

earlier in 1987. Deputy Prime Minister Don Mazankowski told the Commons, "We have been advised that the French government has granted joint exploration permits to two French companies to explore for oil off the coast of St. Pierre-Miquelon. Instructions have been issued to the Canadian ambassador to protest the granting of these permits." Opposition leader John Turner called the diplomatic note a "mealy-mouthed, weak-kneed protest," and said that Prime Minister Brian Mulroney should raise the issue with French president François Mitterrand at the Group of Seven summit in Venice the same week. Mr. Mazankowski replied, "My understanding is that the Prime Minister did meet with Prime Minister [Jacques] Chirac earlier this day. I have not had a report on the outcome of that meeting but I am also sure that this matter would have been raised." Mr. Mazankowski promised to report to the Commons on the outcome of the meeting. The contents of the note were not made public. France claimed a 200-mile limit around St. Pierre-Miquelon, while Canada claimed France had rights only to a 12-mile territorial limit around the islands (*Globe and Mail*, June 10).

An official in the Department of Energy, Mines and Resources said on June 9 that three Canadian companies — Gulf Canada, Mobil Oil Canada and Texaco Canada — had already been granted permits to drill in the area, but had agreed not to until the boundary dispute with France was resolved. Otherwise, he said, any oil or natural gas found under a Canadian permit could be forfeited if the disputed territory were awarded to France.

Outside the Commons on June 9, Transport Minister John Crosbie said, "My guess is that they [the French] have been quite offended or hurt by our barring French vessels from Canadian ports. This is a way they've decided upon to strike a counter-blow themselves." The Minister maintained that the only way to settle the boundary dispute was through arbitration under international law (*Globe and Mail*, June 10).

Prime Minister Brian Mulroney said in Venice on June 10 after meeting with French prime minister Jacques Chirac that the French granting of drilling permits was "not the kind of action designed to be particularly helpful." The Prime Minister had expressed to Mr. Chirac Canada's objections to the granting of the permits (*Ottawa Citizen*, June 11).

On June 11 Energy Minister Marcel Masse said that Mr. Chirac had assured Mr. Mulroney in Venice that there would be no drilling for oil or gas in the disputed waters. Mr. Masse pointed out that the French had issued similar permits in 1966 and that Canada had issued permits the following year. Since 1967, he said, the two countries had agreed to a moratorium on drilling in the disputed waters "and the French government has provided us with assurances that no drilling will take place in the disputed area while the jurisdiction issue remains unresolved" (*Ottawa Citizen*, June 12).

### **Champagne Name Allowed**

Another dispute that had been outstanding since 1975 was resolved during this 2-month period. Mr. Justice W.R. DuPont of the Ontario Supreme Court ruled on July 2 that

French champagne houses had no right to stop Canadian wineries from calling some of their sparkling wines "Canadian champagnes." "Canadian champagne is a distinct Canadian product not likely to be confused or even compared with French champagne," Judge DuPont said in his decision. "The evidence indicates quite clearly that the high regard and reputation of French champagne has not been affected by Ontario sales of Canadian champagne, and remains well established in this province." The judge concluded that even neophyte champagne drinkers would realize the difference between the Canadian and French versions. He noted that one way to tell was "the vast price differential between the two products." Canadian champagne had 1 percent of Ontario's total wine market and French champagne 0.33 percent. During the 1-month trial, lawyers for the French wineries and a French regulating board had contended that only products made in the Champagne region of France could use the word, which they claimed was an "appellation of origin." But Judge DuPont rejected submissions that the Ontario wineries were deceiving the public (*Globe and Mail*, July 3).

## **Japan**

### **Softwood Exports**

On June 9 the Canadian ambassador to Japan, Barry Steers, presented to Japan's minister of construction a technical report on the safety and performance aspects of 3-storey wood platform frame multi-family housing. The report, which resulted from International Trade Minister Pat Carney's November 1986 visit to Japan (See "International Canada" for October and November 1986), was intended to assist the Japanese government in considering the inclusion of such dwellings in Japan's building code revisions. A technical presentation of the report was held in Tokyo on June 11 for Japanese housing officials and urban planners. The report and other subjects related to a wide range of housing issues would be examined at the Canada-Japan Housing Committee in Ottawa in October. Canadian softwood producers were anxious to have Canadian spruce, pine and fir accepted by Japanese housing authorities in order to have a Japanese tariff on the softwoods removed (See "International Canada" for April and May 1987) (International Trade communiqué June 17).

### **Automobile Trade**

On June 15 and 16 Canadian and Japanese officials met in Vancouver for a briefing session on prevailing market conditions. The Canadian negotiators were waiting for their directives, expected later in June, before trying to negotiate a renewal of import restraints. The old agreement had expired on March 31 (See "International Canada" for February and March 1987). The Japanese negotiators were more concerned about policy changes that could affect their Canadian investment and trade strategies than with the state of the market. They also wondered about the effect of a free trade deal between Canada and the US, a June 17 *Globe and Mail* report said.