

Resumption of efforts to establish dialogue between concerned parties may still hold the best prospects for early progress, because dialogue will remain an essential underpinning of any durable solution. Canada continues to support the convening, at an appropriate time once hostilities are over, of a properly structured international conference to facilitate efforts to achieve a negotiated settlement between the parties directly concerned.

It is also possible that the current crisis will permit the galvanizing of regional political will in a way that new frameworks for the pursuit of a durable solution to the Arab-Israeli dispute might emerge.

ECONOMIC DISPARITY AND RECONSTRUCTION

Security of course is not built only on military structures or political understandings. It has a critical economic dimension as well.

Economic disparity in the region may have been, furthermore, an underlying factor contributing to intra-regional tensions, and to widespread public frustration. In the wake of the war, significant economic reconstruction efforts will be required. A new regional framework for effective post-war economic cooperation might well be a factor of stability in the region, and could be coordinated with the work of other relevant international economic and financial agencies. Bilateral development assistance programs could also be dove-tailed with regional economic development plans.

The Gulf Crisis and the war have demonstrated the serious global repercussions of conflict developing out of instability in the Gulf region. Oil is at the heart of the region's global significance. An agreed multilateral framework to address oil-centred disputes might help contribute to stability and peace in the region. Broader dialogue on energy issues, also involving states from outside the region, might be helpful to international understanding and cooperation.

The economic impact of the war beyond the Gulf region will continue to require close attention. Many low-income, oil-importing states will be seeking further economic assistance to cope with the losses incurred as a result of the application of the UN sanctions and the