

to recognize the Soviet-installed Babrak Karmal regime and cancelled all aid activities in Afghanistan. At the end of 1980, in spite of the presence of over 80,000 Soviet troops in Afghanistan, it was evident that the Karmal regime was opposed by the vast majority of the Afghan people and that resistance fighters continued to control most of the countryside.

The conflict in Afghanistan resulted in the movement into Pakistan of about 1.5 million refugees, placing a severe strain on the Pakistan economy. Canada demonstrated its humanitarian concern by contributing \$2.4 million in 1980 to the UNHCR and the International Committee of the Red Cross for Afghan refugees. Throughout 1980, the government of President Zia-ul-Haq continued to govern on the basis of martial law, and national elections were again postponed. In bilateral relations with Pakistan, Canada sought through its aid program and other means to respond to Pakistan's vulnerability as a front line state confronting Soviet aggression in Afghanistan. However, the Canadian government expressed deep concern over reports that Pakistan might be seeking to develop a nuclear explosive capability.

At the beginning of 1980, Mrs. Gandhi led her Congress (I) Party to an impressive victory in national elections and consolidated her hold by gaining control of most state governments. On the basis of good harvests and stepped-up production in some sections of industry, the Indian economy had a relatively good year in 1980 in spite of a continued high rate of inflation and declining (although still substantial) foreign exchange reserves. Indo-Canadian relations continued to develop in a positive manner during 1980, particularly in the economic sphere. Canadian exports to India rose to the record level of approximately \$350 million while Indian exports to Canada increased slightly to \$95 million. Canada also sought to add new dimensions to its development assistance program through mixed aid and commercial financing of major development projects. Relations were enhanced through a further round in the periodic bilateral consultations at the senior official level which took place in Ottawa in late October. Fruitful visits to India by Alberta's ministers of industry and culture also contributed to the strengthening and diversification of Indo-Canadian relations.

During 1980, Canada maintained a high level of food and project aid to Bangladesh. The Bangladesh economy appeared to be expanding at an encouraging rate, although the developmental challenges remained immense.

The Sri Lanka Minister for Lands and Land Development and for the Mahaweli project visited Canada in October 1980. Canada has committed \$83 million to the Madura Oya river basin development component of the Mahaweli project, currently Canada's largest development assistance project. The visit of the Sri Lanka minister underscored the good relations between Canada and Sri Lanka—a country which is a moderate member of the Non-Aligned Movement, and an articulate spokesman for the South in North-South matters.

Canada continued to provide a significant amount of development assistance to Nepal as that country moved towards a

new, liberalized constitution. During 1980, Burma introduced important changes in its trade and investment policies which resulted in increased Canadian effort in pursuit of commercial opportunities in that country.

### **Association of Southeast Asian Nations (ASEAN)**

Canada's relations with the member countries of the Association of Southeast Asian Nations (Indonesia, Malaysia, the Philippines, Singapore and Thailand) continued to expand and strengthen in 1980 in recognition of the critical geographic location, growing political importance, increased economic potential and increasingly important roles of these countries as players in the Pacific region. Canada-ASEAN two-way trade exceeded \$1.1 billion in 1980, an increase of 37 per cent over that of 1979, but other tangible aspects of a deepening relationship were also realized. The Secretary of State for External Affairs met with the ASEAN foreign ministers following their annual meeting in Kuala Lumpur. At that time, he and the Thai Foreign Minister signed letters of intent formally launching a Canadian-sponsored forestry seed centre, while discussions were also completed on a Canada-ASEAN fisheries project.

Possibly the most significant development in Canada-ASEAN relations was the concurrence of the ASEAN foreign ministers in a Canadian suggestion to consider an industrial and technical co-operation agreement, which would accelerate the transfer of technology and underpin Canada-ASEAN co-operation in the region. In late 1980, a Canadian electrical standards mission visited the five ASEAN countries. At year's end, the first edition of *Canada-ASEAN*, a regional publication of the Canadian diplomatic posts in the ASEAN countries, was ready to go to press.

There was a succession of ministerial visits between Canada and the ASEAN countries in 1980 which underlined the awareness on all sides of the importance of the relationship. The Secretary of State for External Affairs paid an official visit to Singapore following his meeting with the ASEAN foreign ministers in Kuala Lumpur, the Minister of Agriculture visited the Philippines and Indonesia, while the Minister of State for Trade visited all five ASEAN countries. There were five ministerial visits to Canada from the ASEAN countries. These included Singaporean Foreign Minister Dhanabalan, the Indonesian Minister of State for Research and Technology, the Malaysian Deputy Minister of Industry, the Philippines Deputy Minister of Energy and the Singaporean Communications Minister. Several Canadian provincial ministers visited the ASEAN countries, including Alberta's Economic and International Trade Minister who led an 11-company oil and gas mission to Thailand.

Southeast Asia remained a focal point for significant Canadian development assistance in 1980. Indonesia continued to be the main regional recipient of Canadian aid with \$300 million projected over the next five years, but Thailand also received \$11 million in the 1980/81 fiscal year, primarily aimed at projects for rural electrification and family planning. Can-