

deficit as a means of achieving lower rates." According to the news report, he stated that present high interest rates were having a "deleterious" effect on the international economy — producing higher unemployment in industrialized nations and raising debt servicing costs for undeveloped nations. Mr. Lalonde asserted that the rising rates emanated from the US, seeing "no domestic justification" for the high rates in Canada.

While the Reagan administration had earlier indicated that a \$150 billion "down payment" had been allotted to reducing the deficit, Mr. Lalonde stated that the US administration elected in November would undoubtedly make an attempt at a further reduction in a shift away from current policies. At the same time, he noted several problem areas evident in the US economy, including a decline in housing starts and a rise in the current account deficit, but added that a general global recovery continued to proceed.

## ALGERIA

### *Film Co-production Agreement*

A film co-production agreement between Canada and Algeria, signed by International Trade Minister Francis Fox and Algerian Minister of Culture and Tourism Abdelmadjid Meziane, was announced jointly July 14 by Mr. Fox and Communications Minister Edward Lumley. Mr. Lumley reiterated in the announcement the Government's commitment to fostering the development of the Canadian film industry by stimulating increased production. He stated that in addition to "strengthening our economic and cultural ties with Algeria," the agreement complemented "the objectives of the new national film and video policy and the national broadcasting strategy," both of which promote the negotiation of co-production agreements (Department of Communications news release, July 14).

The agreement allows Canada and Algeria to consider future co-productions as "entirely domestic products," and thus eligible for securing both investments under the Canadian Broadcast Program Development Fund as well as other "financing and tax-incentive measures" related to film production that are available in either country.

Films produced under the agreement will be available in at least two of three languages, (French English and Arabic). Mr. Fox expressed the view that the agreement would open up previously limited markets in Arab and African nations for Canadian films, while at the same time providing greater variety in Canadian independently-produced programming in order to meet Canadian content regulations.

## BRAZIL

### *Joint Economic Committee*

The fifth session of the Canada-Brazil Joint Economic Committee concluded June 22 after a three-day meeting held in Ottawa. Instituted in 1976, the Committee was

designed as a forum for Government officials to exchange views on both international economic matters and methods for promoting trade and investment between Canada and Brazil. In an External Affairs press release of June 22, then-External Affairs Minister Allan MacEachen announced the successful conclusion of the fifth session. The two delegations — the Canadian chaired by Claude Charland, External Affairs' Assistant Deputy Minister (Latin America and Caribbean), the Brazilian led by Ambassador Rubens Ricupero, Head of the Department of the Americas in the Brazilian Ministry of External Relations — discussed the international economic and financial situation as well as multilateral trade issues. While particular attention was paid to the outcome of the recent London Summit, the delegations also reviewed the bilateral economic and trade relationship. In concluding, the Committee determined to strengthen this bilateral relationship, especially in the economic sector. The sixth session is to be held in Brazil in two years' time.

## CAMBODIA

### *Proffered Aid*

While attending a foreign ministers' meeting of the Association of Southeast Asian Nations (ASEAN) in Jakarta in mid-July, External Affairs Minister Jean Chrétien announced that Canada would provide limited aid to a coalition of Cambodian (Kampuchea) guerrilla forces fighting Vietnamese troops in Cambodia. Mr. Chrétien stated that the Canadian government would be giving "a symbolic contribution to the coalition groups in Kampuchea under the leadership of Prince Sihanouk." The coalition consists of three groups, the Communist Khmer Rouges, the guerrilla army under former Prime Minister Son Sann, and the faction operating under former Cambodian ruler Prince Sihanouk (who remains President of the coalition). According to a *Citizen* report of July 13, the aid, amounting to \$20,000, would be channeled to the non-Communist elements of the coalition.

## CHINA

### *Visit of Defence Minister*

Zhang Aiping, state councillor and Minister of National Defence for the People's Republic of China, paid an official visit to Canada June 27 to July 6. Mr. Aiping was accompanied by a delegation composed of the Deputy Chief of General Staff of the People's Liberation Army, the Deputy Director of the Bureau of Foreign Affairs of the Chinese defence ministry and selected officials. While in Ottawa, the Chinese delegation met with government officials to discuss general defence relations, including such issues as the possible sale of Canadian defence equipment, and the training of the Canadian Forces. Scheduled bilateral talks and briefings, as well as courtesy calls on Government ministers and visits to a number of military establish-