

Canada Weekly ^{ACH}

Volume 3, No. 37

September 10, 1975



Ottawa, Canada.

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Canada's strategy for a new international economic order

The Secretary of State for External Affairs, Allan J. MacEachen, addressing the seventh Special Session of the United Nations General Assembly in New York, September 3, stated that "the new economic order" was based on two propositions - "that developing countries do not derive sufficient benefits from the existing system of international trade, investment and finance; and that monetary instability, lagging economic growth, inflation and the impact of price increases of petroleum and of other essential imports have demonstrated the shortcomings of the world economic system and the need for changes which will benefit developing countries".

Canada accepted the validity of these assertions, he said, and recognized the need for changes in international economic relations "in order to reduce the intolerable disparities between rich and poor nations".

A fresh approach for a new economic order was contained in a Strategy for International Development Co-operation for 1975-80, published by the Canadian Government on September 2, Mr. MacEachen stated.

He described as follows, some of its main features:

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- We pledge ourselves to continue and to increase our programs of development assistance. This year our disbursements will exceed \$900 million and they will grow significantly in the years ahead.
- We reaffirm our determination to achieve the official UN target of .7 per cent of our gross national product and to move toward it by annual increases in our official development assistance in proportion to GNP.
- We will place major emphasis on fostering economic growth and the evolution of social systems in such a way that they will produce the widest distribution of benefits among the population of developing countries.
- We shall concentrate the bulk of our bilateral assistance on the poorest countries and on the poorest sectors of their economies.
- We will develop new forms of co-operation to meet the needs of middle-income developing countries in order to strengthen their potential for more self-reliant development.
- We will maintain a degree of concessionality in our bilateral programs of not less than 90 per cent. The grant component of Canada's development assistance is at present 95 per cent.
- We will arrange bilateral development loans so that developing countries will

be eligible to compete for contracts.

- We reiterate our pledge to provide a minimum of one million tons of grain a year as food aid for each of the current and the next two fiscal years.

- We plan greater emphasis on programs of agricultural and rural development in developing countries.

But aid alone is not the answer. It must be supplemented by measures in the areas of trade, investment and finance from which developing countries can derive greater benefit. Development assistance is concentrated on the poorest countries. Broader measures of international economic co-operation will bring greater benefit to those countries which have advanced further towards self-reliant growth. We must be ready to consider new ideas and new approaches in this area.

Basic Canadian response

My Government has reached certain broad conclusions on its approach to co-operation with developing countries:

- We agree that there must be adjustments in the international economic system which will lead to a more rapid reduction in the disparities between developed and developing countries.
- We consider that the transfer of re-