

real peace is attained; the other is to set GOS oil revenues aside for use when such a peace is in place. It is difficult to imagine a cease-fire while oil extraction continues, and almost impossible to do so if revenues keep flowing to the GNPOC partners and the GOS as currently arranged. The "trust fund" proposal warrants first moved by the NSCC warrants careful consideration, and **Canada should engage the parties in South Sudan in discussions of the conditions necessary for them to consider the proposal. Talisman should make it clear that it acknowledges the destructive impact of oil extraction and will work towards a trust fund arrangement acceptable to the southern parties.**

Certainly, while we heard that the new constitution provides for the equitable, and peaceful-use, sharing of oil revenues, many people have asked why should the GOS be trusted, and they were not allayed in their suspicions by any reference to the International Monetary Fund.

We recommend that Canada provides assistance in the fields of forensic accounting and auditing to make workable any sharing scheme which can win tentative approval in North and South Sudan, and that it offer to play a full part in maintaining any temporary "trust fund" answer to the use of oil revenues during a cease-fire as recommended above.

A Step-by-Step Approach

It is clear that many Canadians, not to mention Sudanese, want Talisman either out of Sudan now or at least to have halted production of oil. But we have been reluctant to advocate immediate application of the Special Economic Measures Act because of our strong desire to have Talisman meet its responsibilities in full, not be allowed to slip away from them.

There is a measured approach requiring action by the Minister of Foreign Affairs and in no way precluding his application of SEMA. He could, in a public statement expressing grave concern about Sudan and the mounting evidence that Canadian oil extraction activity is exacerbating the Sudan crisis, **announce that certain exports to Sudan will be subjected to scrutiny under the Export and Import Controls Act. If Talisman's operations in Sudan are not brought to comply with human rights and humanitarian law, consideration should be given to placing Sudan on the Area Control List.**

The ACL's not an instrument for applying general economic sanctions. It is a focussed instrument by which Canada is able to apply selective trade restrictions in support of specific objectives.

Placing certain exports under Export Controls List scrutiny, and, if necessary, putting a country on the ACL, would provide Canada with leverage over Talisman to encourage monitored compliance with the ethical approach the company says it adheres to.