

Albania

Diplomatic Relations Opened

On September 10 the Department of External Affairs announced that Canada had established diplomatic relations with the People's Socialist Republic of Albania. Canada's ambassador to Yugoslavia would be appointed envoy to Albania, the department's Soviet Union and Eastern European bureau director said. He added that no decision on Albanian representation in Canada had been made, and that Albania was interested in importing Canadian oil and gas equipment, galvanized wire, and geophysical equipment (External Affairs communiqué, September 10 and *Ottawa Citizen*, September 11).

Britain

Air Services Agreement

As the September 18 deadline for the negotiation of a new agreement between Canada and Great Britain on air transport approached (See "International Canada" for October and November 1986), Canadian negotiator Roland Dorsay and Air Canada spokesman Hugh Riopelle both expressed optimism that an agreement would be reached without an interruption of service (*Montreal Gazette*, September 10).

The negotiations continued until the 18th, with Mr. Clark and Minister of Transport John Crosbie announcing that day that an agreement had been reached. Both ministers expressed their satisfaction that a new and much modernized air agreement — one that was fair and equitable for both sides and "strengthened the ties between the two countries" — had been achieved.

Under the terms of the agreement, each country could designate its airlines to operate from any points in one country to any cities in the other. This type of "open skies" market entry represented a first for Canada in the international sphere, and was expected to lead to the establishment of new direct services from Canada to Britain. In addition, Canada gained the right for its carriers to carry traffic beyond London up to ten times weekly to any points in Western Europe — except Scandinavia, Italy, Greece and Berlin — whereas previously Canada had rights beyond London to only four points: Dusseldorf, Brussels, Zurich and Vienna. Canada also obtained new rights to a point in Algeria or Egypt.

As well, Canada gained the right to serve beyond London four times weekly to three points in Asia — excluding China, Japan, Hong Kong and Indonesia — which meant that Air Canada retained its route via London to Bombay and Singapore, with flexibility regarding extra points in Asia which could be served. Additional frequencies would be allowed subject to the agreement of the aeronautical authorities of both countries.

The British gained reciprocal rights to operate beyond Canada to the continental US, the Caribbean Islands, Cen-

tral America, Mexico — excluding Toronto-Mexico — as well as twice weekly beyond Vancouver to points in the Pacific.

The agreement also broke new ground with a progressive tariff regime which was open to innovative and low cost trans-Atlantic fares. The airlines would be free to set prices at low levels; travellers would benefit from fewer restrictions on booking requirements for discount fares; shippers would be able to take advantage of the total deregulation of Canada-Great Britain air cargo rates.

As part of the negotiations, the two countries also established a separate, new air agreement between Canada and Hong Kong. Both Canadian Airlines International and Cathay Pacific gained the right to operate as many flights as they wished between Vancouver and Hong Kong with increased opportunities for the Canadian carrier to serve other points in Asia and for Cathay Pacific to operate beyond Vancouver to Chicago and New York (Government of Canada communiqué, September 18, *Ottawa Citizen* September 19).

Bulgaria

Wrestlers Defect

Three Bulgarian men, participants in the world junior wrestling championships in Vancouver in September, asked the Canadian government for permission to remain in Canada. The three had slipped out of their living quarters through a window, and were staying in Vancouver with a third party. Immigration Department spokesman Jim Pasmann said, "We've taken the request and forwarded it to Ottawa . . . There is nothing in the Immigration Act to cover defection, but that's what most people would call it . . . We have a special procedure for high-profile cases from certain countries. We would review the case before it got to the refugee claim process" (*Ottawa Citizen*, August 13).

China

Potash Sale

Saskatchewan Energy Minister Pat Smith announced on September 3 that a major sale of potash to China had brought the 1987 total sales to a record 850,000 tonnes. The sale was welcomed by the beleaguered Saskatchewan potash industry (See *Bilateral Relations — US — Potash*, above). An industry spokesman said that the market in China had improved since farmers there had realized the benefits of combining potash with the large amounts of nitrogen that they were already applying to their soil. He also said that the sale had been made in the face of stiff competition from East German, Soviet, Western European and Jordanian potash producers. "Because of our location, we have the lowest delivery cost, so the Chinese like to buy from us," the spokesman added (*Saskatoon Star-Phoenix*, September 5).