



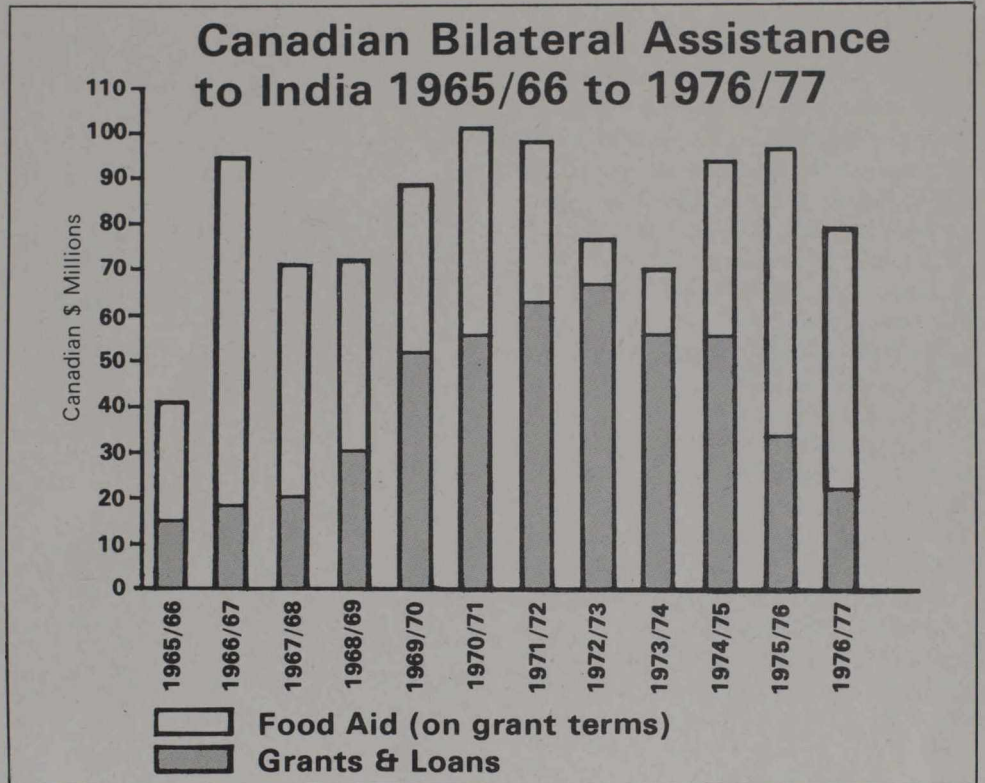
Canadian Wheat being unloaded at Mangalore Port in 1976.

EVOLUTION OF CANADA'S DEVELOPMENT COOPERATION POLICY

Canadian development cooperation policy was restated in 1975 with the publication by the Canadian Government of a new policy paper entitled "Strategy for International Development Cooperation, 1975-80". The Strategy sets out the following principles for future Canadian development assistance policy:

- (i) Aid is to be focussed on major developmental problems with priority given to the poorest countries and to the poorest people within these countries;
- (ii) Encouragement is to be given to programmes which promote regional economic and developmental cooperation and integration;
- (iii) Canadian aid is to be more responsive to the priorities set by the developing countries and more flexible in application; and
- (iv) The terms and conditions of Canadian aid are to remain highly concessional in order to minimise the debt servicing burden of the developing countries.

In re-examining its aid policy towards developing country the Canadian Government will carefully weigh the changing circumstances of the country



and the implications of the Canadian Strategy for International Development. India remains one of the world's poorest countries in terms of per capita income, and one of those seriously affected by increased costs of petroleum. Despite economic gains which include improvement in export performance, growth in foreign exchange reserves, improved use of existing industrial capacity and bumper food crops, India still meets the criteria normally used in determining eligibility for Canadian development assistance.

It has been argued that India is now a more efficient user of investible resources from both domestic and foreign sources than has been the case for some time. It is this conclusion which has prompted donor organizations such as the World Bank and bilateral donors to maintain or increase their allocations to India in recent years. India's request that its recent success in building up its foreign exchange reserves not obviate its continuing need for external resources was strongly supported by Canada at the July 1977 meeting of the Aid-India Consortium and a record level of over US\$2 billion was pledged for 1977/78 by the Consortium as a whole.

RECENT CANADIAN DEVELOPMENT ASSISTANCE TO INDIA

A misconception is sometimes found that Canadian developmental assistance

to India was suspended in 1974 as a result of the differences between the Canadian and Indian Governments over the interpretation of their cooperation agreements for the peaceful uses of nuclear energy following India's nuclear explosion of May 1974. Disbursements of Canadian aid in fact continued to all non-nuclear projects in India to which Canada was committed and remained at a high level. Disbursements between 1974/75 and 1976/77 averaged close to \$90 million per year. Last year, the programme which focussed on food-grains, edible oils, fertilizers, and small agricultural projects, plus contributions to non-governmental voluntary organizations, declined somewhat to \$81.8 million, as some projects were completed and India's need for food aid declined.

FUTURE PROGRAMME

At the 1977 meeting of the Aid India Consortium in July, 1977, Canada reaffirmed its desire to provide development assistance to India. Canada noted the high priority assigned by the Government of India to rapid development of the agricultural and rural sector, as a means of increasing food production and alleviating rural unemployment, and undertook to support this policy by focussing its development assistance programme on the financing of new agricultural and agriculturally-related projects mutually agreed upon.