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Canada and Central
and Eastern Europe

Canada

External Affairs and
International Trade Canada

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As Canada's newly appointed Secretary of State for External Affairs, I take great pleasure in introducing this edition of *Canada Reports* — a magazine devoted to Canadian foreign policy issues.

The 1990s mark an exciting period of challenge and opportunity for the international community as we enter into historic chapters of change in Europe, the Middle East and North America.

This issue of *Canada Reports* highlights Central and Eastern Europe where the walls that have long obstructed East-West relations are coming down and where the region's nations are beginning the transition towards democracy and market economies. In committing some \$2.39 billion to

technical assistance, food and humanitarian aid, loans and debt reduction, trade credits and the European Bank for Reconstruction and Development, Canada is an important partner in this process of reform. As a result, Canada's relations with Central and Eastern Europe are burgeoning in fields as diverse as culture, science and technology, sport, trade, security and the environment.

With the approach of Europe 1992 — the creation of a European Community (EC) Single Market — the spirit of change is also sweeping the EC. The only non-European nation to have signed a commercial and economic co-operation framework agreement with the EC, Canada looks forward to Europe 1992 and an enhanced relationship with its second-largest trading partner.

In another part of the globe, the liberation of Kuwait marks a new chapter in the complex quest for peace and security in the Middle East. A trusted global peacemaker, Canada supported the United Nations' (UN) unprecedented diplomatic, economic and military actions during the Persian Gulf crisis and has contributed the largest contingent to the UN peacekeeping Iraq/Kuwait Observer Mission now active in the region.

Finally, Canada has also taken the lead in environmental diplomacy, recently unveiling its wide-ranging Green Plan to preserve the environment and signing the landmark Canada-U.S. Air Quality Agreement that will reduce acid rain and protect North American air quality.

Together these Canadian initiatives will contribute to a future of revitalized international co-operation. During this era of unprecedented change, I look forward to working with the other nations of the world in building a stronger, more open international community — a process unimaginable only a few years ago.



The Honourable
Barbara McDougall:
Canada's new Secretary
of State for External
Affairs.

The New Europe

The pace and scale of change are unprecedented. All across Central and Eastern Europe entire nations are rebuilding from the ground up, simultaneously launching the construction of democratic societies and market economies.

In framing this new European architecture, the people and reform governments of Central and Eastern Europe are guided by a deep commitment and courageous vision of the future. In this process, the West too is an important architect, and Canada is working hard to help East meet West in a spirit of partnership designed to erase that very distinction.

Charter of Paris for a New Europe: Blueprint for Reform

Historically, the November 1990 Paris Summit of the Conference on Security and Co-operation in Europe (CSCE) will likely symbolize the end of the Cold War and the emergence of a new European order in the history books of the future. Drawing together all 32 countries of Europe (Albania as an observer), the Soviet Union, Canada and the United States, the Paris Summit marked the first time since 1815 that all European nations had gathered to create a co-operative security structure.

From amid the political predictions and countervailing scepticism emerged the "Charter of Paris for a New Europe." With the bold affirmation that they were "no longer adversaries," the participating states pledged themselves to future relations "founded on respect and co-operation" and to a common



PMO / Bill McCarthy

set of guiding principles: respect for human rights and fundamental freedoms; democracy and free elections; the rule of law; economic liberty based on market-oriented economies; social justice; environmental responsibility; and security for all nations.

The charter also initiated the transformation of the CSCE from a series of meetings and agreements to a set of working institutions including, among others, a CSCE Secretariat in Prague and an Office for Free Elections in Warsaw, and established a regular schedule of summits and other high-level meetings.

Also signed at the Paris Summit was the Treaty on Conventional Forces in Europe. The most detailed and far-reaching conventional arms-reduction agreement ever negotiated, the treaty will remove more than 100 000 tanks, artillery, combat vehicles and aircraft from the region stretching from the Atlantic to the Urals; it places equal ceilings

on the remaining deployment of forces in the region and includes strict verification measures.

Architects of Change

Canada's commitment to reform in Central and Eastern Europe was visible early and at the highest levels. In November 1989, Prime Minister Brian Mulroney travelled to the Soviet Union, marking the first such visit by a Canadian Prime Minister in 18 years.

During the trip, 14 bilateral agreements were completed — more than had been signed in the preceding two decades. Chief among these were (a) a declaration of enhanced co-operation in political, trade and economic relations, science and technology, agriculture and culture, and (b) a joint commitment to play an active role in international relations, particularly East-West relations and disarmament.

The close human links between the two nations were highlighted with the announcement that

Prime Minister Brian Mulroney (left) with President Mikhail Gorbachev in 1989: the first visit to the Soviet Union by a Canadian Prime Minister in 18 years.

a Canadian Consulate would be established in Kiev, the capital of the Ukraine. In making the announcement, Prime Minister Mulroney noted the nearly one million Canadians of Ukrainian descent.

Some six months later, President Mikhail Gorbachev paid a return visit to Canada. Reflecting the nations' growing ties, the two leaders discussed successful Soviet delegation visits to study Canada's unrivalled public health insurance system and nuclear reactor safety standards, and agreed to intensify their efforts to further East-West understanding.

Canada is enhancing its relations with all the reforming nations of Central and Eastern Europe. Recently, Joe Clark, Canada's former Secretary

of State for External Affairs, travelled to the Czech and Slovak Federal Republic, the first ever visit by a Canadian Secretary of State for External Affairs, to sign a wide-ranging agreement on cultural, academic and sports relations. From there, Clark flew on to Moscow to discuss strengthening Canadian-Soviet relations in some 12 fields, including a new liberalized trade agreement and enhanced technology transfers. As well, Canada's Deputy Prime Minister and the then Minister of Finance (now Minister of Industry, Science and Technology and Minister for International Trade), Michael H. Wilson, visited Poland in April 1990 to lend support to the process of reform under way there.

Laying the Foundation

The reconstruction of Central and Eastern Europe is of a scope and scale never before imagined possible. Laying the foundation for such a radical metamorphosis is no easy task, but Canada is working towards this goal through both bilateral relations and multilateral forums — a reflection of Canada's long-standing commitment to international organizations.

One of the first to respond to the changes in Central and Eastern Europe was the "Group of 24" (G-24) leading Western industrialized countries, which launched a ground-breaking program of assistance following the 1989 Economic Summit announcement of support for reform in Poland and Hungary. As the wave of reform swept across Europe, assistance was also extended to the Czech and Slovak Federal Republic, Bulgaria, Yugoslavia and Romania.

Canada quickly emerged at the forefront of this initiative with its Program of Co-operation with Poland and Hungary. Totalling \$72 million, the program consisted of support for the Polish (Currency) Stabilization Fund, export credit

insurance, emergency food aid and a \$10-million Economic Development Fund. Under this fund, Canada supported the establishment of the International Management Centre in Budapest, the first private business school in Central and Eastern Europe, now headed by a Canadian dean, and the development of second language training centres in Poland. Of the six nations participating in the latter project, only Canada offers instruction in two languages, English and French.

An innovative spin-off from the Program of Co-operation is the jointly administered Canadian-Polish Counterpart Fund, which sprang from the sale of Canadian food aid to Poland. Among other projects, it has supported training programs for farmers and veterinarians, including working "apprenticeships" in Canada, and Poland's largest rural telecommunications project bringing phone service to over 6000 families.

Responding to the surge of reform across Europe, Canada extended its program of assistance in July 1990 with the creation of the Task Force on Central and Eastern Europe. A centrepiece of Canada's new policy in Europe, the task force administers a \$35-million technical assistance program, co-ordinates public and private-sector initiatives, and encourages the development of broad-based political and economic links.

In the face of crisis conditions throughout much of the region, Canada has also provided emergency food and humanitarian assistance. The Canadian government contributed skim milk powder to Bulgaria for use in public institutions, such as hospitals and schools. Humanitarian aid to Romania from Canadian public and private sources has included provision of critical medical supplies, and hundreds of Romanian orphans have found new homes and families in Canada.

Task Force on Central and Eastern Europe

Partnership is the guiding principle behind Canada's Task Force on Central and Eastern Europe. Its carefully designed technical assistance programs respond to the region's most critical needs and priorities, identified not by Canada but by the recipient nations themselves, by matching them with world-class Canadian partners from all sectors. With a growing reputation as an innovative organization sensitive to cultural differences, the task force is proving truly Canadian in character.

Task force assistance mirrors the two-track process of economic and democratic reform, in recognition that neither can succeed without the other, and emphasizes long-term sustainability. Concentrating on the priority sectors of agriculture, management training, privatization, energy, law and the environment, the task force has launched some 130 projects.

Economic development initiatives among these projects include providing Canadian

energy management expertise to the Czech and Slovak Federal Republic and supporting a Canadian firm that is advising that country on financial markets. The East-West Enterprise Exchange at York University in Toronto, Ontario, offers managers from four nations a combination of intensive academic study and practical internships with leading Canadian firms. Providing complementary support, a Canadian Labour Congress trade union education project with Poland focuses on women's rights and workplace safety.

In support of democratic reform, the Canadian Bar Association's Legal Internship Program allows top lawyers from Poland, the Czech and Slovak Federal Republic, and Hungary to hone their skills in three-month internships with legal firms across Canada. Other task force projects provide administrative "know-how" to municipal governments, further the protection of human rights, and assist in the reform of legal and electoral systems.

Financing the Construction

As in any large-scale construction, building a new European architecture is expensive. Assisting in the difficult transition from centrally planned to market-based economies are World Bank and International Monetary Fund structural adjustment programs. Poland, Hungary, the Czech and Slovak Federal Republic, and Yugoslavia have each negotiated agreements, with similar ones envisaged for Bulgaria and Romania. Canada has contributed a total of \$109 million to the various adjustment programs.

On another front, Canada helped design the March 1991 Paris Club debt-relief package reducing the Polish debt by 50 per cent. As Poland's fourth-largest creditor, Canada is the second-highest contributor per capita.

The Organization for Economic Co-operation and Development (OECD) is also playing a pivotal role in the emergence of new European market economies and their gradual integration into the international economic system. A strong supporter of this goal, Canada contributed \$180 000 to the creation of the OECD's Centre for Co-operation with European Economies

in Transition, which provides specialized policy and technical advice on economic and social issues.

In an entirely new financial forum, Canada is contributing close to \$150 million over five years to the European Bank for Reconstruction and Development (EBRD). Combining traditional features of multi-lateral development banks (technical assistance and project lending) with those of merchant banks, the EBRD will promote the development of market economies in countries demonstrating a commitment to democracy and human rights.

A founding member and eighth-largest contributor to the EBRD, Canada was a leading advocate for the bank's landmark human rights policy and its commitment to environmentally sustainable development.

Trading to Prosperity

Enhanced commercial relations and access to the world marketplace constitute key pillars of Canada's new European policy while also representing an exciting opportunity for Canadian business.

Spearheading Canada's growing commercial ties to Central and Eastern Europe, then International Trade Minister John C. Crosbie led a mission of prominent Canadian companies to the Soviet Union in October 1990. During the trip, Crosbie opened the Moscow office of the Canada-U.S.S.R. Business Council, which boasts some 130 Canadian and Soviet corporate members. Similar bilateral councils promote trade and investment throughout the region.

Canadian entrepreneurs are in evidence everywhere. A McDonald's Restaurant of Canada serves hamburgers just blocks from the Kremlin, and Canada's world-class oil and gas industry has garnered contracts worth \$500 million in the U.S.S.R. alone.

High-tech companies, from the telecommunications powerhouse Northern Telecom to leading-edge computer software firms, are active in Hungary and the Czech and Slovak Federal Republic.

In addition, Canada's aerospace industry is launching remote-sensing ventures in Poland and the Czech and Slovak Federal Republic, and Canadian agricultural expertise and technology are helping to modernize the agriculture industry throughout Central and Eastern Europe.

Facilitating these growing trade links, the Canadian government has signed foreign investment protection agreements with the U.S.S.R., Poland and the Czech and Slovak Federal Republic and is negotiating same with Hungary. Further, it has extended export credits and insurance to most of the region's nations to help finance the sale of Canadian goods and services.

The federal government also sponsors trade seminars and missions, often in co-operation with its provincial counterparts and the private sector. One Canadian investment handbook on business opportunities in Poland proved so successful it has been distributed worldwide at the Polish government's request and is serving as a model for a similar publication outlining how to do business with Hungary.

A New Security

Canada's global reputation as a trusted peacemaker has conferred upon it a special role and

Co-operation in a cold climate: the 1988 Canada-Soviet Polar Bridge Expedition.

responsibility in the framing of new co-operative security.

Responding quickly to the changing reality, Canada hosted the Open Skies Conference in Ottawa in February 1990. Bringing together all 23 foreign ministers from the North Atlantic Treaty Organization (NATO) and the Warsaw Treaty Organization, the historic meeting launched negotiations on a treaty to allow for short-notice flights over each other's territory using unarmed surveillance aircraft. Such flights would be a critical aspect of verifying that all parties comply with military agreements.

Canada has also been an innovative leader in charting a new, more political role for NATO. A champion of the watershed "London Declaration on a Transformed North Atlantic Alliance," which extended "the hand of friendship" to the Warsaw Treaty Organization, Canada has been among the first to translate it into concrete action.

Among other initiatives, Canada enhanced its contribution to the NATO outreach program for Central and East European fellows and will host in the fall



Webber

of 1991 a joint Canada-NATO international seminar on the role of the military in democratic societies.

Beyond Artificial Barriers

As a rule of thumb, experts say that environmental problems are 10 times worse throughout Central and Eastern Europe than in the West. Yet no other realm better illustrates the world's interdependence than the environment, which overarches political and geographic boundaries without distinction. That is why Canada has mounted a campaign to ensure all countries have access to the information, technology and resources essential to the environment's preservation.

Other Canadian environmental initiatives include the donation of high-tech radiation detectors to the Ukraine for use in the area surrounding Chernobyl and a joint Canada-World Bank study on the reclamation of mined lands in the Czech and Slovak Federal Republic.

Warming Relations in a Cold Land

As a northern nation, Canada has a special link to the Arctic. Sharing joint stewardship of the unique land with seven other Arctic nations, Canada's most extensive co-operation has been with the Soviet Union. In November 1989, the two nations signed a series of ambitious environmental agreements

Soviet Union, the United States, Finland, Sweden, Norway, Denmark and Iceland. It hosted a circumpolar Conference on the Protection of the Environment in Yellowknife, N.W.T., in April 1990 and has proposed the formation of an international Arctic Council to deal with shared civilian interests such as the environment, transboundary pollution, indigenous Arctic populations, transportation and cold weather technologies.

Canadian author Josef Skvorecky now receives accolades in the Czech and Slovak Federal Republic where before he had only underground recognition.

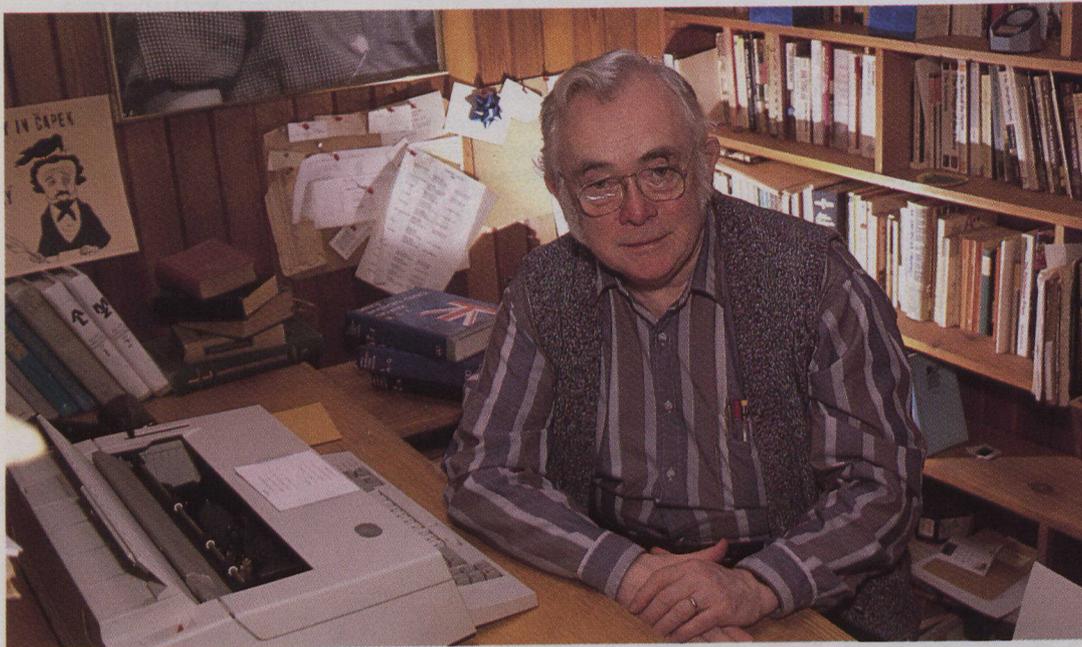
sport, where Wayne Gretzky transformed forever the game of hockey, Canadians of Ukrainian descent have helped build a distinct nation. Canadian literature abounds with gifted ethnic writers such as critically acclaimed Czech-Canadian novelist Joseph Skvorecky and Alain Hovic, a Croatian Muslim and noted Quebec poet. Maryon Kantaroff, child of Bulgarian immigrants, is a pre-eminent artist and sculptor; Peter Gzowski, of Polish descent, a leading journalist; and Professor Vytautas Pavilanis from Lithuania, a world-renowned medical researcher. Czech-Canadian Thomas Bata heads the world's largest shoe manufacturing company, and Andrew Sarlos, a leading Hungarian-Canadian financier, has established an \$80-million development fund for his homeland.

As impediments to direct contacts between people disappear, Canada's ethnic communities are restoring ties to their lands of origin, building on the natural bonds of language and culture. Almost daily, new exchanges, co-operative programs or twinning arrangements are launched in fields as diverse as science and culture, academia and sports.

Into the Future

In the last decade of this millennium, old structures are coming down as new ones go up throughout Central and Eastern Europe. The world has learned that it is easier to tear down than build up, for along the path of reform there have been disappointments, failures and setbacks.

Yet the foundation for change has been laid and from it a new European architecture is rising. The exact dimensions and form of this new Europe will not be clear for many years. The newly erected political and economic structures are as yet incomplete and fragile. Making those structures strong and ensuring the success of reform will demand courage, sacrifice and above all vision, for together East and West are building a framework of the future. As such it is a vision too valuable to be allowed to fail. ♦



Brian Willer

A founding member of the Regional Environmental Centre for Central and Eastern Europe, Canada contributed \$1.5 million to the independent, Budapest-based centre. Fostering environmental protection throughout the region, the centre provides information and expert advice on environmental and health-related issues, promotes environmental education, and develops institutional capabilities in areas such as research, technology transfer and energy management.

providing for joint Arctic research and protection programs and committing both nations to sustainable development.

Another Canadian-Soviet agreement promotes co-operation on a range of civilian interests, including economic development, social and cultural issues, and science and technology. Among its many initiatives are enhanced contacts between aboriginal peoples.

Canada is also actively promoting greater circumpolar co-operation among all eight Arctic nations: Canada, the

The Ties that Bind

At the most fundamental level, Canadian-Central and East European relations are built between people. Virtually no other nation possesses the myriad of personal connections to Central and Eastern Europe that Canada does. One in 10 Canadians traces his or her roots to the region.

It is no surprise then that so many famous Canadians are of Soviet and East European ancestry. From the country's highest political post of Governor General to the world of

Doing Business with the New Europe



There are few assets more valuable in business than having an effective and reliable partner. And throughout Central and Eastern Europe, a growing number of enterprises are finding Canada provides just that kind of partnership.

Through a variety of programs and initiatives, the Government of Canada is supporting the political and economic reforms that are transforming Central and Eastern Europe.

Meanwhile, the Canadian business community is busy working with new partners in the region to provide resources, including capital,

expertise and products, and to set the stage for even more co-operation in the future.

Effective International Framework

Canada has taken an active role in a number of international and supra-European organizations that are channelling funds and assistance to the countries of Central and Eastern Europe. Most notably, Canada has played a part in the creation of the European Bank for Reconstruction and Development, which is key in the revival of the region's economies.

Canada also makes financial contributions to the operating budgets of the International Monetary Fund, the World Bank and the Organization for Economic Co-operation and Development (OECD) — all of which are key participants in reconstructing the economies of Central and Eastern Europe.

As well as being active in establishing an effective international framework for Central and Eastern European economic growth, Canada has signed an extensive range of economic agreements, protocols and memoranda of understanding with individual countries.

Canadian entrepreneurs are already in evidence: McDonald's Restaurant of Canada serves hamburgers just blocks from the Kremlin.

For example, during Canadian Prime Minister Brian Mulroney's visit to the U.S.S.R. in November 1989, a Foreign Investment Protection Agreement was signed. Further, Canada has pledged its support for the U.S.S.R. in its bid to acquire observer status in the General Agreement on Tariffs and Trade (GATT). This country has also taken the lead in granting the U.S.S.R. Most Favoured Nation Status and in eliminating discriminatory

quantitative restrictions maintained by some GATT members against Soviet exports.

In 1989, Canada established a \$72-million program to assist Poland and Hungary that included emergency food aid, short-term export credit insurance, \$25 million in support for the Polish (Currency) Stabilization Fund, and \$10 million for economic development. At the end of May 1990, Canada's former Secretary of State for External Affairs, the Right Honourable Joe Clark, announced that in concert with the "Group of 24" (G-24) major industrialized nations, the program would be expanded to include other emerging democracies in Central and Eastern Europe, including the Soviet Union.

Canada has also extended the benefits of the Generalized Preferential Tariff to Poland and Hungary, thus allowing firms in those countries easier access to Canadian markets.

To encourage Canadian investment in the Czech and Slovak Federal Republic, a bilateral Foreign Investment Protection Agreement and a Double Taxation Agreement have been signed. These agreements make it much easier for Canadian firms to contemplate setting up shop in association with local companies.

Fostering Business Links

A number of programs and services offered by the Canadian government worldwide can be of use to Central and Eastern Europeans wanting to establish business links with Canadian firms.

Lines of credit, for instance, have been made available in the region from the Export Development Corporation — Canada's official export credit agency, responsible for providing export credit insurance, loans, guarantees and other financial services for Canada's exporting community. By

removing concerns about payment, these services assist Canadian firms in planning initiatives with local companies.

The Canadian Commercial Corporation is also playing a vital role in supporting business partnerships throughout the region by acting as prime contractor in export sales by Canadian suppliers to foreign governments and international agencies when a government-to-government arrangement is preferred by both parties.

Recognizing the link between Canadian interests and the ongoing process of political change and economic reform in Central and Eastern Europe, External Affairs and International Trade Canada (EAITC) has established the Task Force on Central and Eastern Europe. The task force provides the framework for co-ordinating public and private-sector initiatives. To support economic reform, this fund provides assistance for activities such as:

- training and development in the agricultural sector;
- the transfer of skills by non-governmental and other public-sector organizations;
- training of business and technical managers;

■ training of auditors, statisticians and financial managers; and

■ pre-feasibility studies on opportunities for Canadian investment in the context of the transition from centrally planned to market-oriented economic systems.

EAITC has recently launched a new program — Renaissance Eastern Europe (REE) — which is specifically devised to help Canadian exporters get a foothold in this market. The program also recognizes the changed and changing market circumstances in this unique region and the local need for models of successful private enterprise.

REE will share certain business development costs associated with market penetration and new forms of business cooperation. But the fundamental objective is to increase trade with the region. Eligible markets include Bulgaria, the Czech and Slovak Federal Republic, Hungary, Poland, Romania, the U.S.S.R. (which has been temporarily suspended) and Yugoslavia.

An approved project is one that demonstrates convincingly that there are future trade and industrial development benefits for Canada. At the

same time, the project must be advantageous to the target market and consistent with the objectives of the development of a market economy and the modernization of domestic industry and agriculture.

The Program for Export Market Development offers Canadian businesses financial assistance to undertake or participate in various trade promotion activities; all activities must be commercially oriented toward export sales. The program makes it much easier for Canadian companies to visit foreign countries to negotiate joint-venture and other commercial activities.

Other government-planned or government-assisted programs include trade missions, which promote the sales of Canadian goods and services; trade fairs; visits funded by governments to identify markets, meet potential agents and distributors, and attend symposia and conferences; and sponsorship of foreign buyers on visits to Canada.

Canada's Partech Lavalin has won more than \$500 million in project contracts in the Caspian Sea basin.



Another initiative is the World Information Network for Exports (WIN Exports) — a computerized international sourcing system. It currently lists more than 24 000 Canadian firms and provides a convenient and straightforward mechanism for determining precisely what Canadian goods are available on international markets at any given time.

Natural Affinities

Asked to identify the countries with the greatest potential for Canada's future exports, Canadians pick Central and Eastern Europe more often than any other market in the world.

The reasons are clear. The countries in the region are opening the doors to private enterprise, and to markets that have been starved of Western technology, management, goods and services for many years. There are strong "natural affinities" between what Canadian business can provide, and what is needed in the region, according to J. Reid Henry, First Secretary (Commercial) at the Canadian Embassy in Moscow. "We are seeing some of the best and the brightest of Canadian entrepreneurs and business people coming to the region," says Henry.

Pursuing Opportunities

Indeed, Canadian business people are demonstrating their keen interest by aggressively pursuing opportunities unfolding in Central and Eastern Europe. In the U.S.S.R., for example, more than 50 Canadian firms have signed joint-venture agreements with Soviet counterparts in the following sectors: pulp and paper, telecommunications, transportation, marine technology, medical technology, micro-computers, energy, livestock enhancement, industrial machinery and construction.



Newbridge
Director General
Alex Volynsky
with his wife
Svetlana in Red
Square.

Canada-U.S.S.R. commercial relations have been dominated by grain sales since the signing of a landmark trade agreement in 1956 and the first exports of the Canadian Wheat Board in 1963. But non-grain sales to the U.S.S.R. are rising rapidly. Sales of semi-finished and finished goods over the period from mid-1989 to mid-1990 increased 65 per cent, to \$77 million from \$46 million.

Oil and gas, mining equipment and services, agriculture and other infrastructure technologies are among the most promising sectors for Canadian firms to work with Soviet partners, reflecting similarities in the geo-climatic conditions of both countries.

For example, the most accessible oil and gas fields in the Soviet Union tend to be extremely sour, as they are in Canada. As a result, a number of Canadian firms are active in the region, including Canadian Fracmaster (oil well fracturing systems), Select Oil Tools (down-hole equipment), Dreco Ltd. (drilling rigs), and Farr Canada. The world-renowned Montreal, Quebec-based consulting-engineering firm, Lavalin International, is involved in the largest projects. Through a subsidiary known as Partech Lavalin, it has already won more than \$500 million in project contracts in the Caspian Sea basin, with more agreements in the making.

Fostering linkages between the Soviet aerospace industry and Canadian companies is also expected to yield great mutual benefits. Leading the way is a Canadian-Soviet joint venture that hopes to put a communications satellite into space and thereby provide teleconferencing in the U.S.S.R. and broadcast television programming into Moscow hotel rooms. Sov Can STAR (Space Trade and Research) is owned by General Discovery Ltd., a Canadian firm specializing in joint ventures with the Soviet Union, and Glavcosmos, a Soviet government agency that designs, builds and launches Proton rockets. A number of Canadian and Soviet government departments and agencies are also involved in, quite literally, getting this project off the ground.

Canada also has substantial expertise and a variety of products to offer the Soviets in the area of computer/telephone system interface. Newbridge Soviet Telekom is the name of a joint venture between the Ottawa-based Newbridge Networks Corp. and the Moscow Telephone Network. Its Director General is Alex Volynsky, whose parents emigrated from Moscow to Canada when he was a child. Now he is back for a three-year stay, working to implement an ambitious marketing plan.

Bullish on the long-term prospects, Newbridge is taking things one step at a time. "Our strategy is to start by selling equipment," says Volynsky, "then to move into technology transfer, training, and ultimately manufacturing here." After one year, Volynsky has seen sales grow to \$10 million — 30 per cent of which are in hard currency.

Focus: Hungary

As entrepreneurial doors fly open across Central and Eastern Europe, Hungary in particular has caught the attention of the Canadian business community. In 1989, Canadian business visits to Hungary increased 80 per cent over the previous year and rose again in 1990 by more than 153 per cent. Canada's embassy in Budapest is receiving a volume of business enquiries second only to the Soviet Union among Central and Eastern European nations.

Hungary has traditionally been a small market for Canada. Two-way trade reached \$50.9 million in 1989, with imports from Hungary of \$44.4 million, mostly in end products and manufactured goods, outstripping Canada's exports of \$6.5 million. Already present are some of the big Canadian names such as Northern Telecom which, through its American subsidiary and an

Austrian partner, has sold a digital telephone exchange to the town of Szombathely.

Some of the best opportunities for Canadian companies to work with local partners may arise in sectors that are not traditionally Canadian. Hungary has an especially strong research-and-development sector, and its advances in medical equipment, pharmaceuticals and sophisticated computer software offer substantial opportunities for the production of commercial goods.

This presents opportunities for Canadian companies that may be in need of assistance in carrying out research and development, and in acquiring new technology at reasonable prices. By purchasing or establishing knowledge-based firms, possibly as joint ventures with Hungarian partners, Canadian companies may gain access to the lucrative West European market as well as

the East. It may even be possible to buy the technology for development and commercialization in the North American market in what one expert describes as "reverse technology transfer." Already, Idée International R&D Inc., a joint venture of Medicor and the Hungarian-Soviet partnership Mikromed, has established itself in Montreal to produce medical analysis equipment.

Management Expertise

Canada's exports to Poland have not been substantial. But there are major opportunities for working together as the country heads off in a new direction. Recently, breakthrough sales in data compressor devices, telecom switches and helicopters have suggested the onset of a new era.

Typical of all countries in the region, the right approach to take towards privatizing state companies is contentious in Poland. But for Henry Hodakowski, the Warsaw-based representative of Montreal's Canampol International Management Inc., "It is all overblown. For foreign companies, as for the Poles, the real issue is not ultimately ownership, but management of these firms."

That is how Hodakowski sees Canadians fitting in. For example, Canampol itself is a multi-disciplinary group of Canadian, American and Polish professionals comprising engineers, chartered accountants, lawyers and managers. The company provides management consulting and marketing services to firms looking to do business in Poland. And the firm is ideally situated to bring Canadian skills to bear on helping to solve Polish problems.

For the moment, major Canadian exports to the Czech and Slovak Federal Republic

are largely asbestos, bovine skins and hides, and to a much lesser extent machinery parts and measuring instruments. But the future offers more alluring prospects. Currently in play are a bid to rebuild and expand Prague airport; a telecommunications contract; a 3-star hotel development; and a municipal wastewater project for Prague.

The process of restructuring and modernizing the economy of the Czech and Slovak Federal Republic is creating new opportunities for Canadian firms in telecommunications, tourism, environmental protection and energy. And the fact that this process is being partly driven by Canadian thinking will certainly enhance the development of close Czechoslovak-Canadian partnerships.

Dr. Jiri V. Kotas is bringing the academic skills he acquired at Carleton University in Ottawa to bear on the very practical task of establishing a taxation and financial services infrastructure. "Our goal is to position the Czech and Slovak Federal Republic as a country where business can easily be done," said Dr. Kotas.

Along with the Western view about how to achieve prosperity, concern about the environment is an idea whose time has come in the Czech and Slovak Federal Republic. "To minimize the hard currency outlay, the government will encourage domestic production of as much environmental production technology as possible," was the assessment of a consultant's study of the situation commissioned by EAITC. "But an enormous input of Western equipment and expertise will also be required, spelling an opportunity for Canadian firms willing to be flexible about terms of payment, and working with local partners."

Indeed, that assessment could stand as a general principle for all Central and Eastern Europe. And Canadian firms are showing they are eager to work with local partners and the Canadian government to take on a host of challenges. ♦



Derek Berwin / The Image Bank

As entrepreneurial doors fly open across the region, Hungary in particular has caught the attention of Canadian business.

The Curtain Rises: Canadian Artists Head East



Ed Ellis

totally surprised that a company as small as ours could produce such a full-length ballet. They are used to having companies of 100. I think the Bolshoi is over 200. We had 30 dancers and 20 extra students," he said.

New Twist to an Old Step

Another Canadian group has taken the concept of coals to Newcastle one step further: the Ukrainian Shumka Dancers arrived in the Ukraine in August 1990 to show how the region's own dances could be done. The President of the Edmonton, Alberta-based group, Darka Cherkawsky, admitted to some trepidation. "But the response was phenomenal," she said.

The second- and third-generation Ukrainian-Canadians were repeatedly congratulated and thanked not only for preserving the culture, but for actually improving on it. Cherkawsky explained that in the Ukraine, under years of authoritarian control, experimentation was frowned upon and consequently Ukrainian dancing had stagnated. It was a revelation, she said, for audiences to see the Canadian troupe use the old standards as a springboard to develop dance theatre by blending stories, characters, themes and comedy.

The 65-member Canadian company was in the Ukraine for 26 days, but the effects of the visit are still being felt. So inspired was one audience member — the Artistic Director of the Kiev Ballet — that he plans to stage a new ballet based on a Canadian selection entitled *Enchanted Love*. As well, Ukrainian dancers and choreographers have since made the trip to

On June 14, 1990, the Royal Winnipeg Ballet became the first major Canadian dance company to perform in East Berlin. With its second appearance at the Komische Opera the next day, it gained the distinction of also being the last.

"Things were changing radically every day," explained Royal Winnipeg Tour Director Mark Porteous, who helped the troupe to rave reviews and packed audiences in Hungary and the Soviet Union as well. "Within two weeks, the Wall was gone and Checkpoint Charlie was gone." So too, in time, was East Germany itself.

East Meets West

The opening up of Central and Eastern European societies has allowed Canadian dancers,

actors, filmmakers and musicians to make contact with audiences — and, perhaps as importantly, with fellow artists — in the region. Exchanges, however, are not yet commonplace. There are still organizational hurdles to overcome, and the difficulty in obtaining hard currency for services rendered means that such trips are rarely profitable. However, many Canadians who have made the effort say that once the curtain rises, the encounter between the New World and the Old is worthwhile.

In the U.S.S.R., the Royal Winnipeg Ballet chose to present *Romeo and Juliet*, with music composed by Peter Ilyich Tchaikovsky. Porteous described it as a big challenge: "It was like bringing coals to Newcastle."

Canada's Ukrainian Shumka Dancers: preserving culture.

Apprehension about how Soviet audiences would receive the Canadian version lasted right through the opening night performance in Leningrad. Artistic Director John Meehan described it as nerve-wracking: "The audience was quiet and attentive, but they never applauded once during the performance or between acts." The suspense ended with the final curtain, which was greeted with thunderous applause lasting eight minutes.

Mark Porteous said the Soviets appeared delighted with the Canadian company's style of dance: "It was a very different style with much more natural, realistic acting than the stylized mime of typical Russian productions. They were also

Edmonton to learn from the troupe, and to teach it some of the old ways.

Like the Royal Winnipeg Ballet and the Ukrainian Shumka Dancers, Les Ballets Jazz was delighted by the packed halls and the standing ovations on its inaugural four-week tour of the Soviet Union this spring. Modern jazz dance is in its infancy there because of years of strict state control of culture, and so the innovative Ballets Jazz company was received with excitement. General Manager Caroline Salbaing says that in many venues the Montreal, Quebec-based troupe was the first foreign company to ever perform. The dancers were particularly impressed, she said, with the audience's custom of coming up on stage during the encores and singling out their favourite performers with bouquets of flowers.

Vancouver, British Columbia-based actress Daphne Goldrick's abiding interest in Eastern Europe began with her first visit to Moscow in 1984 as a member of Canadian Actors' Equity and the Federation Internationale des Acteurs (FIA). Since then, she has returned to the U.S.S.R. three times. Last fall she travelled to Bulgaria as part of an FIA delegation.

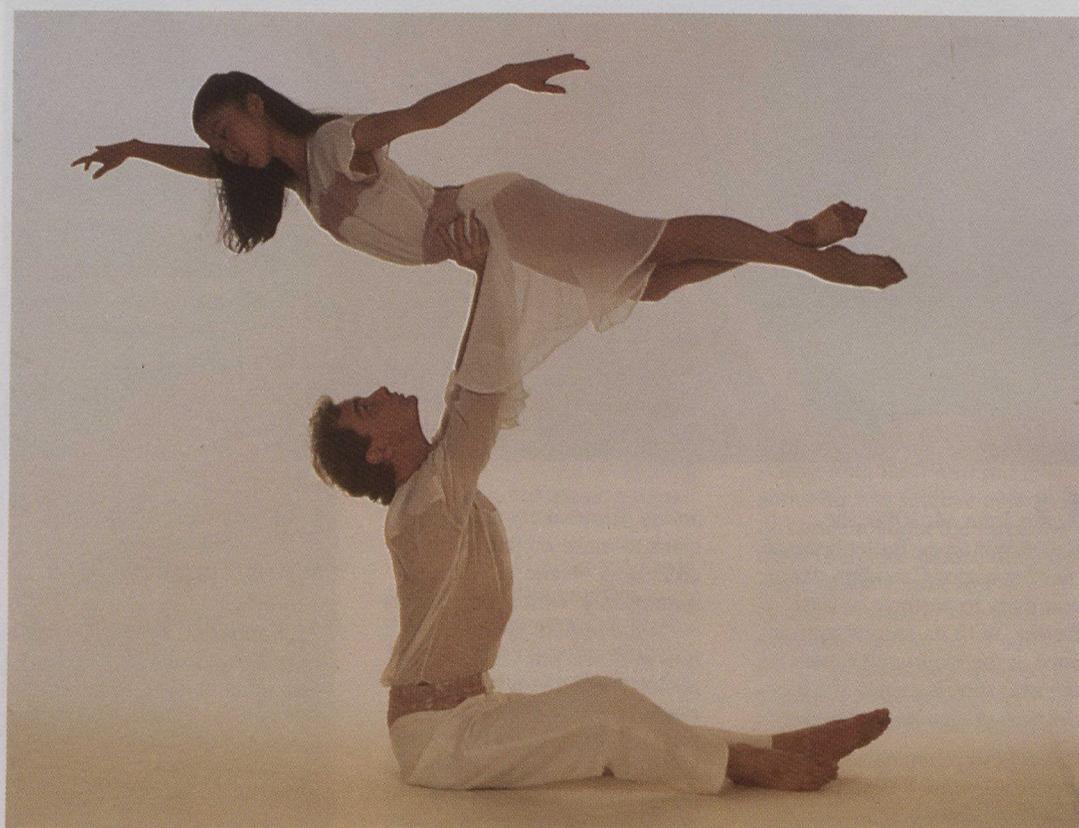
Help from Western Colleagues

The lifting of strict state control over culture has created serious problems for performers, according to Goldrick, because many state financial subsidies have ended as well. It has left performers ill-equipped for the economics of the marketplace and looking to their Western colleagues for help in adapting.

"There was one Russian theatre company in Tashkent," she recounts, "which was having its subsidy cut from 100 per cent that season to 50 per cent the next season to 30 per cent the season after that and finally to no subsidy altogether. They didn't have a clue. So

we started trying to explain to them how the season ticket thing works, how subscriptions work, that you get your money up front from your audience first. They said, 'We wish you could stay and help us.' It was really quite upsetting to see how really cut adrift they were."

In some cases, Canadians offer moral support and advice: in others, they offer more. In Sofia, Bulgaria, Goldrick says, it was a shock to see how poorly equipped the local actors' union offices were. "They have one ancient Olivetti typewriter, two ancient telephones and that's it. So the three Canadian unions have agreed to provide them the money for a computer, word processor and fax."



Ian Westbury

Les Ballets Jazz: delighted by packed halls and standing ovations.

Highest Honour Awarded

For Canadian author Josef Skvorecky, the lifting of restrictions in his country of origin, the Czech and Slovak Federal Republic, has resulted in official recognition and accolades where before there was only underground recognition.

The author, whose works were banned by the previous regime, has since been awarded the country's highest honour, the Order of the White Lion, by his former colleague Vaclav Havel, now President of the Czech and Slovak Federal Republic. An adaptation of one of Skvorecky's novels, *The Tank Battalion*, written after he immigrated to Canada in 1968, is set to become the first privately produced feature film to be made in Eastern Europe in 45 years. Bonton, a film company in Prague formed by a group of independent filmmakers, is producing this humorous take-off on the Communist system.

promote the international use of the state-owned Barrandov Studio — one of the most important film studios in Europe. Barrandov Director Vaclav Marhoul explained the Canadian choice by saying that Canadians have both the business experience and the cultural climate that his country could understand.

Venturing into a New Europe

With the barriers lowered, Canadians in increasing numbers are expressing interest in a Europe previously denied them. For some, it is old, once-familiar ground; for

Others, it is brand new territory. The venture into the Soviet Union, acknowledged Caroline Salbaing of Les Ballets Jazz, could open new markets for companies such as hers. She added, however, that its value was not only in the realm of business. Beyond that, she said, it was an experience that enriched all those involved. Daphne Goldrick concurs: "You always learn from each other. Right? You always learn." ♦

I nternational Sport Co-operation with Central and Eastern Europe

Sport diplomacy is adding a fresh and exciting dimension to Canadian foreign policy and trade promotion in Central and Eastern Europe. Global Teammates, the Canada-Soviet Polar Bridge Expedition and Fit Trek are examples of international sports relations projects launched over the past few years that are creating opportunities for co-operation in a variety of fields.

Global Teammates is a co-operative venture involving the Canadian Olympic Association, the Canadian Jaycees, and External Affairs and International Trade Canada. Its aim is to collect and redistribute abroad second-hand sports equipment. Many Canadians are able to afford a wide variety of top-quality sports equipment and clothing. Indeed, vast quantities of reusable sports equipment are regularly discarded in household and school spring and fall clean-ups. Now this equipment is being sorted and redistributed throughout Central and Eastern Europe. Through Global Teammates, thousands of young Canadians are now able to reach out to their counterparts in this region as well as to make a tangible contribution to the recycling of resources and to international sport development.

One project that captured the imagination of Canadians was the 1988 Canada-Soviet Polar Bridge Expedition — the 3200 km land crossing from the Soviet Union to Canada across the Arctic ice cap. The team covered terrain that is among the most remote, treacherous and unknown on earth and completed pioneering geomagnetic experiments and tests to assess environmental changes in the Arctic and



Webber

evaluate their possible implications. The expedition epitomized cultural co-operation and good-will between Canada and the U.S.S.R. and provided an opportunity for Canadian corporate sponsors to promote their products and services in the Soviet Union. The greatest triumph of the 13-member expedition was undoubtedly the enduring friendship and trust that developed among its participants. Although lacking a common culture or language, the team came together to succeed in a heroic endeavour against great odds. The expedition inspired numerous awards, including the prestigious UNESCO International Fair Play Award.

In 1992, the Canadian and Soviet co-leaders of the Polar Bridge Expedition, Richard Webber and Mikhail Malakov, will head a second Arctic expedition — the Polar Challenge. This will involve skiing some 2200 km from Ward Hunt Island to the North Pole and back. It will be the first round trip to the North Pole without benefit of airplanes, resupplies or electronic navigation. Again scientific, medical and environmental experiments will help

In 1992, Canada and the Soviet Union will undertake a second Arctic expedition: the Polar Challenge.

chart the impact of pollution, climatic changes, stress and extreme cold on life in the far north.

Another highlight in Soviet-Canadian relations over the past few years has been Fit Trek — a unique grassroots program designed to increase fitness participation levels in the U.S.S.R. and Canada through city-to-city fitness challenges. In each of the past three winters, Canadian cities have been twinned with Soviet counterparts in friendly but spirited competition to determine which cities are the most physically active. For every 20 minutes of individual physical activity recorded during the challenge, Canadian and Soviet participants move their cities one kilometre in an imaginary race into space.

Since the first Fit Trek in 1989, more than five million Canadians from 12 cities have covered more than 23 million Fit Trek

kilometres. Fit Trek has also provided a basis for further co-operative ventures between the paired cities in the fields of education, amateur sport, recreation, language studies and business. It has also proven an effective and significant means of improving understanding between Soviet and Canadian communities and cultures.

Sport will continue to be a significant diplomatic asset in Canada's relations with Central and Eastern European countries for some time to come. Projects are under way involving the sharing of Canadian expertise in sport marketing and administration with local sport leaders, the establishment of mass fitness programs in the Czech and Slovak Federal Republic, and the development of co-operative programs in distance education between Canadian and Eastern European physical education faculties. Through sport, doors are being opened and experiences shared, with both Canadians and Central and Eastern Europeans the beneficiaries. ♦

WAR AND PEACE:

CANADA AND THE GULF CRISIS



Vic Johnson / DND

The liberation of Kuwait opened a new chapter in world affairs, as member states of the United Nations joined together to enforce the rule of international law. Canada has long supported the United Nations (UN), and the crisis in the Persian Gulf has added new meaning to both the principles and the power of that institution.

During the Gulf crisis, Canada was active on the diplomatic, economic and military fronts, helping to organize the UN embargo, providing assistance to those people and countries most severely harmed by the Iraqi aggression, and dispatching military personnel and equipment to the Persian Gulf.

In the days and weeks that followed the Iraqi invasion of Kuwait, Canada insisted on

the central role of the UN in resolving the crisis. In particular, this country urged the United States to direct its efforts through the UN, rather than respond unilaterally. Canada also held strongly to the position that military confrontation could take place only after every possibility for a peaceful resolution had been explored.

During the last six months of 1990, Canada was in a key position to observe and influence events, serving on the Security Council and participating in the intensive diplomatic campaign to secure a peaceful withdrawal. Canada co-sponsored virtually all the Security Council resolutions respecting Kuwait.

Immediate and practical action was also taken to assist those innocent people who suffered

from the invasion of Kuwait. In August, the Canadian government quickly announced a \$75-million fund for humanitarian assistance to countries in the region, notably Jordan and Egypt. Canada also contributed military personnel and equipment to the coalition forces in the Persian Gulf: three ships, 26 fighter aircraft, 2500 men and women.

The Search for Peace

The world was witness to the intensity and sincerity of the search for a peaceful and just resolution of the Gulf crisis. There was never any question about the absolute necessity for an Iraqi withdrawal. The application and rigid enforcement of sanctions and the build-up of massive military

Canada's *Terra Nova*, *Protecteur* and *Athabaskan* in the Gulf.

force in the Gulf were accompanied by diplomatic proposals and initiatives from many countries, aimed at averting recourse to military force.

Canadian Prime Minister Brian Mulroney proposed elements for a settlement, which the Secretary-General of the United Nations, Mr. Perez de Cuellar, took to Baghdad. The elements included the identification of a process for settling Iraq's dispute with Kuwait; the guarantee of all borders, including Iraq's; an undertaking to settle the other problems of the Middle East; and, above all, a complete Iraqi withdrawal.

As the world now knows, neither that diplomatic initiative nor any other succeeded, because the Government of Iraq refused to comply.

When Diplomacy Failed

When war finally erupted, Prime Minister Mulroney addressed the House of Commons: "What is happening in Kuwait has direct and substantial effects on Canada's interests. As a country with a comparatively small population, with two superpowers as neighbours, and with our own limited military capacity, Canada's most basic interest lies in the preservation of international law and order.... The question before Canadians now is a simple one: if Saddam Hussein does not withdraw peacefully from Kuwait, and the use of force is required, where will Canada stand? On this simple question of right and wrong, will we continue to support the international coalition or will we stand aside and hope that others will uphold the rule of law?"

Unfortunately, the crisis was resolved by overwhelming force. Canadian Forces personnel played a role in the liberation of Kuwait. The victory, however, has been no guarantee of peace and stability in a region that has suffered from decades of turmoil. If the invasion of Kuwait was symptomatic of underlying contagion, a lasting remedy will not be found in the arsenals of the world.

Canada Joins in the Reconstruction

In the aftermath of the Gulf crisis, Canada and the world have turned their attention to creating lasting peace and security in the Middle East.

The firm resolve of the United Nations enforced the rule of law between nations. Now, the same principles and institutions that brought the liberation of Kuwait are being used

to forge a true and lasting peace across the entire region. Great challenges remain. The world community demonstrated firm resolve in the face of military aggression. The task of creating a stable and secure region has begun.

The scope of the physical reconstruction effort is massive. Many Canadian firms are now busy restoring public services and utilities as well as participating in the longer-term environmental and industrial projects. But reconstruction is being overshadowed by the need to bring peace to the entire Middle East. It may prove much easier to repair Kuwait's infrastructure than to bring the nations of the Middle East together in mutual confidence and tolerance.

Arms Control

It will take time and effort to build a structure of peace and security that allows all the nations and all the peoples of the Middle East to live and prosper together. One key to peace in the Middle East, and around the world, lies in arms control.

Said Prime Minister Mulroney, "One of the main lessons to be learned from this war is the danger to us all of the proliferation of both conventional and non-conventional weapons and of missiles and other high-technology delivery systems.... The world is being given a very expensive and persuasive lesson on how dangerous these weapons are." Canada, in fact, has proposed to the UN Secretary-General that the UN convene a Global Summit on the Instruments of War and Weapons of Mass Destruction. For Canada, the presence of nuclear, chemical and biological weapons anywhere is a time bomb. Said former Secretary of State for External Affairs, the Right Honourable Joe Clark, "The balance of terror is not a portable concept. Mutual Assured Destruction in that region would bring precisely that — assured destruction. Exporting countries must

act to tighten their export controls policies and practices, particularly on missile technology."

Saddam Hussein looked to the world's great powers for the weapons to invade Kuwait, but he sought to justify his aggression with the long-standing grievances of the region. It is clear that Saddam did not act to correct Palestinian injustice, or to restore Islamic dignity or to represent the aspirations of the Third World. The problems, then, remain.

Unity of Purpose

The end of the Cold War has liberated the United Nations and the world from the divisions that compromised its ability to react. The UN has clearly demonstrated its resolve with patience and with action. The same unity of purpose that liberated Kuwait can now help the Middle East region to achieve its full potential, both in human freedom and material prosperity.

Canada stands ready to play its part in that process, when the conditions exist, but the immediate goal must be

International Trade Minister Michael H. Wilson on a recent trade mission to the Gulf states.

security and stability in a region that is still heavily armed with weapons and heavily burdened with the enmities and bitterness of the recent past.

Canada has an enviable reputation for its participation in UN peacekeeping operations around the world. Even before the invasion of Kuwait, Canadian military personnel were on duty in the Middle East, protecting the peace. As laudable as peacekeeping may be, however, such activities, by their very nature, indicate that diplomatic or political means of resolving disputes have failed.

As Mr. Clark pointed out, "Peacekeeping is precious.... But the point has to be made that the ability to stand between combatants who have agreed to stop fighting does not amount to one ounce of deterrence or one iota of ability to stop wars once they have started. What peacekeeping role in the Gulf would exist if Iraq's aggression against Kuwait had gone unchecked? Peacekeeping follows peace-making. It is no substitute."

Canada was asked in the immediate aftermath of the war to form the largest peacekeeping contingent (300 field engineers) to UNIKOM (the United Nations Iraq/ Kuwait Observer Mission).



Michael Sage

Soldiers of Peace

Canada's traditional role as one of the world's most experienced and reliable peacekeepers was upheld when it joined the coalition forces in the Gulf last April after international contributions to the United Nations Iraq/Kuwait Observer Mission (UNIKOM) were announced. Not only was Canada among the more than 30 nations supplying personnel to UNIKOM, but its contingent of 300 was by far the largest, making up one-fifth of the 1440-strong force.

In announcing Canada's contribution, former Secretary of State for External Affairs Joe Clark stated, "Canada has been a firm supporter of the United Nations in its quest for peace and security in the Gulf region. Our willingness to be an active supporter of the UN during the Gulf crisis has in no way diminished our ability to act as peacekeepers."

Clark expressed satisfaction that UNIKOM is the first force in United Nations history to include personnel from all five permanent members of the UN Security Council, an indication of the growing effectiveness of the world organization in dealing with issues of peace and security.

Canada also agreed to a UN request to provide a senior officer to serve as the Deputy Chief of Staff Operations with UNIKOM. The Canadians will serve in the observer force for up to one year.

Deployed within a demilitarized zone straddling the Iraq/Kuwait border, UNIKOM's mandate is to deter violations of the ceasefire agreement, to observe potential hostile activities, and to ensure that there are no military personnel or installations belonging to either country in the zone. Recognizing that the task was made more difficult — and dangerous — by the presence of many unexploded mines and ordnance left over from the Gulf War, the UN asked the Canadian government to provide a military field engineer unit to clear the area and make it safe for the peacekeepers.

It's a job the Canadian Armed Forces are familiar with. They gained experience in Pakistan at the end of the Afghan War, instructing Afghan refugees on ways to recognize and defuse explosive devices.

Within days of the announcement, 250 members of the First Canadian Engineers Regiment of Chilliwack, British Columbia, along with about 50 other members of the Canadian Armed Forces, began departing for the Iraq/Kuwait border. The demilitarized zone is about 200 km long, extending up to 10 km into southern Iraq and 5 km into Kuwait. In addition to clearing the mines and dismantling fortifications, the Canadian UNIKOM members are also building roads and setting up water purification plants.



Facing the Future

The years ahead will test the resolve of the United Nations as it confronts the complex problems of the Middle East. The liberation of Kuwait demonstrated what can be achieved through unity. It is a victory for the United Nations and a victory for world order, and that is what Canada has been working to achieve.

Canadian troops hard at work.

The future may bring peace and prosperity instead of poverty and war to the nations of the Middle East. In large measure, that choice lies with the people of the region and their leaders, but the UN has shown a determination that individual nations will remain free to shape their own destinies without interference from beyond their frontiers. ❖

CANADA GOES GREEN

Last December, Canada announced its wide-ranging Green Plan for a healthy environment — a plan the government promises will be second to none in ensuring clean air, water and land for all Canadians. It commits the government to sustainable use of renewable resources, protection of Canada's special spaces and species, and the preservation of the integrity of the North. More than 100 initiatives are outlined in the plan, ranging from the creation of five new national parks by 1996 to the introduction of a drinking water safety act.

More than 10 000 Canadians Consulted

The Green Plan is the result of massive consultations that encouraged more than 10 000 Canadians to present their views on environmental issues. A series of workshops was held in 17 cities as well as information sessions in more than 40 cities and towns. Recommendations were received from representatives of the provinces and territories, municipalities, industry, unions, environmental groups, youth, aboriginal people, academics, religious organizations and concerned citizens. In the end, the Green Plan adopted some 80 per cent of the more than 500 recommendations that emerged from the consultations.

But consultation is far from over. Later this year, for example, Canadians will be invited to respond to a discussion paper on the use of economic instruments to achieve environmental objectives. These submissions

will help develop a set of national environmental indicators. The government also promises to review the Green Plan with Canadians every year to ensure that the document remains flexible and responsive to new priorities.

Forging Partnerships to Preserve the Environment

Consultation and co-operation, then, are at the heart of the Green Plan. The plan recognizes that restoring and protecting the environment is the concern of every citizen, and its provisions will strengthen existing environmental partnerships and build new ones. Through the extension of the Environmental Partners Fund, for example, communities are encouraged to become involved in clean-up and protective efforts. Indian communities will be assisted in preparing environmental action plans; the Youth Advisory Council on Environment and Development will give advice on programs geared to young people; and Canada's environmental groups will receive more funds for co-operation and exchange of information. The plan will also give Canadians information they may need to make environmentally sound choices in their daily lives.

The importance of co-operation with the private sector in protecting the environment is recognized. Canada cannot

With the Green Plan, Canada has committed itself to becoming a truly "environmentally friendly" country.



have a healthy economy if it is based on a degraded environment; at the same time, environmental programs cannot be funded without a strong economy. The economic climate of the 1990s is competitive, and a key element in maintaining a competitive edge is the ability to participate in the growing market in environmental technologies and services, one of the fastest-growing sectors of the Canadian economy. Indeed, the environmental industry is valued at \$250 billion a year worldwide. For industry and workers, protecting the environment is as much an economic opportunity as a challenge.

To enhance the partnership between government and business, the Green Plan includes the Science and Technology Action Plan, which is designed to further research and development in environmental technology. One initiative under this plan is the Environmental Technology Commercialization Program, under which the Canadian government will offer up to 50-per-cent funding to attract private venture capital for demonstration projects.

Efforts to involve as many interest groups as possible in improving the environment do not stop at Canada's borders. The Green Plan seeks to build stronger international partnerships and bilateral relationships. It promises to increase funding to international environmental institutions, such as the United Nations Environmental Program, the World Meteorological Organization and the International Maritime Organization. The plan also establishes a national secretariat to help Canadians participate in the 1992 United Nations Conference on Environment and Development in Brazil.

Green Plan Initiatives Announced

The government has already announced new programs under the Green Plan to clean up some of Canada's most vital waterways. An initial \$25 million will be provided for the Great Lakes and St. Lawrence River Pollution Prevention Initiative. Other systems, such as the Fraser River in British Columbia, the Red River and Assiniboine River basins in Manitoba and Saskatchewan and the Athabasca River basin in northern Alberta, will benefit from action plans and studies under the Green Plan.

This is just the beginning: the Government of Canada intends to announce more than 100 Green Plan initiatives. In addition to the \$1.3 billion the government spends annually on the environment, the Green Plan will add another \$3 billion in new money over the next six years.

Long-Term Green Plan Goals

One very important goal of the plan is to reduce smog-causing emissions by 40 per cent by the year 2000. To speed things

whereby Forestry Canada, in partnership with landowners and managers, will establish eight demonstration projects across the country. These models will be "living laboratories of sustainable development at its best." In addition, a community-participation program to plant 325 million trees across Canada over five years will help absorb carbon dioxide.

The Green Plan promises a new National Energy Efficiency Act, a potent tool to fight global warming, while adding to the competitiveness of Canada's industrial base. A



In addressing pollution in the Great Lakes-St. Lawrence region, the government will work in partnership with industry, municipalities, business and individuals. These groups will be involved from the beginning in mapping out prevention strategies for their respective sectors.

Canada's Atlantic coast will benefit from a series of initiatives for specific contaminated sites in the four Atlantic provinces. Here again, the government expects a high degree of local participation, in the form of multi-stakeholder steering committees at each of the sites. Green Plan funding in the amount of \$10 million will be supplemented by funds from other partners in the projects.

up even further, the Green Plan will set up an "emission credit trading" program, which will reward companies that reduce emissions ahead of schedule, while punishing those that lag behind.

The centrepiece of the Green Plan for land is waste management. The National Waste Reduction Plan, developed through co-operative efforts of federal and provincial governments, industry and environmental groups, will achieve a 50-per-cent reduction in solid waste by the year 2000.

Central to Canada's plan for the environment is to sustain the country's abundant natural resources. Sustainable forestry, for instance, will be supported by a program

target of eliminating ozone-depleting chlorofluorocarbons by 1997, and a national cap on the sulphur dioxide emissions that cause acid rain (at no more than 3.2 million tonnes annually by the year 2000) are other key Green Plan goals.

Dr. Mostafa Tolba, Director of the United Nations Environmental Program, has stated that Canada's Green Plan is a model for the whole world to study. Canada has certainly committed itself, through this ambitious plan for the preservation of the environment, to become a truly "environmentally friendly" country. 

Accord to Stop Acid Rain Damage

On March 13, 1991, Prime Minister Brian Mulroney and President George Bush signed the Air Quality Agreement in Ottawa. The agreement addresses the transboundary acid rain problem and establishes a means to deal with other air quality concerns, now and in the future. This accord will help guarantee cleaner air and a healthier environment for the people that inhabit North America.

The Acid Rain Threat

Acid rain has caused alarming environmental damage the world over. Since the 1970s, scientists have been linking the death of fish in lakes and streams to acidic fallout from smokestacks and tailpipes. There is evidence that waterfowl populations may also be threatened and soil acidity increased. Acid rain erodes buildings and monuments and may be one of the causes of forest decline. Human respiratory problems may also be linked to acidic emissions.

Acid rain endangers resources such as fishery, agriculture and forestry and causes up to \$1 billion worth of damage in Canada every year.

When acid rain falls, it does not respect borders. Scientists have established that the pollutants that cause acid rain, largely composed of sulphur dioxide (SO₂) from smelting and coal-burning industrial activities, and nitrogen oxides (NO_x) from fuel combustion and automobile exhaust, are carried long distances. Reducing acidic emissions in one country is not enough to stop the problem. In fact, more than half the acid deposition in eastern Canada comes from emissions in the United States.

The Struggle to Stop Acid Rain

The first formal talks on acid rain were held as early as 1978.

The ensuing struggle for recognition of, and action on, the acid rain problem involved three U.S. administrations and five successive Canadian governments.

It was no easy task to persuade the United States that the acidification of lakes and rivers was a real threat caused by airborne emissions and as such could only be solved by bilateral action. Indeed, during the

seven easternmost provinces by 50 per cent by 1994.

It was not until 1990 that the United States put comparable legislation into place. The Amendments to the Clean Air Act signed by President Bush on November 15 included acid rain provisions to reduce annual sulphur dioxide emissions by 10 million tons by the year 2000. The way was now clear

The targets and timetables for the reduction of acid-rain-causing emissions are dealt with in the first annex of the agreement. The annex contains the details of a permanent cap placed on sulphur dioxide emissions in both countries — approximately 13.3 million tonnes in the U.S. and 3.2 million tonnes in Canada. It addresses emissions of nitrogen oxides from factories and power plants,



Bill McCarthy / PMO

early 1980s, the acid rain issue became a "major irritant" between two good neighbours, and the division in public attitude between Canada and the U.S. was dramatic. Acid rain became a household word in Canada. The scientific community, industry, environmental groups, all levels of government and the general public worked in genuine partnership to help stop acid rain.

As it became obvious that U.S. politicians and industry were deadlocked over the need for emission reduction, Canadian political opinion shifted. Instead of waiting for the U.S. to commit itself to pollution cuts before taking action at home, in 1985 the federal government and the seven easternmost provinces agreed to implement the Canadian Acid Rain Control Program. This successful cooperative initiative has as its goal the reduction of total

to achieving an agreement between the U.S. and Canada on acid rain.

The Agreement

The Air Quality Agreement requires both countries to reduce and put permanent caps on sulphur dioxide emissions. It commits them to notify and consult with each other in advance on any activities that could put transboundary air quality at risk. The fulfilment of commitments will be monitored publicly under the auspices of the International Joint Commission. And the agreement contains a means for settling any disputes that may arise. It is a good neighbours' accord, codifying the principle that countries are responsible for the effects of their air pollution upon one another.

Prime Minister Brian Mulroney (left) and U.S. President George Bush: tackling acid rain.

setting out a reduction schedule over the next 10 years. Tighter emissions standards for new motor vehicles are outlined. A second annex addresses cooperative research and monitoring activities in Canada and the U.S. Further annexes will be added as other transboundary air pollution problems, such as urban smog and air toxins, are addressed.

Current scientific evidence indicates that the sulphur dioxide emission reductions outlined in the agreement will stop acid rain damage in Canada. It's a true success story, and a heartening example of how commitment, co-operation, diplomacy and sheer persistence can solve tough environmental problems.

EUROPE 1992: Implications for Canada

There has never been a time when Canadian companies have been more interested in looking for business partners in the European Community (EC). That is because Canadian firms are keenly aware of the need to respond to the creation of an EC Single Market in 1992 by working with EC-based companies to establish joint ventures, strategic alliances, technology transfer programs, and related investment initiatives.

True, Europe 1992 is primarily an internal measure, aimed at sweeping away the remaining restrictions on the movement of goods, capital, services and people to make the EC a truly common market. But the effects of the measure will go far beyond the borders of Europe and will present major challenges and opportunities for Canadian business. Europe 1992 will allow Canadian companies easier access to all EC member states, but may require increasing investment in European operations, or establishing strategic alliances to take full advantage of the new rules. The Single Market will open up new markets for Canadian firms, in telecommunications for example, but will also increase competition in Europe, in third countries and in Canada's own domestic market.

More than 200 000 Canadian jobs depend on trade with Western Europe. Canadian exports to the EC in 1988 totalled \$10.7 billion. There was an annual growth rate of 18 per cent over the preceding two years in what is one of Canada's fastest-growing global markets.

Canada, therefore, has a vital stake in maintaining a fundamentally healthy economic



The Image Bank

relationship with its second-largest trading partner after the United States. Though agriculture and fisheries are two areas where Canada and the EC have differences, overall economic relations are very healthy. In fact, Canada is the only non-European nation to have signed a framework agreement with the European Community on commercial and economic co-operation. The agreement, signed in 1976, encourages industrial co-operation in investment, joint ventures, consortia, licensing, technology transfer and scientific co-operation.

Promoting Canadian Interests

To build on this solid base, External Affairs and International Trade Canada (EAITC) has taken a two-pronged approach to ensure the promotion and defence of Canadian interests in the integrated European market. First, EAITC has refined and augmented its programs of assistance and counselling for the business

community. Second, some major new elements have been added to existing programs.

To help Canadian firms assess the implications of Europe 1992, EAITC has sponsored a series of studies, focusing on how the EC market will change, and on what the effects will be on 12 Canadian industries. Additional sectorally focused reports are being prepared in other areas that offer promise for Canadian business. Together with the provinces, EAITC is also co-sponsoring a series of cross-Canada conferences on Europe 1992, involving high-profile experts from both the Canadian and European public and private sectors.

More than just providing information, EAITC also assists Canadian firms in developing the kind of relationships with EC companies that will enable both sides to benefit. This assistance is provided under the Going Global program, a five-year, \$93.6 million package of initiatives aimed at boosting Canada's trade readiness in the EC and around the world.

Europe's aerospace, automobile, biotechnology, environmental, financial services, food and drink, and information technologies sectors have all been identified as areas that hold particular promise for Canadian firms wishing to expand their European presence. Finding strategic partners in those sectors is particularly useful for small- and medium-sized Canadian firms that cannot afford a strategy of multiple acquisitions. EAITC encourages such companies to find an appropriate EC partner to work with over the long term in such areas as reciprocal distribution arrangements for market penetration (in the case of complementary products), co-operative manufacturing arrangements, and joint efforts in third markets.

EAITC assists Canadian companies in identifying where such an approach makes sense and then draws on the experience and expertise of Canadian trade commissioners in the EC to find the right partner. Strategic alliances can be established through research and development consortia, joint ventures, licensing and/or cross-licensing agreements, cross-manufacturing agreements, co-marketing or joint production. The type of partnership defines the range of benefits.

Science and Technology

Perhaps the most fruitful type of EC-Canadian alliance involves the exchange of technology and/or expertise. And EAITC supports the efforts of firms and research organizations to obtain the most advanced science and technology (S&T) wherever possible, and to bring it back to Canada for development.

Canada has science and technology counsellors posted to missions in the U.K., France, Belgium, Netherlands, West Germany and the European Community to assist Canadian firms and research organizations to establish relationships abroad. There are also seven technology development officers stationed in Western Europe to assist in identifying technologies requested by companies. Financial support is also offered to Canadian companies through the Technology Inflow Program (TIP), which covers a portion of the travel costs for firms visiting potential sources of technology development or exchange.

International scientific and technological co-operation is facilitated through umbrella agreements between Canada, France, Belgium, and West Germany, which set the framework for collaboration. There are also less formal arrangements with the U.K. and Norway, as well as narrower sectoral S&T arrangements between government agencies, both federal and provincial, and their counterparts abroad.

Investment Development

Investment is now the driving force behind international technological advancement and trade. In particular, the integrated Europe initiative has sparked a wave of mergers and acquisitions by EC firms seeking economies of scale, and by Canadian and other non-EC firms wishing to position themselves within the Single Market.

In response, Canada is intensifying its investment development initiatives in the EC, as it strives to capitalize on a key advantage: access to the North American market as a result of the Canada-U.S. Free Trade Agreement. Canada must clearly demonstrate to European business people the benefits of locating in Canada as a site from which to serve North American and global markets.

The Going Global Investment Program (GGIP) is directed at assisting Canadian industry to capitalize on new investment opportunities arising from the economic integration of Western Europe. It is designed specifically to support focused investment promotion initiatives aimed at attracting technology-bearing investment from those regions to Canada.



Weinberg Clark / The Image Bank

Under the GGIP, priority will be given to projects that address the investment needs of Canada's industries; that target specific foreign markets and firms with respect to meeting those needs; and that bring Canadian companies together with those able to meet their requirements.

European companies looking for Canadian firms to work with would do well to attend local trade fairs; under Going Global, EAITC's European Trade Fairs and Missions program has been expanded and upgraded in an effort to increase the number of Canadian companies doing business in Europe. Participation in events in Europe is aimed primarily at increasing sales of manufactured and high-technology products, communications and electronics equipment, forestry products,

automotive parts, oil and gas equipment and agro-industrial products, including fish.

The New Exporters to Overseas (NEXOS) program also targets exporters new to the EC market. The objective is to teach them enough about doing business in a specific European marketplace to make a sound business decision on how best, or whether, to pursue

(EBRD) in London, England, the bank's headquarters. The EBRD has the mandate to facilitate the transformation of the centrally planned economies of Eastern Europe into more liberal free-market systems and to support the development of the private sector in these countries.

EC headquarters in Brussels.

sales there. NEXOS missions normally visit a major European sectoral trade show as part of the program.

Creating a New Europe

Of course, the creation of the Single Market is only part of the larger project under way of creating a New Europe. Canada is not only keenly interested in Europe 1992, but is an active participant in the creation of a new economic infrastructure encompassing Central and Eastern Europe.

After 18 months of planning, much of it involving Canadian input, the inaugural meeting (April 15 to 17, 1991) of the Board of Governors launched the European Bank for Reconstruction and Development

Shareholders in the bank, which has an initial subscribed capital of 10 billion European Currency Units (C\$14 billion) are 41 countries and organizations. Canada, with 3.4 per cent of the shares, is the eighth-largest contributor, ensuring the country a seat on the Board of Directors.

Earlier this year, in announcing Canada's participation in the bank, Minister of Industry, Science and Technology and Minister for International Trade, Michael H. Wilson, stated, "Canadian participation in this bank will help enhance Canadian business access to commercial opportunities in the area. The New Europe will be a dynamic force on the world stage. For Canada, as a major trading nation, it is important that the opportunities this presents not be missed." ❖

INDEPENDENCE 92

Canada has produced its share of heroes. Soldiers and diplomats, athletes and musicians — all have captured the imagination. Two of Canada's greatest heroes, however, spring from a group normally not thought of in that context: people with disabilities. Gallant Terry Fox won the heart of a nation with his one-legged marathon of hope across Canada, raising money to combat the cancer that would soon claim his life. Rick Hansen proved forever the potential that exists in the disabled by his two-year wheelchair trek around the world, covering 34 countries and 40 000 km.

In April 1992, Canada will build on this legacy by hosting Independence 92 — an international congress and exposition on disability. From April 22 to 25, more than 7000 people will gather in Vancouver, British Columbia, at the spectacular Vancouver Trade and Convention Centre with its unique cruise-ship design and soaring five-sail roof. It will be the largest event of its kind ever held in North America, bringing together people with disabilities, policy makers, educators, employers and representatives from service industries. The occasion will also provide an appropriate conclusion to the United Nations Decade of Disabled Persons.

Rick Hansen, chairperson of Independence 92, is articulate in describing its goals: "We would like to influence and create positive changes to ensure persons with disabilities have the opportunity to fully participate in community life. We also envision an opportunity to share experiences, knowledge, ideas and technology

in support of an independent lifestyle for persons with disabilities."

The B.C. Pavilion Corporation, a provincial Crown corporation, is undertaking this ambitious project with the full

in the area of disability, who will hear and discuss more than 200 papers focused on the theme of "Self-Determination by People with Disabilities." They will explore such important topics as how those with disabilities can influence social

ground transportation. The exposition area itself will include wide aisles to accommodate wheelchairs, coded carpeting and signs in large print and braille to aid the visually impaired, and guides to accompany delegates.



Brian Willer

participation of disabled people both in Canada and abroad. To date, an International Advisory Committee includes members from Asia and the Pacific, Africa, Europe and the United States. It will represent a broad cross-section of disabled groups, ensuring that issues relevant to various types of disability will receive attention. The concerns of senior citizens will be included in all areas of the event, as aging populations will likely experience an increase in visual, hearing and mobility impairments.

The congress will consist of about 2700 delegates from up to 80 countries, including some of the world's foremost authorities

policy development, how they can maintain independence both economically and in their daily lives, and how they can actively contribute to their communities as full and equal citizens.

Covering 6500 m² with 277 booths, the exposition will be a marketplace for products geared to improving the lives of those with disabilities. The centre aisles, named Independence Street, will showcase models that integrate the disabled into mainstream society.

These models include a barrier-free home, a fully accessible workplace and classroom, retail shops and

Rick Hansen proved forever the potential that exists in the disabled by his two-year wheelchair trek around the world.

Canada is proud to host such a significant gathering, celebrating a new era of independent living for disabled members of the community. More and more, society recognizes that all its members have the right to be active participants and to realize their full potential. The spirit of Terry Fox and Rick Hansen continues to inspire. ❖

T

he Canadian Constitution: *Charting the Future*

“A solution in search of a problem” — that is how one European observer has described Canada’s constitutional debate. In fact, Canada’s federal system has often been cited abroad as a model of democratic and peaceful national unity, which at the same time respects the country’s distinctive regional diversity.

But political events over the past 20 years or so and public opinion polls in recent months have shown that Canadians themselves believe that the time has come to amend their Constitution. The division of powers between the federal and provincial governments dates back to Canada’s original constitutional document, the British North America Act (1867). As we approach the twenty-first century, Canada and the world face challenges and realities that are vastly different from those that preoccupied Canada’s Fathers of Confederation in the nineteenth century.

Now as a mature nation, Canada is turning its attention to such critical issues as the balance of federal and provincial powers and responsibilities in a complex technological society, the needs and role of the predominantly francophone province of Quebec, Senate reform, and the question of aboriginal self-government.

The latest series of constitutional events has been prompted mainly by the fact that a 1987 constitutional proposal, known as the Meech Lake Accord, was not ratified by all provincial legislatures within a mandatory three-year period. Although there were many and complex reasons for this, according to some observers one of the main reasons was limited public input into the process of developing the Accord, which was negotiated primarily by the Prime Minister and the 10 provincial

premiers. Though there was public debate about it in the federal Parliament, as well as in provincial legislatures, many Canadians expressed a desire to play a more active role in defining a new constitution for their country. Prime Minister Brian Mulroney referred to this in a nationally televised address to Canadians in June 1990: “In the coming months and years, we must

tional amendments but also on such issues as the environment, aboriginal rights, bilingualism and multiculturalism. In addition, the Prime Minister has established a Special Joint

Canada’s former Secretary of State for External Affairs, Joe Clark, is now Minister Responsible for Constitutional Affairs.



find a way to reconcile the need for public participation and open democratic process with the legal requirements now in the Constitution.”

Since then, both the federal and provincial governments have established various committees and commissions to consult Canadians on the nature and shape of constitutional change. One of the most innovative is the Citizens’ Forum on Canada’s Future established by the Prime Minister in November 1990. Made up of 12 commissioners, leading Canadians drawn from a range of fields and professions, the Citizens’ Forum has travelled extensively across the nation. It has met with thousands of Canadian citizens in informal forums to listen to and discuss their ideas about Canada’s future — not only as they relate to constitu-

Committee of Parliament to study the constitutional amending process.

Provincial governments, such as that of Quebec, have been equally active in seeking the views of their citizens and encouraging wide public participation. In January 1991, the governing provincial Quebec Liberal Party released a report on its vision of Quebec and Canada’s future, while a special, non-partisan group — the Bélanger-Campeau Commission on Quebec’s Future — released its report in March 1991 following extensive province-wide consultations. The provinces of Ontario and Alberta have also established special constitutional committees.

On April 21, 1991, Prime Minister Mulroney shuffled his Cabinet, and recognizing

the importance of constitutional matters to Canadians, appointed former Secretary of State for External Affairs Joe Clark — one of Canada’s most senior and respected ministers — President of the Privy Council and Minister Responsible for Constitutional Affairs. Some three weeks later in the Speech from the Throne, (which outlines the government’s key priorities and plans), the government once again highlighted the Constitution, announcing that it would formulate a series of proposals concerning federal and provincial powers and national institutions. In addition, a Joint Parliamentary Committee would be struck to begin consulting Canadians on these proposals in September 1991.

The pace of these consultations and studies is rapid with many — including the Citizens’ Forum, the Special Joint Committee of Parliament and the Alberta Constitutional Committee — having just reported on July 1, Canada’s 124th birthday.

In a speech to the House of Commons on May 15, Prime Minister Mulroney explained the challenge of constitutional change: “...we must find new ways to manage the interdependence of the federal and provincial governments. Federalism is a balance between the need for central authority and the scope for decentralization to meet local aspirations.... The challenge we face is to rebalance our federation, not to throw it out.”

As Canada nears its landmark 125th anniversary, the government is working hard to find that balance and has also announced that it will introduce enabling legislation to ensure that all Canadians have an opportunity to participate in the constitutional reform process of their country. ♣

CROSS CANADA CURRENTS

New Secretary of State for External Affairs

As a result of a recent Cabinet shuffle, Canada now has a new Secretary of State for External Affairs. The Honourable Barbara McDougall, formerly Minister for Employment and Immigration, has taken over the External Affairs portfolio from the Right Honourable Joe Clark, who held the post for the past six and a half years, longer than any minister since the Right Honourable Lester B. Pearson.

Born in Toronto, Ontario, Mrs. McDougall was first elected to the House of Commons in September 1984. That same month she joined the Cabinet as Minister of State for Finance; two years later, she was appointed Minister of State for Privatization and Minister Responsible for the Status of Women. That same year, Mrs. McDougall was appointed Minister Responsible for Regulatory Affairs.

In March 1988, she became Minister of Employment and Immigration and continued to serve as Minister Responsible for the Status of Women. Some of her accomplishments as Minister of Employment and Immigration include major reforms to the Unemployment Insurance Act, the creation of the Labour Force Development Strategy and the introduction of Canada's first five-year Plan for Immigration and Refugees to Canada. Following the Cabinet shuffle of April 1991, Mrs. McDougall became Secretary of State for External Affairs and chairperson of the Cabinet Committee on Foreign Affairs and Defence Policy.

Before entering politics, Mrs. McDougall received a Bachelor of Arts degree in Political Science and from 1964 to 1974 was an investment analyst. She became investment manager for the North West Trust Company of Edmonton in 1974, and in 1976, Vice-President of A.E. Ames and Company Limited of Toronto. Throughout this period, Mrs. McDougall was also a business journalist and commentator for national magazines, newspapers and television.

Joe Clark is now the Minister Responsible for Constitutional Affairs and President of the Queen's Privy Council for Canada. Mr. Clark leaves External Affairs at a high point, after winning praise at home and abroad for his efforts to find a diplomatic solution to the war in the Persian Gulf.

Other changes in key Cabinet positions see Michael H. Wilson — Canada's longest-serving finance minister — moved to become both Minister of Industry, Science and Technology and Minister for International Trade. Mr. Wilson is Canada's representative at the U.S.-Canada-Mexico free trade negotiations.

Deputy Prime Minister Don Mazankowski is now the new Minister of Finance.

Flanola?



Grant V. Paine / The Image Bank

Even though they cannot swim or live underwater some canola plants may soon have something in common with flounder, a fish prevalent in the icy waters of the north Atlantic. A team of Canadian researchers hopes to transplant the antifreeze gene that keeps the flounder from freezing into the canola plant — an oilseed crop that is often damaged by unseasonable frosts.

Scientists have known for years that flounder produce an antifreeze protein during winter months. Adrian Cutler, Mohammed Saleem and Fawzy George, researchers from the Plant Biotechnology Institute in Saskatoon, Saskatchewan, wondered whether the same protein could work in plants.

Early experiments showed that when the protein was induced to penetrate the leaves of the canola plant, the freezing temperature was lowered 1.8°C. In later genetic experiments, the

Canola: an oilseed that is often damaged by unseasonable frosts.

researchers discovered that the flounder gene associated with the antifreeze, when introduced into the plant, causes the plant to manufacture its own antifreeze protein.

Canola crops bring in more than \$900 million to Canada's Prairie provinces, and any attempts to prevent damage due to spring or autumn frosts is worthwhile. Dr. Cutler says the technology will help to alleviate the frost problem with no toxic effects and without altering the taste of the plant.

The team's work holds promise for other crops, such as Florida citrus. According to Dr. George, "The sky is the limit — virtually any crop that is frost-sensitive could benefit."

The Push for an Integrated North American Market

Canada will open a new door to economic opportunity if it is successful in negotiating a new free trade agreement with Mexico and the United States. The government decided last February to take part in negotiations aimed at creating a 360-million-strong, integrated North American market. From Canada's point of view, the proposed trade pact will be one in which all three countries can hone their skills to better take on the demanding competition of today's global economy.

The push for a North American Free Trade Agreement, or NAFTA as it's been dubbed, is a strong manifestation of Canada's long-standing internationalism. Far from seeking an inwardly protective trade arrangement, Canada brings to the North American bargaining table the open-market principles it has been pursuing at the Multilateral Trade

Negotiations (MTN) during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). Canada is strongly committed to removal of trade barriers worldwide and will push that principle wherever it has a chance of success. That is one of the reasons Canada agreed to join Mexico and the United States in these negotiations.

In late April, in his first speech as Minister for International Trade, Michael H. Wilson said that the Canada-United States Free Trade Agreement (FTA), the MTN and North American free trade talks "are complementary, not competitive.... They flow from the same reality, the same logic, the identical requirements for access to larger markets that sustain our competitiveness and build our prosperity."

The decision to participate in the negotiations was not taken without an examination by the

government of the opportunities a NAFTA would contain. The benefits of an agreement are expected to be threefold. First, it will equip Canadian industry to be more competitive on the North American continent and beyond. The bigger market will allow Canada to achieve new economies of scale and specialization. Second, the Mexican market itself will be open to Canadian industry. Though Canadian trade with Mexico is relatively light at present, amounting to little more than \$2 billion both ways, the Mexican market is poised for expansion because of the strong, free-market reforms of the government of President Carlos

Mexican President Carlos Salinas (left) and Prime Minister Brian Mulroney in Canada's House of Commons.

Salinas. Finally, a NAFTA will help Canada remain an attractive place to invest. Investing in Canada will mean automatic access to all three continental markets.

In promoting the proposed agreement, Wilson said that the more competitive an economy is, the better able it is to trade. And trading successfully in a highly competitive world encourages disciplines that strengthen the economy at home. If successful, the North American free trade negotiations will make a significant contribution to the competitiveness of the Canadian economy.

A Nobel Achievement

Dr. Richard Edward Taylor, a native of Medicine Hat, Alberta, has become the first Albertan and sixth Canadian to win a Nobel Prize.

Dr. Taylor's Nobel Prize in Physics will be shared with two other physicists for their work on a series of historic experiments between 1967 and 1973 at Stanford University in California. The experiments proved that matter is made up of basic building blocks called quarks.

The significance of the discovery has become more apparent with every passing year and is now regarded as the most important discovery in twentieth century subatomic physics.



P.M.O./ Bill McCarthy



Canapress

Amid symphony music, smoke and lasers, CANADAIR Aerospace Group rolled out its new Regional Jet earlier this spring, full of optimism that the product will sell despite the disastrous state of the airline industry. More than 2000 people attended the glittering ceremony, among them Prime Minister Brian Mulroney and Quebec Premier Robert Bourassa.

CANADAIR, a unit of the Montreal-based transportation giant, Bombardier Inc., began the Regional Jet project back in 1989. Essentially a stretched version of the Challenger executive jet, the RJ, as it is known, will fill the niche between tur-

boprop planes and those having more than 100 seats. The 50-56 seat aircraft is the only twin-engine commercial airliner on the market with fewer than 100 seats, and with a price tag of \$16.5 million it is also the least expensive jetliner available.

Tom Appleton, executive vice-president of the Regional Jet Division, says the company has more than 100 orders and commitments already for the jet, among them DLT, an affiliate of the German carrier Deutsche Lufthansa. Other customers include major North American and European carriers.

Over the next decade, the world market for commuter aircraft is expected to be around 1200, and with its unique jetliner, CANADAIR fully expects to gain 40 to 50 per cent of that business.

CANADAIR's RJ hopes to corner the world market for commuter aircraft.

"Great Canada '91" Celebrates Opening of New Canadian Embassy

Canada Day, July 1, in Tokyo, heralded the start of Great Canada '91 — a two-week festival of Canadian dance, music, art and film to commemorate the opening of the new Canadian Embassy.

Great Canada '91 was the first cultural exchange of this magnitude between Japan and Canada, both of whom are important trading partners in the Pacific Rim group of nations. The festival was organized by the Great Canada '91 Organizing Committee, under the auspices of External Affairs and International Trade Canada, the Japanese Ministry of Foreign Affairs, the Japanese Agency for Cultural Affairs, the provincial governments of Alberta, British Columbia, Ontario, and Quebec, and the Federation of Economic Organizations (Japan-Canada Economic Committee).

Participating in the festival were more than 160 artists and entertainers from across Canada, including a full-length touring production of the Charlottetown Festival's *Anne of Green Gables*, Montreal's Les Grands Ballets Canadiens, and concerts by the Vancouver Symphony Orchestra.

In a program devoted to modern dance, Margie Gillis, a modern dance choreographer and performer from Montreal, appeared at the Canadian Embassy Theatre. Gillis was the first performer, teacher and lecturer to introduce contemporary dance in China after the Revolution. She has also toured in other Far Eastern countries, including Japan.

The 32-voice Calgary Boys' Choir, under the direction of Douglas Parnham, also performed at the festival. The

choir has won more than 30 First Place Awards in the Kiwanis Music Festival, plus Best Overseas Choir in 1982 and again in 1986 in the Bournemouth Music Festival in Great Britain.

After 26 years of performing across Canada and on international stages, the Orford String Quartet gave its last six international performances at Great Canada '91. Three other world-renowned Canadian musicians — pianists Louis Lortie, André Gagnon and Angela Hewitt — gave concerts to rave reviews.

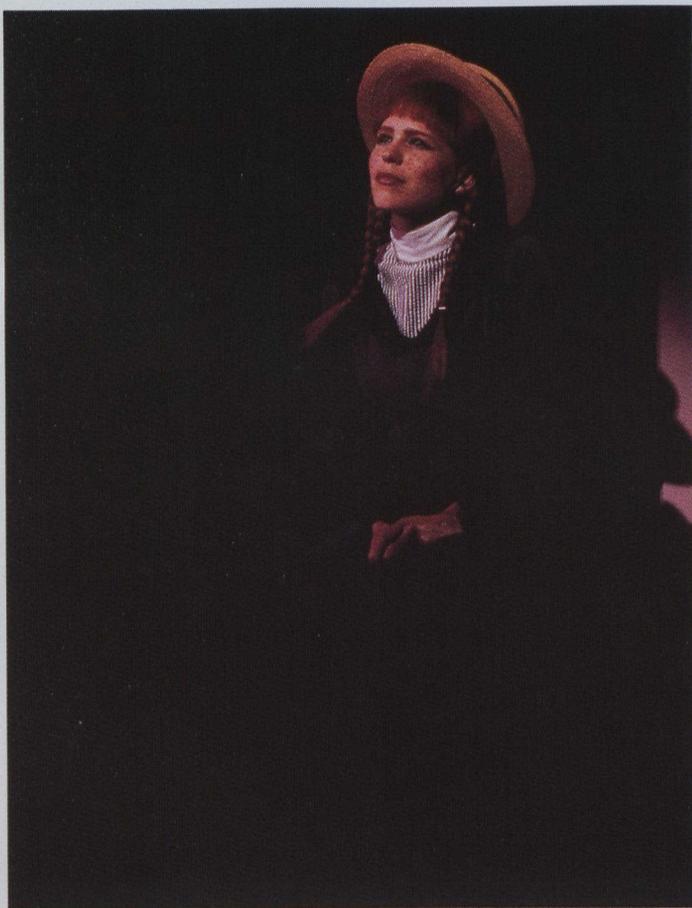
Two significant visual arts projects that were well under way before coming under the umbrella of the Great Canada '91 Festival were exhibitions by Geneviève Cadieux and Alan Belcher. Cadieux, who was Canada's sole representative at the Venice Biennial in 1990,

created a large new photographic work, using the latest photographic technology available in Japan, for the Sagacho Exhibit Space, the leading alternative gallery in the country. For his exhibition, Belcher created a large, spiral-shaped installation entitled "Condo Tokyo '91." It is constructed of concrete cinder blocks, overlaid with colour-laminated photographs taken by the artist in Tokyo.

Canada's native Inuit artists also played an important part in the festival. On exhibit throughout the festival were works drawn from the collections of the McMichael Canadian Art Collection in Kleinburg, Ontario, and the University of British Columbia Museum of Anthropology in Vancouver, British Columbia.

Films were also a component of the Great Canada '91 festival. Among those films presented were *Deep Sleep*, directed by Patricia Gruben; *Company of Strangers*, directed by Cynthia Scott; and *Perfectly Normal*, directed by Yves Simoneau. All three were received with great enthusiasm by Japanese film critics, representatives of the film industry and the general public.

"This extraordinary initiative, undertaken in the Great Canada '91 cultural festival, was designed to create stronger ties between our two countries," said Royal Trust Chairman Hartland MacDougall, who is chairperson of the Japan Society. "It will demonstrate not only the breadth of artistic achievement in Canada, but will also open the doors to the further exchange of ideas, goods and services in the future."



Preparing for Brazil 1992

When the United Nations Conference on Environment and Development (UNCED) opens its doors in Brazil on June 1, 1992, it will — in many ways — bear an indelible Canadian mark. With two preparatory conferences under their belts, and two more to go, Canadian officials have already left their imprint, after spending many intensive months in negotiations and preparations for the so-called "Earth Summit."

With the expected attendance of up to 160 world leaders (including Canadian Prime Minister Brian Mulroney) plus delegations, industry representatives and non-governmental organizations (NGOs), it is clear that the logistics and

protocol alone for UNCED will be extremely difficult. Add to that the ambitious agenda and high hopes for concrete results on many environmental issues that have never before been subject to international negotiations, and the organizational task becomes colossal.

The agenda for UNCED itself and for all the preparatory conferences (Prepcoms) leading up to it includes protection of the atmosphere, land, and fresh and salt water resources; conservation of biological diversity; management of biotechnology and hazardous wastes; containment of toxic products and wastes; climate change; human health; poverty; and environmental degradation. These issues are being looked at both individually and cross-sectorally.

One of Canada's successes in the first two UNCED preparatory meetings has been to help make NGOs more accepted in the pre-UNCED negotiating process, reflecting the Canadian government's policy of forging government/private-sector partnerships to tackle the difficult environmental agenda ahead.

At the first Prepcom in Nairobi, and again at the second in Geneva, Canada included as part of its official delegation NGO representatives from native, youth, environmental, development and industry groups. At the Geneva Prepcom in March and April, Canada played a key role in facilitating accreditation for the 170 NGOs from around the world that attended the meeting and was notable for

covering the costs of most of the developing country non-governmental groups.

At that meeting, Canada, along with Australia and New Zealand, won plenary support for their proposal that indigenous people make a specific contribution to the UNCED process, because of their abilities to use natural resources in a sustainable way.

Another indirect Canadian contribution to the "Earth Summit" is its Secretary-General, Maurice Strong. A long-time worker for the United Nations in the development and environmental fields, Strong has said, "The primary goal of UNCED will be to lay the foundation for a global partnership between developing and more industrialized countries, based on mutual need and common interests, to ensure the future of the planet."

The next preparatory meeting for UNCED takes place in Geneva, from August 12 to September 6.

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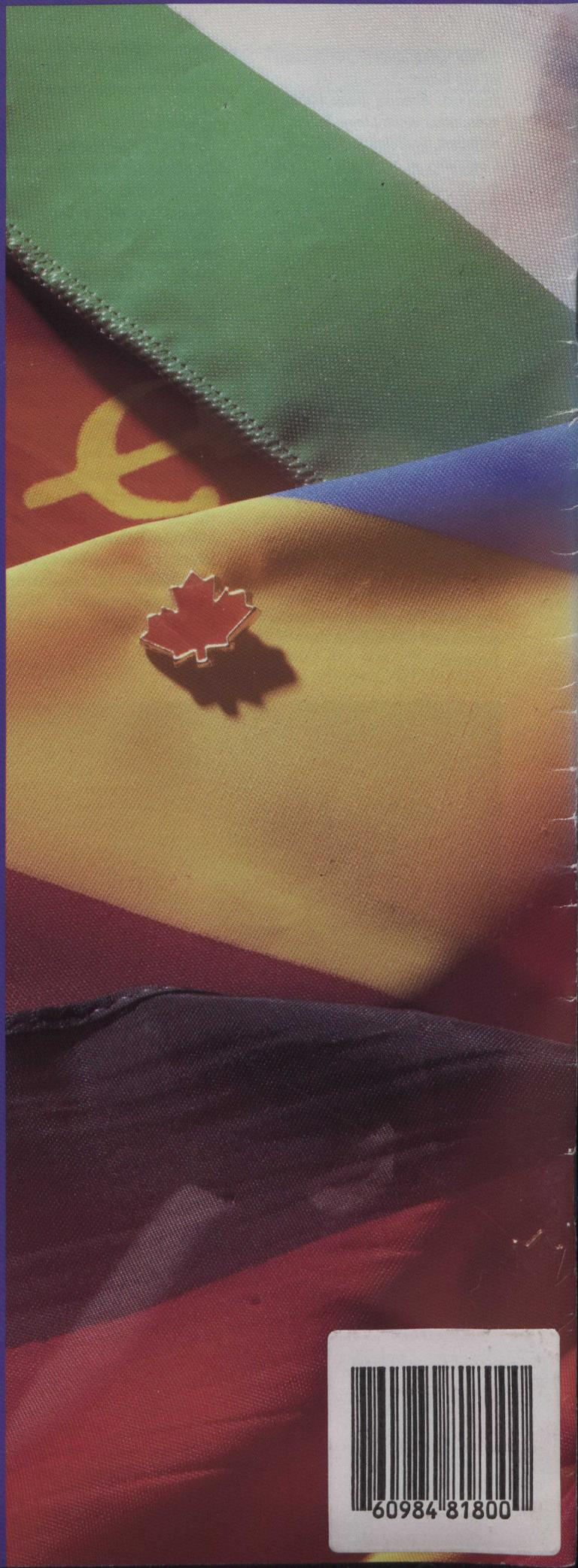
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Great Canada '91 included presentations of the Charlottetown Festival's *Anne of Green Gables*.



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