

We have tried, on the basis of our experience as a member of the International Commission, to put before the Canadian Parliament and people the facts of the situation as we see them. We have made it clear that we regard a negotiated solution of the conflict in Vietnam as both practicable and desirable. We see this as the only way of achieving a peaceful settlement in the area and we are doing what we can to that end.

With regard to the conflict between India and Pakistan and the unilateral declaration of independence by the Smith Government in Rhodesia, we took immediate action through the United Nations, in one case, and in company with other Commonwealth nations as well as United Nations members, in the other, to limit risks and work for long-term stability in the areas concerned.

GOOD RELATIONS

I do not want, however, to present 1965 only in terms of these issues of peace or war. Those listening to this message will know some of the many ways in which Canada has been able to extend friendships and develop new relations abroad. In general relations with Commonwealth associates and with NATO allies, in bilateral relations with nations traditionally very close to us such as Britain, France and the United States and in agencies of all types associated with the United Nations, we can point to notable accomplishments.

Perhaps it may serve to balance the necessarily heavy emphasis in this message on matters of immediate political concern if I mentioned one or two other developments of great long-term significance. In 1965 a Commonwealth Secretariat was set up for the first time with a Canadian, Mr. Arnold Smith, as Secretary-General. The first Commonwealth Arts Festival took place in Britain, with very worthy representation from Canada under official sponsorship. In November, the first general cultural agreement between France and Canada provided a framework for co-operation in cultural, scientific, technical and artistic matters.

In these ways old associations of great value to Canadians were strengthened and given new points of focus.

YEAR OF CO-OPERATION

We have been particularly conscious also of the fact that 1965 has been International Co-operation Year. The Canadian Government has continued to extend its programmes of economic co-operation. During the year plans were implemented or decisions were made concerning new projects for aid in Latin America and Asia and programmes for Colombo Plan countries, for French-speaking African countries and for Commonwealth countries in Africa and elsewhere were steadily developed.

My wish for the coming year would be, as it has been in earlier years, that the cumulative effort of millions of people throughout the world on behalf of peace, justice and our common welfare will bear greater results. For my part, I assure you of the unremitting effort of the Canadian Government towards those ends and I send to all of you from Canada our very best wishes for the New Year.

CANADA PROTECTS U.K. INTERESTS

The Secretary of State for External Affairs, Mr. Paul Martin, confirmed recently that Canada had agreed, at the request of the British Government, to assume responsibility as protecting power for British interests in the United Arab Republic following the break in diplomatic relations between Britain and the U.A.R.

Mr. Martin said that, to the fullest extent possible considering the limited number of administrative personnel available, the Canadian Government would try to deal expeditiously with the practical problems that would arise. He said he regretted the rupture in normal diplomatic relations between Britain and the U.A.R., and hoped that Canada's action would help to minimize its effects as well as contribute to the eventual restoration of normal international co-operation between the two countries.

* * * * *

CANADA-PAKISTAN NUCLEAR-POWER STATION

It was announced on December 24 by Mr. Paul Martin, the Secretary of State for External Affairs, that Mr. S. Osman Ali, Secretary to the Government of Pakistan, and Mr. J.D.M. Weld, Acting Canadian High Commissioner in Karachi had signed an agreement regarding the construction of a nuclear-power station in the Pakistani capital.

The conditions were agreed on in principle by the representatives of the two governments in February 1965 and, during the following months, the Canadian General Electric Company negotiated a "turn-key" contract with the Pakistan Atomic Energy Commission for the construction of a 137,000-kilowatt nuclear-power station based on Canadian designs employing a natural uranium reactor moderated and cooled by heavy water.

FINANCIAL ARRANGEMENTS

Negotiations have also been completed with the Pakistani authorities for supplementary agreements covering the financial arrangements that will be signed in Ottawa shortly on behalf of the External Aid Office and the Export Credits Insurance Corporation. The total cost for Canadian goods and services will amount to \$48.1 million and will be made in approximately equal sums out of funds available to the External Aid Office and the Export Credits Insurance Corporation. The money will be provided as required over the five-year construction period.

PEACEFUL OBJECTIVES

Both Canada and Pakistan are committed to using atomic energy solely for peaceful purposes and have declared their support for the system of safeguards developed by the International Atomic Energy Agency. In the agreement just signed in Karachi, Canada and Pakistan have undertaken to avail themselves of this service and it is anticipated that the Pakistan and Canadian Governments will shortly make arrangements for the Agency to assume the task of applying safeguards to the Karachi reactor.