



## PRESS RELEASE

DEPARTMENT OF EXTERNAL AFFAIRS

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The Department of External Affairs today announced that an exchange of notes has taken place in Colombo between the Prime Minister of Ceylon and the Canadian High Commissioner providing for Canadian aid under the Colombo Plan for the economic development of Ceylon.

From the funds which the Canadian Parliament has voted for use in the Colombo Plan in 1954-55, it was agreed that slightly more than \$2 million would be provided to assist in the development of a variety of projects agreed upon by the two Governments. These projects, all of which have a high priority in the Ceylonese plan for economic development, include the fisheries harbour in which Canada is already participating, the improvement of the chief Ceylonese port at Colombo and of the airport at Ratmalana on which the transport system of the island is so largely dependent, and the agricultural development project in the Gal Oya region where people from congested centres are being resettled. Canada will also provide three more diesel locomotives and a substantial quantity of railway ties for use by the Ceylonese railways which in recent years (and particularly during the war) have been seriously overstrained. The assistance to the fisheries harbour will take the form of flour which will in turn be sold by the Ceylonese Government and the proceeds will be used for local expenditure connected with this project. For the remainder of the projects, capital assistance takes the form of equipment available from Canadian sources.

Out of funds which had been voted by the Canadian Parliament prior to the present fiscal year, it was agreed that Canadian aid to the pilot fisheries project should be continued. Beyond the \$1 million approved in 1952, an additional \$407,000 will be available in the form of equipment and services for the construction of a cold storage and fish reduction plant and the supply of additional fishing equipment.

It was also agreed in the exchange of notes that there should be a diversion of funds from a project approved in 1953-54. At that time, the Canadian Government undertook to contribute towards the cost of equipping a school of practical technology in Ceylon. It is now evident that this equipment will not be required until at least 1955-56. It has therefore been agreed that \$200,000 of the amount set aside in 1953-54 for use at the school should be used in the 1954-55 fiscal year for the provision of flour to be sold for local currency in Ceylon which in turn would be applied to the costs of culverts and other materials needed in Ceylon's rural road building programme. This assistance is being provided on the understanding that the cost of the equipment for the school of practical technology will be included by agreement between the two Governments as a part of the Colombo Plan aid to Ceylon in 1955-56, subject to the appropriation of funds by the Canadian Parliament in that fiscal year.