

SIGNPOSTS

Canadian companies that design and manufacture integrated circuits or chips 10 years of protection against reproduction in any form for commercial purposes without express consent. If an IC is manufactured elsewhere without consent, the company would be able to get a court-ordered ban on its importation. The value of Canadian IC production currently is estimated at \$300 million and Canadian telecommunications firms, global leaders in their field, are particularly vulnerable to foreign piracy.

OTTAWA — Canada has provided \$2.5 million for the purchase and transportation of food aid for refugees and displaced persons in Senegal and Mauritania. Wheat, white beans, whole milk powder and canned fish are being bought by the Canadian International Development Agency for distribution by UN staff.

OTTAWA — A mid-October declaration by Canada that it would be contributing \$5 million to the World Bank's Technical Assistance Grant Programme for environmental activities was a trifle premature. None of the funding, to be provided over five years, had been forwarded by the Canadian International Development Agency by the end of the year.

VANCOUVER — Inderjit Singh Reyat, wanted on manslaughter and explosives charges in connection with a 1985 bombing at Tokyo's Narita airport is back in Canada after a lengthy battle against extradition. A resident of British Columbia when two Japanese baggage handlers were killed at Narita, he moved to England in mid-1986 and was arrested there in early 1988. He fought extradition through magistrate's court and the High Court before the House of Lords refused to consider a final appeal. He then sought Home Secretary David Waddington's personal intervention to permit an appeal to the European Commission on Human Rights but this was refused.

TORONTO — The Royal Bank of Canada says there is 'a distinct possibility' that the current excess capacity in the North American automotive sector will lead to industry pressure on government 'to in-

crease protectionist measures.' It also suggests that import penetration of the Canadian passenger car market, which was 36% in the third quarter of 1989 compared with the year-earlier 34.5%, might increase as overseas manufacturers move aggressively to capture an increasing share through incentive and new model offerings.

OTTAWA — Canada's policy of dampening inflation by keeping interest rates high is backfiring on the government. Finance Minister Michael Wilson has disclosed that the Bank of Canada policy, which has resulted in rates that are four points higher than they are in the U.S., has added \$6.5 billion to the cost of carrying the cumulative debt in the current fiscal year. 'We were looking at interest costs of, I think, \$33 billion ... at the time of the last budget', he says. 'They've gone up to \$35 billion. That has meant a significant change in the fiscal position of the government.'

OTTAWA — Canadian and American officials are planning formal talks on income and estate tax matters 'in the early part of 1990', the Finance Department says. 'These discussions will focus primarily on the effect on Canadians of recent changes to the United States federal estate tax and on the provisions of the convention ... with respect to taxes on income and on capital signed on September 26, 1980.' Before a date for the talks to begin is fixed, the department's Tax Policy and Legislation Branch — 140 O'Connor Street, Ottawa K1A 0G5, telephone (613) 992-4859 — is soliciting comments on what specific questions should be addressed.

CHICAGO — A poll commissioned by American and Mexican corporate interests suggests that 85% of U.S. residents favour a North American common market. It involved 1,200 respondents who were surveyed by telephone in November and was keyed to anticipated competition when the European Economic Community drops its internal trade barriers in 1992. 'It's an evolutionary thing that appears to be inevitable,' comments Nino Noriega, spokesman for the U.S.-Mexican Development Corporation. 'You have Mexico with vast natural resources and a large pool of less

expensive labour; the U.S. with technological expertise; and Canada with a small population but a strong currency and credit power.'

LUSAKA — Jacques Bussieres, senior advisor to Bank of Canada Governor John Crow on international affairs, has been named Governor of the Central Bank of Zambia through a protocol agreed to by Prime Minister Mulroney and President Kenneth Kaunda. 'This agreement has been reached in recognition of the assistance needed by Zambia in its programme for structural adjustment,' the Prime Minister's Office said in a prepared statement. With the Bank of Canada in various capacities since 1960, Mr. Bussieres, a commerce alumnus of Laval University in Quebec City, has done post-graduate work in economics at Harvard and the London School of Economics. President Kaunda fired his former central bank head, the fourth to hold the post in as many years, amid allegations of corruption late last year.

TORONTO — The Ontario Municipal Board has upheld an Ottawa bylaw that prevents foreign missions from opening more offices in residential areas of the national capital. The city passed the bylaw in response to homeowners' complaints about the presence of armed RCMP guards in security posts. Henceforth, the size and number of the posts is restricted and foreign governments' proposals for new chancelleries will require zoning approvals.

VANCOUVER — Visiting foreign warships are entitled to the same legal protection afforded domestic vessels. Judge W. C. Craig of the British Columbia provincial court handed down this ruling at the beginning of a trial of nine Greenpeace activists who were arrested during a protest against the presence of the American aircraft carrier USS Independence on a courtesy visit to Vancouver in August. They are charged with mischief and could face up to five years in prison as well as stiff fines. Their defence counsel had argued that a foreign-registered vessel is similar to an embassy and should be outside of a Canadian court's jurisdiction.

REGIONS

Sandinistas Destined for Re-election in Nicaragua

MANAGUA — The 'holiday season' brought dramatic reminders of United States' strength and weakness in Central America. General Noriega was eventually toppled by the 24,000-strong U.S. military force that invaded Panama December 20. But, as a poll released January 5 indicates, Nicaragua's Sandinista government seems sure of re-election February 25.

The events in Panama had a direct impact on Nicaragua. Soon after the invasion, the Americans encircled the Nicaraguan embassy only to have Nicaragua reciprocate against Washington's embassy in Managua. Then the U.S. troops raided the Panama City home of Nicaragua's ambassador. Nicaraguan President Daniel Ortega described the immediate aftermath of the raid, which culminated in the expulsion of 20 U.S. diplomats from Nicaragua, as the closest the two countries had come to direct hostilities.

Indirect hostilities continued though. On New Year's day, elements of the U.S.-backed Contras — who subsequently denied responsibility — killed two nuns, an American and a Nicaraguan, and wounded a U.S.-born Bishop. Four days later, another Contra attack claimed two more lives, including that of a Sandinista election campaign official.

Nicaragua's electoral process continues normally despite this. Conducted in December, the poll showed President Ortega and the Sandinistas pulling away from Violeta Chamorro's right-of-centre United Nicaraguan Opposition (UNO).

But there remains a sizable undecided vote and the Panama invasion, supported by the UNO, undoubtedly will further the Sandinistas' appeal to this block of voters. The question here is how the U.S. will react to the Sandinistas' increasingly certain victory. Before Panama, many optimistically hoped President Bush finally would terminate Washington's \$4-million-a-month support for the Contras after the election, even though his pledge is only to end the trade embargo if Chamorro wins. Now the ultimate direction of U.S. policy is clouded. Distrust of U.S. intentions runs so high that there is widespread fear Washington might provoke incidents to discredit the electoral process. It is not clear how that

could be achieved, however, given the multitudinous presence of the different Organization of American States (OAS), United Nations (UN) and non-governmental observers.

Washington has invested heavily in the Nicaraguan opposition. Newsweek reports the CIA spent \$5 million on covert aid by September 1989. Congress allocated \$9 million in overt aid two months later. U.S. policy-makers still seem to find it hard to accept that radical nationalism, fueled by deeply-rooted 'anti-Yanqui' emotions could gain a majority. Stereotypical comparisons between socialist Nicaragua and communist Eastern Europe misunderstand the indigenous roots of Nicaragua's pragmatic revolution. In a clear statement of opposition to the Contra war, the Central American presidents called December 12 for all Contra monies to go through the joint UN-OAS International Support and Verification Commission (CIAV) overseeing Contra demobilization and repatriation. The presidents also extended their demobilization deadline to February 5. The U.S. then committed some money for CIAV's operations. Canada has contributed \$700,000 to Nicaragua's Supreme Election Council and has made a thinly-veiled appeal to Washington to respect the election results. Addressing last fall's Hemispheric Summit in Costa Rica, Prime Minister

Mulroney said that 'once the people of Nicaragua have freely spoken, their will must be fully respected — inside Nicaragua and out.'

Canada has been much more circumspect when addressing the Contra issue. Due to escalating Contra attacks, Nicaragua suspended its unilaterally maintained ceasefire with them. External Affairs Minister Joe Clark declines comment on Nicaragua's charges, saying Canada's lack of representation on the ground prevents his department from having enough information.

Canadian officials in the past have maintained that Canada must carefully protect its 'neutrality' as a member of the United Nations Observer Group in Central America. Hence, there has never been any explicit criticism of U.S. policy. It is far from clear how Canada's neutral posture squares with the Prime Minister's support for the U.S. invasion of Panama. An unofficial Canadian election observer group, led by the Canadian Council for International Cooperation and the Inter-Church Committee for Human Rights in Latin America, has concluded that 'American intervention continues as the main obstacle to the attainment of free and fair elections.' Even the UN observers, headed by former U.S. Cabinet member Elliot Richardson, have acknowledged that Contra attacks had tripled during voter registration.

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Panama: Fallout From U.S. Invasion

Although anticipated and supported in Washington, President George Bush's decision to invade Panama on December 20 shocked world opinion in general and Latin America in particular. It provided a vivid reminder of earlier U.S. military intervention and was 'deeply regretted' by the Organization of American States (OAS). Ironically, the invasion coincided with tentative signs of a revival in inter-American relations, and the possibility of joint U.S.-Latin action to counter General Manuel Noriega, who was increasingly isolated in the region for his corrupt political practices and alleged narcotics trafficking. By invading — with high Panamanian civilian casualties and material costs and in defiance of Latin and world opinion — Mr. Bush seems to be signalling a new period of unilateralism in the Western Hemisphere as Soviet interest in the region diminishes. While the new Endara government installed by the U.S. will now receive major aid in establishing itself, the impact of the invasion on the other flashpoints in the ongoing Central American crisis remains uncertain. Career diplomat Jean-Paul Hubert, flown directly in from Senegal January 5 as Canada's first ambassador to OAS, has a tough job ahead of him.