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TO ALL CANADIAN POSTS COLLECTIVE

S E C R E T STATE 015747

OFFICIAL INFORMAL

E.O. 12958: DECL: 01/24/07

TAGS: AMGT, CA

SUBJECT: OFFICIAL INFORMAL - DAILY ACTIVITIES REPORT
- JANUARY 23-24, 2001

FOR AMB, DCM, POL AND ECON FROM DIRECTOR MASON

CLASSIFIED BY WHA/CAN DIRECTOR NANCY MASON.
REASON 1.5.(D).

1. (U) ACTIVITY REPORT, JANUARY 23, 2001

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2. (U) GRAHAM DISCUSSES CUBAN <<DETAINÉES>> AND U.S.
- RELATIONS:

IN HIS FIRST PRESS INTERVIEW SINCE BECOMING FOREIGN
MINISTER, BILL GRAHAM ENDORSED THE U.S. DECISION TO HOLD
THE AFGHAN <<DETAINÉES>> IN CUBA. GRAHAM NOTED THAT MANY OF
THE <<DETAINÉES>> COULD HAVE POSED A THREAT TO CANADA AND
ADDED "FROM A PURELY HUMANITARIAN POINT OF VIEW, I THINK
THE <<DETAINÉES>> ARE PROBABLY BETTER OFF ON A CUBAN BASE THAN

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THEY WOULD BE IN A PRISON IN <<AFGHANISTAN>>." HE SAID CANADA WOULD CLOSELY MONITOR THE <<TREATMENT>> OF THE <<DETAINEES>>, BUT NOTED THAT "I THINK THAT THE <<UNITED>> <<STATES>>, IN SPITE OF THOSE EARLY COMMENTS BY MR. RUMSFELD, HAVE RECOGNIZED THAT [THE <<DETAINEES>>] ARE GOVERNED BY INTERNATIONAL RULES."

COMMENTING ON U.S./CANADIAN RELATIONS, GRAHAM SAID, "I THINK WHERE WE CAN BE HELPFUL WITH THE U.S. IS PRECISELY IN SAYING TO THEM THEY ARE WRONG ABOUT SOMETHING." HE ADDED, "CANADIANS WANT OUR RELATIONSHIP WITH THE U.S. TO WORK, BUT THEY DON'T WANT IT TO DETERMINE ALL OF OUR FOREIGN POLICY." GRAHAM EMPHASIZED HIS DESIRE TO ENHANCE CANADA'S TIES WITH LATIN AMERICAN COUNTRIES AND DESCRIBED CANADA AS "A GLOBAL PLAYER." GRAHAM PROVOKED SOME CRITICISM BY DESCRIBING CANADA AS A SOCIETY "WHERE WE ARE ABLE TO BE MORE TOLERANT WITH ONE ANOTHER THAN THE AMERICANS EVER HAVE HAD TO DO." OPPOSITION FOREIGN AFFAIRS CRITIC BRIAN PALLISTER CALLED GRAHAM'S REMARKS "EMPTY RHETORIC" STATING "LET'S STOP PRETENDING WE ARE MORALLY SUPERIOR TO OUR FRIEND AND ALLY TO THE SOUTH." PC
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LEADER JOE CLARK NOTED "WE HAVE TO BE VERY CAREFUL... .NOT TO LECTURE THE AMERICANS, AND THERE WAS THE ECHO OF A LECTURE IN MR. GRAHAM'S REMARKS." (MCCULLA/PRESS)

3. (U) DPM MANLEY VISITS INDIA AND PAKISTAN.....

AT THE HALF WAY POINT OF HIS NINE-DAY SOUTH ASIA TRIP, DEPUTY PRIME MINISTER JOHN MANLEY CALLED ON PAKISTAN TO TURN OVER TO INDIA 20 SUSPECTS IN THE ATTACK ON THE INDIAN PARLIAMENT. MANLEY TOLD THE PRESS HE WAS "VERY ENCOURAGED" BY HIS TALKS WITH PAKISTANI PRESIDENT MUSHARRAF AND INDIAN PM VAJPAYEE. MANLEY SAID THE INTERNATIONAL COMMUNITY NEEDED TO BE READY TO HELP RESOLVES THIS CONFLICT, BUT THAT "NEITHER COUNTRY IS LOOKING FOR A MEDIATOR AT THIS POINT." MANLEY PROCEEDED WITH THIS LONG-PLANNED TRIP DESPITE THE APPOINTMENT OF BILL GRAHAM AS FM BECAUSE THERE WAS NOT SUFFICIENT TIME TO PREPARE GRAHAM FOR THE TRIP. (MCCULLA/PRESS)

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5. (U) CONCERNS ABOUT RADICALISM IN MONTREAL'S ISLAMIC

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- COMMUNITY:

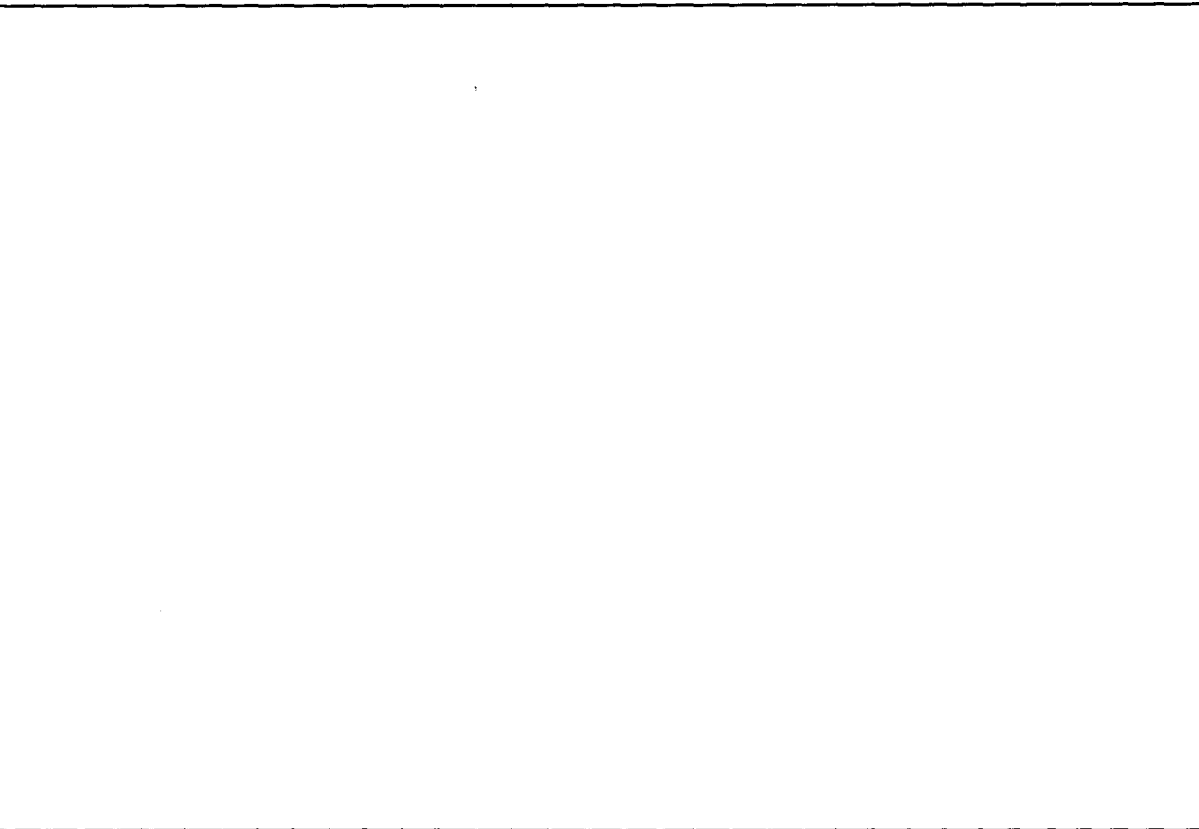
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CONSULATE MONTREAL REPORTS GROWING CONCERNS AMONG LOCAL
OBSERVERS OF INCREASING RADICAL ANTI-U.S. RHETORIC IN
PARTS OF MONTREAL'S 100,000 STRONG ISLAMIC COMMUNITY.
THERE ARE SOME INDICATIONS OF INCREASED FUNDING FROM
ABROAD, ESPECIALLY OF CAMPUS ISLAMIC GROUPS.
(MCCULLA/MONTREAL 55)

6. (U) DEPUTY TRADE MINISTER COMING TO TOWN NEXT WEEK:

CANADA'S DEPUTY MINISTER OF INTERNATIONAL TRADE, LEONARD
ROGERS, WILL BE IN WASHINGTON JANUARY 28-30. THE CANADIAN
EMBASSY IS SEEKING MEETINGS WITH U/S LARSON, EB A/S WAYNE,
COMMERCE U/S FOR INTERNATIONAL TRADE GRANT ALDONAS, DEPUTY
USTR ALLGEIER AND GARY EDSON AT NSC. LIKELY TOPICS
INCLUDE SOFTWOOD LUMBER, WHEAT, BIOTECH, FTAA AND G-8
PREPARATIONS. (RUNNING)

7. (U) ACTIVITY REPORT FOR JANUARY 24, 2002



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10. (SBU) CANADIAN ECONOMY LIKELY TO REMAIN WEAK UNTIL
NEXT YEAR:

EMBASSY OTTAWA PREDICTS CANADIAN ECONOMIC GROWTH WILL BE A SCANT 0.6 PERCENT IN 2002 BEFORE RISING TO 3.0 PERCENT IN 2003. IT ESTIMATES THE FINAL FIGURE FOR 2001 GROWTH WILL BE 1.5 PERCENT FOLLOWING RELEASE OF FOURTH QUARTER STATISTICS, EXPECTED TO SHOW A SECOND CONSECUTIVE QUARTERLY DECLINE. THE DOWNTURN IS CONCENTRATED IN MANUFACTURING AND IS LARGELY ATTRIBUTABLE TO THE FALLOFF IN U.S. AND GLOBAL DEMAND, BORDER DELAYS OWING TO HEIGHTENED SECURITY, AND LOWER COMMODITY PRICES. PRIVATE CONSUMPTION AND PRIVATE INVESTMENT ARE BOTH FORECAST TO DROP THIS YEAR, AND UNEMPLOYMENT IS LIKELY TO INCREASE TO 8 PERCENT FROM 7.2 PERCENT IN 2001. WITH 86 PERCENT OF
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CANADIAN EXPORTS GOING TO THE U.S., CANADA IS VERY DEPENDENT ON U.S. CONSUMERS' WILLINGNESS TO SPEND.
(RUNNING/OTTAWA 240)

11. (SBU) CHRETEN CHANGES TUNE ON WEAK CANADIAN DOLLAR:

IN A SHARP CONTRAST TO HIS PREVIOUS INSISTENCE THAT A LOW DOLLAR IS GOOD FOR CANADA, PRIME MINISTER CHRETEN COMPLAINED WEDNESDAY THAT THE CURRENCY "DOES NOT REFLECT THE STRENGTH OF THE CANADIAN ECONOMY." COMING IN THE WAKE OF THE CANADIAN DOLLAR'S DROP TO A NEW LOW OF 61.79 U.S. CENTS ON MONDAY, THE PM'S COMMENTS APPEARED TO BE PART OF

A FULL COURT PRESS BY THE COUNTRY'S ECONOMIC LEADERS. FINANCE MINISTER PAUL MARTIN AND CENTRAL BANK GOVERNOR DAVID DODGE MADE SIMILAR COMMENTS, BLAMING CURRENCY TRADERS FOR DEPRESSING THE DOLLAR'S VALUE. (DODGE WAS CAREFUL TO AVOID COMMITTING THE BANK TO SPENDING ANY OF ITS SIZABLE RESERVES TO DEFEND THE CURRENCY.) THE TOUGH TALK HELPED THE DOLLAR CLOSE STRONGER WEDNESDAY AT 62.40 CENTS U.S. (RUNNING/OTTAWA 244)

12. (U) TRADE MINISTER SAYS CANADA WILLING TO TAKE
- SOFTWOOD CASE TO U.S. COURTS:

MINISTER OF INTERNATIONAL TRADE PIERRE PETTIGREW SAID WEDNESDAY THAT CANADA IS PREPARED TO PURSUE LEGAL ACTION

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TO FORCE THE U.S. TO DROP DUTIES ON ITS SOFTWOOD LUMBER
EXPORTS. THE COMMENTS COME AS NO SURPRISE AND LIKELY
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REFLECT CANADIAN FRUSTRATION WITH OUR FAILURE TO RESPOND
TO DATE TO THEIR LATEST PROPOSAL IN ONGOING SOFTWOOD
LUMBER TALKS. ON TUESDAY, THE U.S. LUMBER INDUSTRY GROUP
SENT A DETAILED LETTER WITH ITS REACTIONS TO THE PROPOSED
CANADIAN REFORMS. USTR IS ANALYZING AND REVIEWING THE
COMPLEXITIES OF THE LETTER. THE INDUSTRY ENCOURAGED THE
USG TO CONTINUE TALKS WITH CANADIAN FEDERAL AND PROVINCIAL
OFFICIALS, ALTHOUGH NO DATE FOR FURTHER TALKS HAS BEEN
SET. SEPARATELY, THE SENATE FINANCE COMMITTEE HAS
TENTATIVE PLANS FOR JANUARY 30 HEARINGS TO INCLUDE WHEAT
AND LUMBER ISSUES. (RUNNING/PRESS)
POWELL

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