

country by month's end or face possible criminal prosecution. Following a formal US request that Canadian firms not take advantage of the trade embargo by going after markets vacated by Americans or fill the void left by returning US oil workers, External Affairs Minister Joe Clark stated that the government had asked Canadian companies operating in the area to "respect the request of the President." This would involve not undertaking any new activities which could "undermine" US sanctions (CBC Radio [External Affairs transcript], January 9). In considering the list of measures against Libya requested by the US from its allies, Mr. Clark stated that Canada, while having already undertaken some of these measures, would consider additional "less extensive" actions (*The Citizen*, January 9). Canada had not considered ordering the estimated 1,300 Canadian nationals, the majority of whom work in the oil sector, out of Libya, he added.

By January 10, the government had announced its own measures to isolate Libya economically in response to President Reagan's request. Canada would attempt to block Libyan efforts to replace US technical help with Canadian counterparts. All assistance to Canadian firms pursuing business in Libya would cease and the EDC would not insure new business developed by Canadian companies in Libya. All transactions with Libya would be subject to import and export control. While humanitarian aid and food products would not be affected, new contracts for

the export of oil-drilling equipment containing "unique Western technology" would be stopped (CBC Television [External Affairs transcript], January 10, *Globe and Mail*, January 11). Although Canada would not prevent citizens from seeking employment in Libya, the government did renew its request that Canadians not seek to replace departing Americans. With the costs to Canada estimated at \$20 million, the External Affairs Minister stated that the decision reflected a "very clear determination" to take specific actions that would "cost Canadians something." Canada was "prepared to act against terrorism as well as speak against terrorism," Mr. Clark asserted. The measures (rather than "sanctions"), were described by officials as a "carefully calibrated" move to lend support to the US initiative against international terrorism (CBC Radio [External Affairs transcript], January 12).

US envoy John Whitehead (Deputy Secretary of State) visited Canada days later to present additional evidence of Libyan complicity in the terrorist attacks. Thanking Canada for its positive response to President Reagan's request for international support, Mr. Whitehead stated that both the US and Canada would consider additional measures with which to "tighten the screws" on Libya. However, Prime Minister Brian Mulroney stressed that any future actions would be "broadly based and coordinated" among Western allies (*The Citizen*, January 17).

Multilateral Relations

European Community

Trade Ties

Head of the Delegation of the Commission of the European Communities Dietrich Hammer addressed a Canadian audience December 5, outlining prospects for increased cooperation between Canada and the European Community (EC) in the fields of trade, investment, technology transfers, licensing and joint ventures. Mr. Hammer noted that despite the 1976 signing of the Framework Agreement for Commercial and Economic Cooperation, there had followed a "relative weakening" in the Canada-EC relationship — pointing to declining trade, decreased mutual investment and recurring trade friction. Several factors had contributed to the present situation:

- the prolonged economic recession;
- fluctuating exchange rates and the relative

strength of the Canadian dollar in relation to European currencies;

- recent competition from newly-industrialized nations; and
- increased trends toward protectionism.

The EC was concerned with Canada's recent moves both to strengthen trade ties with the Pacific Rim and to negotiate a freer trade agreement with the US — particularly as these efforts might "further erode" the EC-Canada trade relationship. The EC would, said Mr. Hammer, attempt to "ameliorate" the conditions underlying the weakened ties by underscoring for the Canadian business community the potential for success in expanded cooperation. To that end, the EC would provide Canada with information on the means by which that potential might be realized (EC Delegation communiqué, December 5).