Ethiopia: History Repeating Itself

The international relief effort in Ethiopia, in which Canada is again playing a central role, has become bogged down once more by the civil war in the drought-stricken country. It has deteriorated to the point where relief workers on the ground are trying to find new ways to get food and other supplies through, and the focus of their efforts is shifting away from feeding people where they live to trying to feed them in camps — almost inevitably a breeding ground for continued desperation.

Military advances by the Eritrean Peoples Liberation Front (EPLF) in the North has closed the port of Massawa and cut supply lines to some 2 million people who are threatened by famine in Eritrea and Tigrai provinces. In the months leading up to the latest crisis, Canadian officials have been in frequent contact with both the EPLF and the Tigrai Peoples Liberation Front (TPLF) in an attempt to promote productive dialogue and have delivered formal messages to the Ethiopian government in Addis Ababa directly and through its chargé d'affaires in Ottawa. Canada also has contacted other governments that could play a useful role in bringing the sides together and has offered diplomatic support to former United States President Jimmy Carter in his role as co-chairman of the peace talks between the Ethiopian government and the TPLF under Italian auspices.

Canada approved $22 million worth of food aid and $4 million for emergency relief supplies such as medicines, tents and vehicle spares for 1989-90 and most of this was delivered through cross-border routes rather than to ports. An initial $10 million in food aid and $4 million in emergency relief has been approved for 1990-91, but with Massawa still out of service as of mid-March and the road to Asmara blocked, delivery options are limited. "There has been talk of... a relief corridor from Assab to the Tigraian capital, Mekele," says Doug Lindores, Senior Vice-President of the Canadian International Development Agency (CIDA) who is Special Advisor to External Relations Minister Monique Landry on Ethiopia and the bordering countries. Since most of the area along which the relief corridor would run is under the control of the TPLF, he says it is "highly doubtful" this plan will become reality.

When Massawa and the Asmara road were open, 1.4 million people had no discernible means of getting food. The closure boosts that to 3.3 million or 75% of the people affected. "The EPLF offensive, from a purely humanitarian view, has vastly complicated the job," Lindores says. "And the government is forcing the transborder routes to operate only at night.... There is no monopoly of virtue in the situation."

South Africa: An Unusual Move for Canada

Considering the record, it was no surprise when External Affairs Minister Joe Clark reaffirmed sanctions against South Africa until there is "clear evidence of irreversible change" in apartheid. However, in an unusual move after talks in Lusaka with Nelson Mandela and other African National Congress (ANC) leaders, he has made a direct appeal to Canadians to support the ANC financially. Although unusual, the initiative is not at odds with this country's policy of not providing direct support for political movements elsewhere.

Mr. Clark disclosed his initiative in a speech to the House of Commons, saying that while the stage is set for development of a truly democratic South Africa, the process had only just begun. During their talks in Zambia, Mr. Mandela evidently was unambiguous about sanctions. "Indeed," said Mr. Clark, "he spoke of intensifying sanctions and I have asked him to indicate where and how this should occur." The ANC needs approximately $20 million to relocate its headquarters-in-exile to South Africa, but Mr. Clark demurred, citing Canada's "firm policy" of not supporting political parties elsewhere. He volunteered, however, that there are "thousands of private citizens" in Canada who could be approached for funds, a process he suggested that "representatives of the three parties in Parliament" would be willing to facilitate.

Several days later, at a dinner in Toronto attended by representatives of the parties as well as churches, aid organizations and the labour movement, Mr. Clark explained that the obvious route was for a public fund-raising drive by interested groups. While this could be seen as a tacit departure from the established policy of political non-interference, officials at External Affairs insist that it should not be interpreted that way. "Direct government assistance is not acceptable and is not Canadian practice", spokesperson Abbie Dann said. "But just about everything else is possible."

In his speech to the House, the Minister said that the challenge facing the ANC is to "level the playing field" as it prepares for formal negotiations with Pretoria. "The government will be able to draw on all the wealth, expertise and resources which apartheid has put at its disposal. The ANC is dispossessed and disadvantaged in these terms.... This is an area where Canada can help." In addition to the usual "humanitarian, education and other programmes" Canada has underwritten for the ANC in the past, "we will look urgently at additional programmes to provide potential leaders of black industry with practical experience in running large corporations in both the private and public sectors."

While maintaining and possibly extending sanctions, Canada also plans to "encourage" President F.W. de Klerk in what Mr. Clark called his "courageous and moderate" push for change. South African Foreign Minister Pik Botha has suggested to Mr. Clark that Canada might be particularly helpful in developing a negotiated solution to the problem. Canada's response has been to assign Ted Lee, the former ambassador to South Africa who now heads the External Affairs legal division, to visit South Africa for consultations with the government, the ANC and other relevant parties. "The nature of the South African challenge has changed," Mr. Clark said. "The opponents of apartheid outside South Africa must be as sensitive and generous in encouraging the process of change as Nelson Mandela has been in leading it."

The Pacific Rim: Challenge and Frustration

Increasingly the focus of the industrialized nations, this region has engineered an unprecedented economic recovery over the past 25 years but an Economic Council of Canada (ECC) economist warns that capitalizing on that development won't be easy for this country. "If it is to have any hope of competing successfully against the United States, Japan and the Pacific Rim countries, it must first substantially improve its productivity and cost performance," says Someshwar Rao, a member of an ECC team that has been analyzing the possibilities. "Canada must also arrest the erosion that is occurring in markets where it traditionally has been strong: resources and agricultural products." The main competition in these sectors is coming mainly from the U.S., China, Australia, New Zealand and the members of the Association of South-East Asian Nations (ASEAN). Japan, followed by Hong Kong, Singapore, Taiwan and South Korea as well as, more recently, Malaysia, Indochina, Thailand, the Philippines and even China have increases their world export markets as they exploited an astonishing ability to assimilate the latest techniques of high value-added production.

Mr. Rao attributes their vigorous growth to several built-in advantages: high savings and investment ratios, an educated and highly motivated work force, well-developed transportation and communications infrastructures, a generally outward-looking perspective, and economic policies tailored to market expansion. Combined with a favourable global economic climate, notably the trend toward trade liberalization, these factors have set in motion a cycle of export expansion, rising productivity, high real incomes, more industrialization and increased investment, all of which reinforce mutual growth. "The result is a remarkable record of output and productivity growth that has led to real &per capitaé incomes rising at a substantially faster pace in these Asian countries than in the United States, Canada and other industrialized countries."

The emergence of the Pacific Rim as a major centre of manufacturing production — from 11.5% of the global market in 1972 to almost 20% today, notably in technology-intensive and high value-added products — offers tremendous trading potential. Canada will continue to benefit from the high-quality, comparatively low-priced goods coming from the Pacific Rim but, on the other hand, many of this country's labour- and medium-technology-intensive industries face increasingly fierce competition in both domestic and foreign markets from the newly industrialized countries in Asia, notably China and Southeast Asia. While Canada and the U.S. absorb almost 40% of total exports from the Pacific Rim, these countries in turn purchase only 20% of their imports from North America. Furthermore, the trade and investment linkages among the Rim countries have grown markedly since 1970; the intra-Pacific region's share in total imports of that part of the world has risen to nearly 50% from 33% over those two decades.

Numbers Are Revealing

A crude comparison of Canada's share of the Asian Pacific Rim's imports by major commodity groups underscores the picture. Mineral fuels, lubricants and related materials, which accounted for just over 1% in 1971, barely topped 2% in 1987. Agricultural products rose from 8.75% to 9.6%, chemicals and chemical products rose from 1.4% to 2.4% and labour-intensive improved only marginally, from about 0.3% to 0.5%. The share held by other key sectors actually declined: resource-intensive manufacturing products to 2% from 2.7%, machinery and transport equipment to 0.6% from 0.9% and miscellaneous manufacturing products to 0.5% from 0.6%. Overall, the Canadian share slipped to just below 2.5% from about 3.6%. The bottom line is that while nearly 50% of Canadian exports to Asia are resources and resource-based, more than 80% of Asian exports to Canada are high-technology goods.

There's no escaping the U.S. dominance of the Canadian export economy in that it absorbed 76% of our merchandise output in 1987 compared with 68.4% in 1971. The European Economic Community's absorption has shrunk to 7.6% from a comparative 14.5% while Japan's has risen to 5.4% from 4.6%, the newly-industrialized Asian countries' to 2.1% from 0.5% and the ASEAN countries' to 0.6% from 0.4%. China's has stabilized at 1.2% and the rest of the world's has shrunk to 7.1% from 10.4%.

Focusing on trade with Japan, Mr. Rao points out that it has risen from $1.7 billion (U.S.) in 1971 to more than $11 billion in 1987. Japan accounts for more than 60% of Canada's exports to the Pacific Rim and yet Canada's performance in the Japanese market has been "disappointing" in that market share slipped to 3.8% from 5.4% over the period under review. An even more telling statistic is that Canada's share of Japanese imports of machinery and other equipment, a sector market by particularly rapid growth, was barely 0.8% in 1987 — unchanged from 1971.

In contrast, Canada has managed a slow but sure increase in its market share of the other Asian countries, to 1.5% from 0.7%. Exports to the newer-industrialized countries such as Hong Kong, Singapore, Taiwan and South Korea grew strongly from only $100 million (U.S.) to $2 billion. Yet, again, Canadian imports increased even more dramatically from barely 1.4% in 1971 to 5% by 1987 and, again, resources and resource-based products dominated the outflow, accounting for 80% of Canada's exports to Taiwan and South Korea in 1987. Trade with countries such as Malaysia, Indochina, Thailand and the Philippines pales by comparison, with no more than 0.6% of Canadian exports destined for these. On the other side of the ledger, imports from these countries have grown steadily, reaching 0.6% of our total merchandise inflow by 1987.

China is traditionally seen as a key trading partner but Mr. Rao notes that while our exports have grown substantially in recent years in absolute terms, our share of the Chinese market has shrunk from 13% in 1971 through 5.7% in 1981 to 3.3% in 1987. "The main reason behind this slide is the United States, which has come to dominate the Chinese market for machinery and other equipment," he says. "Canada, unfortunately, has had little success in broadening its trade base with the most populous nation on earth."