

Canada attaches great importance to the provision of development assistance on the softest possible terms. We consider it essential that loans conferred as development assistance not place developing country recipients in debt repayment situations in which they will eventually have difficulty in meeting their financial obligations.

Canada's development assistance has been and continues to be highly concessional. To date all of Canada's official development assistance has exceeded a grant element of 50% with an overall average of 95%. We believe that the terms on which development assistance funds are provided, particularly to the poorest countries, should be improved. We urge that the international grant element threshold for official development assistance be raised above 25% as a meaningful step in this direction and we are prepared to join other donors in setting the new threshold as high as 50 percent.

Turning to the immediate problem I wish to affirm Canada's readiness to consider debt relief for developing countries. We are conscious of the particularly acute debt problem of the poorest of the developing countries and are prepared to look sympathetically at specific cases. Multilateral development finance institutions, for their part, should consider committing new resources, within their programme priorities, up to the equivalent of the debt service payments due them from countries for which an agreed debt reorganization is negotiated.

We approach the question of an international conference to consider the debt problems of developing countries with an open mind. It would be important that any such conference be well prepared and that its objectives be clearly defined. We see the need to consider debt questions in the context of overall balance of payments problems and hence as being closely tied to the level of financial flows.

With respect to the levels of official development assistance Canada's ODA as a percentage of GNP has grown to over 0.55 percent in our fiscal year 1975/76. We reaffirm our determination to achieve the target of 0.7 percent. In the coming years Canada's official development assistance will continue to grow and we shall work toward the 0.7 percent target as rapidly as available fiscal