

lengthy and complex negotiations on the Common Fund and the Code of Conduct on the Transfer of Technology can be concluded fairly soon. The next phase of the North-South dialogue will take place at the fifth meeting of the UN Conference on Trade and Development in Manila in May 1979. Planning is well under way for active Canadian participation in this meeting, which will encompass virtually all aspects of the economic relations between the developed and developing countries.

Support for international development

Canada is committed to an active, effective and humane program of development co-operation with the disadvantaged countries and peoples of the world. Despite the imperatives of the Government's expenditure-reduction program, the Canadian International Development Agency expects to spend approximately \$1 billion for Canada's aid program in 1979-80, an increase of approximately \$100 million compared to CIDA's forecast expenditures for 1978-79. While this rate of growth is less than originally planned, CIDA's global program has not been cut and its expenditures will increase in the coming year. In addition, continued attention is being paid to ways and means of sharpening the focus and improving the quality and management of Canada's development-assistance program.

East-West relations, security, arms control and disarmament

(a) East-West relations

While the relaxation of tensions in Europe is still regarded as a desirable goal by both East and West and the situation in Europe remains stable, conflicts in other areas over the last couple of years have had an impact on *détente*. The questions raised by continuing Soviet-Cuban involvement in Africa, and the armed conflict between Communist states in Southeast Asia, linked with heightened Sino-Soviet stress, have put *détente* in the global sense to the test. Against this background, it seems more important than ever for Canada and other Western countries to work in ways that will prevent the erosion of confidence and, in effect, reaffirm the value of *détente*. It is in this spirit that Canada has pursued relations of mutual advantage with the Soviet Union and the countries of Eastern Europe. Likewise, we are actively preparing for the next CSCE (Conference on Security and Co-operation in Europe) review meeting in Madrid. We believe that the successful conclusion of a SALT II agreement has a major contribution to make to a more confident East-West relation and that it will help to move the Mutual and Balanced Force Relations talks in Vienna off dead centre. At the same time, we welcome China's decision to end its self-imposed isolation and the emphasis it intends to place on the modernization of its economy over the next two decades. Building on Government efforts since 1970 to establish a framework of contacts and understanding essential for co-operation with China in the commercial field, Canada moved quickly in 1978 to take advantage of new opportunities presented by China's opening to the West. We see no reason why the development of relations between China and the West should take place at the expense of relations with other states or of our commitment to a policy of *détente*.

(b) Security

In May 1978, at the Washington "summit", the NATO governments were able, in the light of a fresh study of trends in East-West relations, to endorse a general long-term program designed to improve the deterrence and defence posture of NATO during the