

regulations (see "International Canada" for October and November 1985). As well, the Minister noted that Canada had put into place unilateral interim extradition arrangements until a proposed extradition treaty could be negotiated with India. (Mr. Clark presented Mr. Bhagat with a draft treaty during the meeting.) In response to previous harsh Indian criticism of Canada's handling of extremist and terrorist activity, the Minister added that Canada had a "precise" legal system which might, at times, appear "slow" but acted on legal obligations "when appropriate," not merely for show. Once the Sikh situation had been discussed, the Ministers examined the economic relationship between Canada and India, covering transfers in high technology, two-way trade expansion, development projects and the international economic situation (External Affairs transcript, December 18).

The Sikh problem was also the focus of the talks with Prime Minister Rajiv Gandhi the next day, with Mr. Clark reiterating the government's intention to do "all within Canadian law." Following the meeting, Mr. Clark told reporters that Canada "took very seriously" the threat which Sikh extremists posed to Canada-India relations. However, while constituting an important problem, he added, the Sikh extremists should not be allowed to cloud bilateral relations to an excess. Mr. Clark stated that the Indian government had expressed its satisfaction with the way Canada was handling the problem. Canada had put in place a "process of consultation" among representatives of "respective relevant" organizations. On the economic side, the Minister had presented Mr. Gandhi with an aide-memoire on bilateral economic concerns — outlining Canadian interest in such projects as thermal power, oil and gas pipelines, hydro power, coal and rural electrification (External Affairs transcript, December 19).

Later speaking before Indian business representatives, Mr. Clark reaffirmed that Canada would not "tolerate those who advocate or practise violence . . . . The line must be firmly drawn when peaceful dissent becomes violent confrontation" (*Gazette*, December 19). However, of primary concern, he added, was a strengthening of the economic ties between Canada and India. After expressing strong support for several Canadian-backed projects in India, the Minister also announced the extension to India of a line of credit (estimated at \$198 million) to be channelled through both CIDA and EDC. The line of credit would be utilized for the purchase of Canadian goods and services in the development of India's natural gas and petroleum sector — aimed primarily at reducing India's dependency on oil imports. "We have just scratched the surface," he said, "Our objective is to diversify" (*La Presse*, December 19).

## Japan

### Visit of Prime Minister Yasuhiro Nakasone

In anticipation of Japanese Prime Minister Yasuhiro Nakasone's arrival in Canada January 12 for a summit meeting, Prime Minister Brian Mulroney reassured Japanese reporters that ongoing Canada-US negotiations on

freer trade were not "exclusionary" and would not adversely affect the Canada-Japan economic relationship. Both North American nations remained firmly committed to the multilateral trading system, he added (*Globe and Mail*, January 10). Mr. Mulroney indicated that Canada was "wide open" to Japanese investment. Japanese officials had previously expressed concern over the possibility that bilateral negotiations between Canada and the US might operate to the detriment of Japan through the creation of a "protectionist fortress" in North America. Japan, while not opposing a bilateral accord, hoped that any agreement would respect GATT, the Japanese ambassador to Canada, Kiyoaki Kikuchi, later said (*Le Devoir*, January 10). The Ambassador noted that the summit talks would, while focusing on economics, also take into consideration the East-West dialogue, disarmament, the protectionist trend, high technology transfers and cultural exchanges.

During his meeting with Mr. Nakasone January 12, Mr. Mulroney stressed that in any negotiations with the US, Canada would adhere to three principles; consistency with GATT, an absence of adverse effects on other countries and no limits would be placed on Canada's ability to negotiate trade agreements with other countries (*Globe and Mail*, January 13). It was agreed that Canada and Japan would hold consultations both on terrorism and arms control and disarmament in coming months.

In his address to Parliament January 13 (a special joint session of the Commons and the Senate), Prime Minister Nakasone, after reaffirming Japan's continued commitment to the principles of nuclear disarmament, free trade, environmental awareness and a strengthening of solidarity among free nations (principles shared with Canada), went on to discuss future cooperation with Canada. In that regard, said Mr. Nakasone, the economic complementarity of Canada and Japan should be utilized in the pursuit of true world interdependence. Trade protectionism represented the greatest threat to the world economic order, and both Canada and Japan might effectively promote another round of GATT multilateral trade talks (*Globe and Mail*, January 14).

Japanese officials later stated that with the assurances received from Prime Minister Mulroney, Japan "supported the concept" of Canada-US free trade negotiations. This qualified endorsement rested upon the notion that any agreement reached between the US and Canada would promote freer trade globally. Mr. Nakasone expressed curiosity as to the prospects for overcoming US protectionist tendencies (*Globe and Mail*, January 15). At the present stage, Japan was "not at all clear" on what might emerge from such negotiations, he added.

## Libya

### Sanctions

In a move against Libya's apparent support for international terrorism (specifically the December 27 attacks at Rome and Vienna airports), US President Ronald Reagan announced an imposition of sanctions against Libya in early January and ordered all US nationals to leave that