

Commonwealth countries. Views were exchanged on: changing relationships among the United States, the Soviet Union and China; problems of security in various regions; the emergence of new centres of economic power; the continued atmospheric testing of nuclear weapons, and the need for a comprehensive test-ban treaty and for general and complete disarmament under effective international control; the situation in the Middle East and South-east Asia; the establishment of a peace zone in the Indian Ocean; and the situation in Southern Africa with particular reference to Rhodesia.

"While welcoming the general relaxation in international tension, they nevertheless noted those areas of tension which continue to threaten international peace and security as well as the widening gap between the rich and poor nations and recognized the need for the spirit of *détente* in all international relations. Acknowledging the potential for progressive change arising from shifting power relations Heads of Government recognized that economic and monetary instability continue to pose urgent problems for the world's community. As the search for solutions to these political and economic problems was pursued in the context of the changing power relationships new opportunities arose for states other than the major powers to influence world developments, to contribute to the achievement of peace and security, to ensure the avoidance of spheres of influence and to secure a regime of social justice, economic progress and racial harmony throughout an increasingly interdependent world.

"Consultation and co-operation in the Commonwealth, an informal world-wide association, which included no super power, could make a special contribution to greater international understanding as well as to the search for solutions to economic problems. Heads of Government, therefore, stressed the value of strengthening practical co-operation between member countries, both internationally and on a regional basis, and working within other international organizations and groupings in order to give the medium and small countries a more effective voice in international relations to raise living standards and to improve the quality of life for all their peoples.

"Heads of Government noted the

#### New basis for contribution to Commonwealth Fund for Technical Co-operation

Canada's contributions to the Commonwealth Fund for Technical Co-operation (CFTC) will in future be related to the amount of contributions from developing countries of the Commonwealth. This will introduce greater flexibility into CFTC activities and should also induce developing countries to contribute more to the Fund.

Under the new formula, Canada will advance the CFTC 200 per cent of the pledges expected to be made by developing countries of the Commonwealth. This procedure will be carried forward each year with the Canadian contribution annually adjusted to account for fluctuations in funds actually received. For the first three years there would be a ceiling on the Canadian contribution of \$3 million a year. Should contributions of developing Commonwealth countries be such as to require a contribution in excess of this ceiling, Canada would

sympathetically consider an upward revision of its maximum contribution.

At present, Canada contributes 40 per cent of the budget of the CFTC. The contribution this year will amount to about \$1,300,000. Under the new arrangement, there is considerable scope for an increase.

The CFTC was established in 1971 to undertake technical assistance projects in developing countries of the Commonwealth. These are grouped into three programs: the General Technical Assistance Program, concerned with economic and social development projects, including planning, statistics, finance, tourism, transport and public administration; the Education and Training Program; and the Export Market Development Program, which provides for technical assistance geared to the extension of exports and underwrites market research and trade promotion studies.

progress made with regard to the proposal for a peace zone in the Indian Ocean since the last conference in Singapore, where they agreed on the desirability of ensuring that it remains an area of peace and stability. They noted that the proposal was under study by an *ad hoc* committee which had been established by the United Nations and they expressed the hope that its deliberations would receive the support and co-operation of all states concerned.

"The Heads of Government were greatly concerned about the deteriorating situation in the Middle East which now presents a most serious threat to world peace. This deterioration was directly attributable to the lack of progress in the implementation of the Security Council Resolution 242 of 1967. They considered that ways and means should now be urgently sought by all states to give substance to the Security Council Resolution.

"Heads of Government also noted that since the last conference in Singapore, the Foreign Ministers of the countries of the Association of South-east Asian Nations (ASEAN) have adopted a Declaration to make South-east Asia a Zone of Peace, Freedom and Neutrality. They regarded this

initiative as a positive contribution towards peace and stability in that region.

#### Trade

"Heads of Government had a wide-ranging and substantive discussion on economic issues against the background of widespread inflation. Particular attention was devoted to problems of international trade. Heads of Government considered the prospects for the implementation of the Generalized System of Preferences by all the developed countries, and for improvements where schemes had already been introduced or were due to be harmonized. They hoped that the forthcoming multilateral trade negotiations under the auspices of GATT would secure world-wide expansion of trade and take particular account of the needs of developing countries.

"Heads of Government exchanged views on the prospects for the forthcoming negotiations between the enlarged European Economic Community and the developing countries of Africa, the Caribbean, and the Pacific, and expressed the hope that they would lead to the conclusion of just, enlightened, and effective arrangements. The developing Commonwealth countries reiterated their previously ex-