

by the United Nations. In statements concerning Central America, officials have emphasized Canada's concern about the rule of law and its importance in international relations.

Canada has also provided support for the regional negotiations efforts led by the Contadora Group. The office of the Secretary of State for External Affairs (SSEA) noted in *Competitiveness and Security: Directions for Canada's International Relations* (May 1985): "We believe the Contadora process offers the best hope for a peaceful end to the conflict in Central America." In his address to the United Nations on 25 September 1984, Secretary of State Joe Clark stated: "Canada regrets the extension to Central America of East-West confrontation and the related militarization of the area. We applaud the initiative, skill and tenacity of the Contadora countries in their efforts to build a framework of reconciliation in the spirit of the United Nations Charter. We also welcome the opening of a direct dialogue between the USA and Nicaragua".

Moreover, the government has indicated its willingness to play a direct role in promoting peace and Mr. Clark has stated that Canada intends to play a major role in reducing tensions in Central America (*Globe and Mail*, 24 November 1984). This refers not only to Canada's willingness to support the development process through aid, but also to the government's provision of technical advice on verification and control mechanisms for the draft treaty being advanced by Contadora.

As far as development is concerned, the Canadian Government is committed to providing continued economic aid to the region. However, Canada's overall capacity to provide assistance is being threatened by fiscal restraint policies. As a result of recent and proposed budgetary changes, the Canadian International Development Agency (CIDA) faces a situation whereby, over the six year period 1984-1990, nearly \$2.5 billion of aid funds have been cut or diverted, from programmes benefitting the poorest, to programmes whose primary objective is the provision of export subsidies for Canadian firms.

Costa Rica, Honduras and Nicaragua have been the major Central American aid recipients during the past several years. Honduras is a CIDA programme country – that is, eligible for sustained aid. In November 1981, Canada suspended new bilateral aid to both Guatemala and El Salvador because of gross and systematic violations of human rights and the lack of security for aid officials in the field. In the light of the election of Duarte to the presidency, the