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EDC LOAN TO CHINA

Some recent commentary in the press has suggested that the recent Export Development Corporation loan to Northern Telecom in support of their sales to China represents a deviation from Canada's previously announced policy response to the tragic events of June, 1989 in Beijing. This is not the case. My statement of June 30, 1989 stated that the existing links between Canada and China forged by government, industry and academics should be preserved to the extent possible; that new elements in the relationship should focus on people-to-people exchanges; and that programs which benefit or lend prestige to the hard-line policies of the Chinese Government should be avoided.

We see no gain to the cause of reform in China to be had from a policy which is "anti-China". A poorer and more isolated China is not in the broad interest of the Chinese people. The equipment being sold by Northern Telecom will enhance the ability of the Chinese populace to communicate amongst themselves, and with the outside world.

In reviewing this loan proposal we took into consideration whether the military or state propaganda apparatus could make use of this telephone switching equipment. We think that it is a minimal risk and are conscious of the important role that telecommunications played and plays as it allows Canadians and others outside China to communicate directly with people in China as events unfold. This equipment's function is to improve telephone links in the interior of China and with the outside world. It is my view that the spread of modern communications and transport has generally served to advance the opportunities for populations to exchange information and to compare views. We have seen elsewhere in the socialist world that the modernization of these societies can serve to advance political change.

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Secretary of State
for
External Affairs

Secrétaire d'État
aux
Affaires extérieures

Canada

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The criteria for EDC loans remain as stated in my June 30, 1989 statement and all loans must continue to meet these requirements.

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