

because it imposes very serious handicaps on Canadian firms in a difficult and unfamiliar environment. Unacceptable boycott clauses under the guidelines include any which involve discrimination based on race, national or ethnic origin or religion, or require an undertaking not to deal with another firm or any country. The policy also requires periodic public reports by the Government regarding breaches of the guidelines.

This policy has been criticized by some Canadians as inadequate and the Government has been urged by them to sponsor legislation in its place. A bill was introduced into Parliament in 1978 but was not proceeded with. This bill would have made it mandatory for firms to report to the government any boycott request of a sort prescribed by the bill and any compliance with such a request. It would also have required publication of instances of such compliance. The government has also been urged to sponsor legislation making compliance with prescribed boycott requests not only reportable, but illegal, as the United States has done.

On the other hand, some Canadians argue that anti-boycott legislation would be against the best interests of Canada. These Canadians assert that Arab governments might well close their markets to Canadian exports, or conceivably even cut off oil sales to Canada. They insist that the United States, which has passed legislation, has a different political and strategic relationship with the area than does Canada, and that leading American firms are so large and have such unique technological capabilities that the boycott is not seriously applied against them. In contrast they say that Canada supplies little to the region that could not conveniently be obtained elsewhere. They also argue that the current policy is largely effective in inhibiting unacceptable compliance with the boycott by Canadian firms.

A number of Arab governments have asserted emphatically that they would regard legislation against the boycott by Canada as a specifically "anti-Arab" and "pro-Israeli" political initiative directed against their basic interests and their right to use economic sanctions against a country with which they are in a state of war. They have said it would seriously affect economic, financial and commercial relations with Canada.

The administrative guidelines adopted by Canada in 1976 do not appear to evoke strong reaction from Arab governments, perhaps because this administrative approach seems to them less formally and symbolically hostile than would legislation by the Canadian Parliament. I have the impression, too, that legislation against boycotts by a province is not regarded by Arab governments as representing a political act of foreign policy, as would legislation by the Canadian parliament.