

The economic situation in developing countries continued to command significant attention in Canadian foreign policy. Developing countries constitute a majority of the countries with which Canada has relations; their populations represent three-quarters of the population of the world and are increasing rapidly. Humanitarian concerns and a recognition of increasing global economic interdependence underpin Canada's economic relations with these countries. During the year, heavy debt burdens, limited resource flows and the need for developing countries to implement sound economic policies in order to set the stage for economic growth and development were principal issues.

Following the significant review of Canada's aid policies in 1987/88, which resulted in the adoption of a new strategy, *Sharing Our Future*, the past year was devoted to its implementation. The most visible change was the completion of the first stage of the decentralization of the management of Canada's development assistance program to the field, a move designed to improve the quality and efficiency of Canadian assistance and to make it more responsive to local needs. Development officers were transferred from headquarters to Manila, Singapore, Jakarta, Harare, Dar es Salaam, Bridgetown and Dakar in order to assume full responsibilities for developing and implementing projects in the field.

During the year, the governments of many major countries devoted increasing attention to the world's environment, the deterioration of which is a matter of growing concern. Measures were taken to ensure that Canadian bilateral aid policies are compatible with environmental objectives, and Canada made proposals to the World Bank for strengthening its environmental review procedures. The concept of sustainable development was endorsed by the Government of Canada, and was mentioned in the conclusion to the Toronto Economic Summit. High points in Canada's most recent efforts to promote international environmental co-operation were the World Conference on the Changing Atmosphere, held in Toronto in June 1988, a meeting in Ottawa of legal and policy experts on the protection of the atmosphere in February 1989, and the Prime Minister's participation in the Hague Environment Summit in March.

After the general election of November 21, 1988, the Rt. Hon. Joe Clark was reappointed Secretary of State for External Affairs, the Hon. John Crosbie was reappointed Minister for International Trade, and the Hon. Monique Landry was reappointed Minister for External Relations and International Development. The Hon. John McDermid served as Minister of State (International Trade) and (Housing) from September 15, 1988, to January 30, 1989.