

lead the international community into a new era of constructive relations between developed and developing countries based on interdependence, mutual respect and shared interests.

The Summit in Cancun, Mexico in October, co-chaired by Prime Minister Trudeau and Mexican President Lopez Portillo, marked the culmination of this series of meetings which focused on North-South issues. The informal discussions were generally considered useful for improved mutual understanding and confidence and produced consensus on some issues, particularly food and agriculture, but not on the key issue of global negotiations. However, the resulting compromise maintained momentum for subsequent informal discussions in the UN General Assembly but, by the December recess, no agreement had been reached.

Support for international development

Several major initiatives confirmed Canada's commitment to development assistance and aid amounted to about \$1.3 billion for 1981. Following the UN Conference on Least Developed Countries, Canada announced it would allocate .15 per cent of its gross national product towards assisting the poorest countries. In response to Third World concerns over energy costs, federal legislation created Petro-Canada International Assistance Corporation, a Crown agency authorized to spend up to \$250 million over the next five years to help developing countries find and develop new sources of hydrocarbons. At the UN Conference on New and Renewable Energy, the Prime Minister promised a \$10-million increase of support for energy research in developing countries.

Bilaterally, the Secretary of State for External Affairs announced that Canadian aid to the Commonwealth Caribbean would be doubled to \$90 million by 1987. The first contacts were made to establish a development assistance program in the People's Republic of China and several internal policies made Canadian assistance programs more responsive to the specific needs of individual countries.

Extensive Canadian aid programs continue in Tanzania, Ghana, Zambia and Kenya. Canada pledged \$50 million to Zimbabwe in March and took part in the Southern Africa Development Co-ordination Conference in November.

CANADA'S ECONOMIC WELL-BEING

International economic relations

Pressures on the international economic system increased in 1981 as most industrialized and developing countries faced ever higher interest rates, volatile exchange rates, slow growth with continued inflation and rising unemployment. Intellectually, the need for close co-operation was clear while emotionally the wish for protectionism to cope with unemployment and endangered industries lurked beneath the surface.