

Since the beginning of 1967, the Canadian Government has been making direct annual payments to the governments of the Commonwealth Caribbean countries equal to the duty collected on imports of raw sugar from them. The value of the sugar rebates amounted over the last three calendar years to about \$1 million annually. Specific figures are attached. After careful consideration the Canadian Government decided to discontinue the sugar rebates in 1970 and to offer the Commonwealth Caribbean countries a special agricultural development fund of \$5 million.

A new International Sugar Agreement which Canada was instrumental in helping to negotiate, came into effect in 1969 and has resulted in a stabilization of and substantial increase in free market sugar prices of benefit to sugar producing countries generally and Commonwealth Caribbean producers in particular. In this light the Canadian Government concluded that the proposed agricultural fund would be an appropriate way of trying to assist the Commonwealth Caribbean governments to promote the agricultural development of the area. The special fund would be additional to normal allocations of development assistance and prior to its exhaustion the possibility of replenishment would be reviewed with the area in the light of needs and objectives. The Canadian Government is consulting closely with the governments concerned about the establishment of the fund.