no significant danger of anti-competitive practices by Canadian petrochemical producers against U.S. industry. In addition, higher capital, construction, tariff, and transportation costs for Canadian petrochemicals offset in large measure any pricing advantages for natural gas. As the Petrochemical Trade Group testified before the Subcommittee:

"The Administration and Canada have renegotiated the border price of Canadian natural gas exports. The old system of linking gas prices to the price of imported oil to Canada's Eastern provinces artificially reduced Canada's ability to export its gas to the U.S. market. Canadian government projections reported by DOE indicate gas prices in the range of \$3.09 per mcf in the Midwest to \$3.50 per mcf in the Northwest. Industry sources report delivered gas sales in this price range and below. At these prices, Canadian gas is competitive with U.S. gas. The Canadian government is now engaged in the process of moving its internal gas prices towards market pricing. The Canadian policy revision serves the interests of consumers and industry in both Canada

and the United States, in sharp contrast to the policy of Mexico."

Given these developments, the Committee does not envision that there are currently any pervasive practices or policies with respect to natural resource subsidies and Canadian pricing and sales of natural gas that would warrant an adverse finding under this section.

STATEMENT REQUIRED BY FOREIGN AGENTS REGISTRATION ACT

In accordance with the requirements of Section 4 of the Foreign Agents Registration Act of 1938, McHenry & Staffier, P.C., 1300 Nineteenth Street, N.W., Washington, D.C., 20036, and Wexler, Reynolds, Harrison & Schule, Inc., 1317 F Street, N.W., Washington, D.C., 20004, hereby state that they are registered under the Act as agents for Novacor Chemicals Ltd.

WEXLER, REYNOLDS, HARRISON & SCHULE, INC.

ANNE WEXLER
NANCY CLARK REYNOLDS
GAIL HARRISON
ROBERT M. SCHULE

SUITE 600
1317 F STREET, NORTHWEST
WASHINGTON, D. C. 20004
(202) 638-2121

April 28, 1986

Dear Rufus,

You may recall that, during Subcommittee consideration of HR 2451, the natural resource subsidy legislation, we worked out some very constructive report language on the issue of Canadian natural gas pricing policies and their relationship to the legislation. This language was incorporated in the Subcommittee's report to the full Committee on the bill. Our client on this matter is Novacor, a Canadian petrochemical producer and exporter.

Bruce Wolpe has been in touch with George Weiss to reiterate our support for this language, and our hope that it will be retained in the full Committee's report on the trade reform package now pending.

If there is any problem or difficulty with this language, please let me know so that we can work it out. To my knowledge, there has been no change in the objective circumstances which warranted the report language in the first place. If anything, Canadian gas prices have become even more market-oriented.

Please accept my thanks for your attention and review.

With best regards, I am

Sincerely,

Anne Wexler

Rufus Yerxa
Subcommittee on Trade
1136 Longworth Building

STATEMENT REQUIRED BY FOREIGN AGENTS REGISTRATION ACT

In accordance with the requirements of Section 4 of the Foreign Agents Registration Act of 1938, McHenry & Staffier, P.C., 1300 Nineteenth Street, N.W., Washington, D.C., 20036, and Wexler, Reynolds, Harrison & Schule, Inc., 1317 F Street, N.W., Washington, D.C., 20004, hereby state that they are registered under the Act as agents for Novacor Chemicals Ltd.

WEXLER, REYNOLDS, HARRISON & SCHULE, INC.

SUITE 600
1317 F STREET, NORTHWEST
WASHINGTON, D. C. 20004
(202) 638-2121

BRUCE C. WOLPE

Monday, April 28, 1986

Dear George,

I appreciated our conversation today on the report language we had worked on together for the natural resource subsidy bill with respect to Canadian natural gas pricing policy and the pending legislation.

On behalf of our Canadian client, Novacor, we very much want this language, which was included in the Trade Subcommittee's report to the full Committee on HR 2451, to be incorporated in the Committee Report on the omnibus trade legislation now under consideration.

If any concerns over this language arise during markup which would prevent its incorporation in the Committee report, please let me know so that we can resolve them.

With my thanks and good wishes, I am

Sincerely,



Bruce C. Wolpe

enclosure

George Weiss
Subcommittee on Trade
1136 Longworth House Office Building

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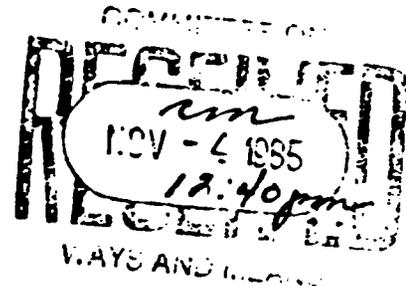
November 4, 1985

The Honorable Dan Rostenkowski
United States House of Representatives
2111 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

On October 24, the Subcommittee on Trade ordered reported to the full Committee H.R. 2451, a bill to amend title VII of the Tariff Act of 1930 in order to apply countervailing duties with respect to resource input subsidies.

The Subcommittee reported the bill by voice vote with amendments. The bill would amend the definition of subsidy in section 771(5) of the Tariff Act of 1930 by explicitly including "resource input subsidies" among the list of government programs subject to countervailing duties. The bill would clearly establish that a subsidy exists when a government, acting through a controlled or regulated entity, sells an input product or sells or grants the right to remove or extract an input product to domestic industries at a price that is below market value for such input or removal right. The subsidy would only exist if the resource component constitutes a significant portion of the total production costs of the final manufactured product and, for input products, if the controlled domestic price of such input products is not freely available to U.S. producers for export to the United States. The provision would authorize a countervailing duty against the final manufactured product, but only if imports of such product cause or threaten to cause material injury to U.S. producers of the like product.



Implicit in this bill is the principle that a country rich in natural resources may have natural cost advantages over other countries in producing a particular resource input product, and to the extent that market conditions permit, therefore could establish prices available to both export and domestic customers below those of other suppliers in the world market without being engaged in a subsidy practice. The provisions of the bill only apply where government price control or regulation results in a price that is below what the price would have been but for the government intervention, and where competing U.S. industries are denied access, by government regulation or control, to the lower price for export to production locations in the United States. It is this differential that provides a discriminatory preference to resource input purchasers in the producing country and which justifies countervailing duties. Absent such duties, U.S. industries that are injured as a consequence of the discriminatory resource pricing may be forced to close or relocate to the resource country.

However, if such discriminatory pricing is not found to exist, a countervailing duty would not be imposed under this provision. For example, with respect to the application of this legislation to investigations regarding Canadian exports of products with a significant natural gas component (e.g., ammonia, methanol, ethylene, and other petrochemical products), the Subcommittee notes the continuing implementation of natural gas pricing policies by the Canadian government which has resulted in substantial progress toward market-oriented pricing. The export price for Canadian natural gas has declined substantially since 1983, from \$4.40 per MMBtu to near \$3 today, with spot sales reported at even lower prices, the result being a steady erosion of any margin between the domestic and export price for Canadian gas. Further, higher capital construction, tariff, and transportation costs for Canadian petrochemicals offset in large measure any pricing advantages for natural gas. Given these developments, it does not appear that at this time Canadian pricing and sales of natural gas would be likely to result in implementation of the remedies prescribed by this legislation.

The term "resource input product" is not defined in the bill. The Subcommittee clearly intends it to apply to basic energy products, such as petroleum, petroleum products (such as fuel oil), and natural gas. In addition, however, the Subcommittee believes that the definition should be left flexible enough to apply in appropriate circumstances to other natural resources if they are the subject of a two-tiered or below fair market value government pricing scheme and are a significant portion of the resulting manufactured product.

STATEMENT REQUIRED BY FOREIGN AGENTS REGISTRATION ACT

In accordance with the requirements of Section 4 of the Foreign Agents Registration Act of 1938, McHenry & Staffier, P.C., 1300 Nineteenth Street, N.W., Washington, D.C., 20036, and Wexler, Reynolds, Harrison & Schule, Inc., 1317 F Street, N.W., Washington, D.C., 20004, hereby state that they are registered under the Act as agents for Novacor Chemicals Ltd.

WEXLER, REYNOLDS, HARRISON & SCHULE, INC.

ANNE WEXLER
NANCY CLARK REYNOLDS
GAIL HARRISON
ROBERT M. SCHULE

SUITE 600
1317 F STREET, NORTHWEST
WASHINGTON, D. C. 20004
(202) 638-2121

May 19, 1986

Dear Sam,

I wanted to express my personal appreciation to you for including in the Committee report on the trade bill the language we had discussed and worked out with you regarding the natural resource subsidy provision and its applicability to Canadian petrochemicals, given the favorable developments in the Canadian gas market, and Canada's natural gas pricing policies.

Rufus and George were exceptionally helpful and responsive throughout, and we could not be more pleased with their efforts and support, together with yours.

Again, please accept my thanks and best wishes. I look forward to continuing to work with you on this matter as the trade bill clears the House and moves to conference with the Senate.

Sincerely,



The Honorable Sam Gibbons
Chairman, Subcommittee on Trade
Committee on Ways and Means
United States House of Representatives
1136 Longworth Building

WEXLER, REYNOLDS, HARRISON & SCHULE, INC.

BRUCE C. WOLPE

SUITE 600
1317 F STREET, NORTHWEST
WASHINGTON, D. C. 20004
(202) 638-2121

Monday, January 2, 1984

Dear Bruce,

I called on Friday to find out from you the status of the Committee report on HR 3777, and whether you were indeed able to include some language that would address the issue of concern to our client, Novacor Chemicals, Ltd. As we discussed, we were interested in some positive reference to Canadian pricing policy on natural gas, which is nearly on a par with American natural gas prices, thereby removing any concern, at present, that there is a natural resource subsidy benefitting Canadian petrochemical producers. Secondly, we were also interested in any reference that might be made to the generally open policy of access to Canadian gas by American producers (exercised through Canadian subsidiaries). This is important, of course, since the access issue triggers any adverse finding regarding natural resource subsidies under the bill.

You had indicated that you thought the report would contain some language on at least the pricing issue that would help meet the concerns I discussed with you. If you can let me know where we stand, I'd appreciate it very much.

Many thanks.

BW

Bruce Gwinn
Subcommittee on Commerce,
Transportation & Tourism
H2-151 House Annex 2

P.S. I am enclosing draft language which tracks language Rep Gibbons intends to put in any report on resource subsidies when the measure is cleared by Ways and Means. The quote is from testimony in your Subcommittee, however, last June. Also enclosed is an excerpt from an EIC report that dismisses American ownership

POTENTIAL EFFECTS OF FOREIGN GOVERNMENTS' POLICIES OF PRICING NATURAL RESOURCES

Final Report on Investigation
No. 382-202 Under Section
332(b) of the Tariff Act
of 1930



U.S. GOVERNMENT PRINTING OFFICE
1975

4

**MAJOR COUNTRY ANALYSIS OF CRUDE PETROLEUM, PETROLEUM PRODUCTS,
AND NATURAL GAS PRICING PRACTICES**

Canada

Canadian Industry Profile

The crude petroleum and natural gas industry in Canada is largely foreign-owned or controlled. ^{1/} In 1979, only 8 of the top 25 oil and gas-producing companies in Canada were Canadian-owned and, overall, about 26.1 percent of the total industry was under Canadian ownership or control. ^{2/} Since that time, Canadian ownership or control has increased to 37.2 percent in 1983 under the National Energy Program (NEP) ^{3/}, with a goal of 50 percent by 1990. ^{4/}

Government interests are exercised through Petro-Canada, a Government-owned organization, which was created in 1975 to observe the industry. The firm now has substantial interests in all phases of the industry, ranging from domestic exploration, marketing, and production to downstream production. ^{5/} By 1981, after several acquisitions, Petro-Canada was ranked fourth among the major companies in the industry as shown in the following tabulation: ^{6/}

^{1/} "The level of foreign ownership is given by the proportion of total voting shares of a Canadian company that is held either directly or indirectly by nonresidents. A company is said to be foreign-controlled when 50 percent or more of its shares are held directly or indirectly." Economic Council of Canada, Connections: An Energy Strategy for the Future, 1985, p. 195.

^{2/} United States International Trade Commission, Foreign Industrial Targeting and its Effects on U.S. Industries Phase III: Brazil, Canada, The Republic of Korea, Mexico and Taiwan, USITC Publication No. 1632, January 1985, p. 117.

^{3/} National Energy Program, started in October 1980, stresses energy security for Canada, fairness in energy pricing and the distribution of revenues, and increased Canadian control of the industry.

^{4/} Energy, Mines and Resources Canada, The National Energy Program: Update 1982 A Summary: 1982, p. 10.

^{5/} Economic Council of Canada, Connections: An Energy Strategy for the Future, 1985, p. 22.

^{6/} Energy, Mines and Resources Canada, The National Energy Program: Update 1982 A Summary: 1982, p. 11.

Rank	Foreign controlled	Canadian controlled
1	: Imperial (1)	
2	: Gulf (2)	
3	: Texaco (3)	
4		: Petro-Canada (7) 1/
5	: Shell (4)	
6	: Amoco (5)	
7		: Dome(12) 2/
8	: Mobil (6)	
9	: Sunco (10)	
10	: Chevron Standard (9)	
11		: Pan Canadian (11)
12		: Canterra (14) 2/
13	: Canadian Superior (13)	
14	: Canada Cities (17)	
15		: Moreen (15)

1/ Includes Petrofina.

2/ Includes Hudson's Bay Oil and Gas.

3/ Includes Aquitaine, CDC Oil and Gas Texasgulf.

Note.--Figures in parentheses indicate ranking in 1979.

The major share of the reserves and the production of crude petroleum (including synthetic crudes) and natural gas is concentrated in the Western Canada Sedimentary Basin, one of the six major petroleum regions in Canada. It has accounted for approximately 70 percent of the domestic hydrocarbon resources discovered to this day. 1/ Alberta, located in the Western Basin, is the primary producing province, having accounted for about 86 percent of Canada's total production of crude petroleum and natural gas in the past 10 years. 2/ The synthetic crude produced in Alberta is primarily obtained from Albertan oilsand.

Exploration is presently underway in the frontier regions, i.e. the Beaufort Sea/Mackenzie Delta Basin, the Arctic Islands, and the Eastern Canada Offshore. These regions are portions of federally-controlled lands in the territories and offshore, known as "Canada Lands".

Estimated proved reserves of crude petroleum in Canada amounted to 7.08 billion barrels in January 1985. This was an increase of 5.2 percent from 6.73 billion barrels in the prior year. The estimated proved reserves of natural gas stood at 92.3 trillion cubic feet, compared with 90.5 trillion cubic feet in January 1984.

In most of the post-World War II era, Canada has attracted a large amount of foreign direct investment in all domestic industries. In 1978, the United States accounted for 79.4 percent of such investment and the United Kingdom

1/ Connections, op cit., p. 30.

2/ Ibid.