

The effect of the sanctions on Canada has been relatively slight, although some exporters and importers have been more affected than others. The volume of our trade with the former Yugoslavia (sales of \$45 million and purchases of \$71 million in 1991, a drop of 22% and 23% respectively from 1990) was modest, and it is likely that almost all imports from the region were replaced without great difficulty or additional cost. It should be noted that our exports had already declined in the late 1980s to barely over half of what they had been at the beginning of the decade, while our imports had almost doubled to \$74 million, which probably reflected the economic difficulties faced by the former Yugoslavia as it struggled to service a huge foreign debt. At the same time, given the additional economic difficulties caused by the war and the delicate political situation in these republics, our trade volume would have fallen in any event. It is therefore difficult to try to calculate the adverse effects of the sanctions on our economy. The EDC's commitments were also modest — slightly over \$100 million — as was its insurance exposure — under \$10 million. Moreover, these amounts may well be recovered later, when peace has been restored. Lost opportunities are more difficult to estimate and do not represent losses in the same sense as firmly signed contracts. There was no bilateral aid program. Yugoslavia is neither a significant source nor a major user of Canadian technology. In short, the losses were minimal and therefore acceptable — not of a nature to prompt Canada to change its policy on the existing sanctions package.

- Iraq: This is a shining example of a sanctions episode. Sanctions were imposed quickly and on a massive scale. The UN's member states quickly reached near-unanimous agreement on Iraqi wrongdoing and it occurred at a highly opportune time, in the midst of the honeymoon between the USSR and the US. Acting on a Security Council resolution, member states gradually put in place a series of measures intended to isolate Iraq and prevent it from beefing up its military potential, while at the same time preparing for military action to liberate Kuwait if necessary. Canada immediately cut off trade with Iraq and with occupied Kuwait, froze the assets of both governments in Canada, and terminated special business promotion arrangements with Iraq as well as other exchanges. However, as the Secretary of State for External Affairs stated in mid December, 1990, sanctions are, all things considered, necessary but not sufficient to achieve our declared objectives: Iraqi withdrawal from Kuwait and the