7 *Sustainable development requires that adjustment programs reduce the pressures of poverty, ignorance and over-population on a natural environment which is frequently at the breaking point.*

8 *An open, credible and liberal international trading system will help debtor countries maximize their trade potential and allocate domestic resources in an effective manner.*

9 *Sound domestic policies in the industrialized countries will encourage growth and support efforts of the debtor countries.*

CANADIAN POLICIES

Canada has played, and will continue to play, a leading role in the evolution of the debt strategy.

Official Development Assistance (ODA)

Since 1986 all bilateral Canadian assistance to developing countries has been provided on a grant basis. Our current aid does not add to the developing world's debt burden.

Over the past 12 years the Government has announced the forgiveness of C$1.1 billion of aid loans to benefit developing countries with debt problems. The Government will introduce legislation to provide for further debt forgiveness, on a case-by-case basis, to countries undertaking economic reforms, where such forgiveness will also lead to local resources being set aside for development purposes.

Official Bilateral Debt

Canada has been a leader in pursuing multilaterally agreed debt restructuring and debt reduction in respect of loans from official export agencies, for those poor countries burdened with heavy debt loads. Under the "Toronto Terms," agreed at the Toronto Economic Summit in 1988, Canada provides interest rate relief to these countries. Additional funds have been allocated for this purpose. Further assistance may be required and we will work in the Paris Club of creditor governments to achieve agreement on new provisions.

Canada supports the recent Paris Club decision to provide for longer repayment periods or the possibility of debt conversions for lower middle-income countries experiencing debt-servicing difficulties. We will participate actively in ongoing consultations on further measures to ease their debt burden.