

investigate the problems of South Africa, to promote genuine negotiations among all leaders of that country and after six months to report their findings to the Commonwealth leaders. Canada was among the seven countries selected to nominate a representative. Archbishop Edward W. Scott, Primate of the Anglican Church of Canada, agreed to serve as Canada's representative on the Commonwealth Eminent Persons Group.

In the area of assistance to South Africa's neighbours, Canada continued its financial support for the SADCC in the form of a \$125-million five-year contribution. As a member of the United Nations and the Contact Group on Namibia, Canada continued to press for the full implementation of UN Security Council Resolution 435 which provides a framework for Namibian independence.

The Middle East

A wide range of activities was undertaken during the year to enhance Canadian relations with Middle Eastern countries. Bilateral visits were an important factor in strengthening political and economic ties. Egypt's Minister of Supply, His Excellency Mohammed Nagi Chatla and Iraq's Minister of Trade, His Excellency Hassan Ali, made official visits to Canada, the latter to participate in the inaugural meeting of the Canada-Iraq Joint Economic Commission, pursuant to the agreement on economic co-operation signed in 1983. Canada's Minister of Communications, Mr. Marcel Masse, visited Saudi Arabia to meet with his counterparts and to pursue commercial interests. While there he officially inaugurated the new Canadian Embassy complex in Riyadh. Mme Monique Landry, Parliamentary Secretary to the Minister for International Trade, visited Egypt to discuss commercial issues and address the Egypt-Canada Business Council.

Markets for Canadian goods and services in the Middle East remained attractive, although the current state of the oil market has had a depressive effect on major project implementation in the Arabian peninsula and on economic growth in markets such as Egypt and Iraq. Nonetheless Canadian sales of more than \$2 billion were recorded, in part as a result of the Department's very active Trade Fairs and Missions Program.

The Middle East also represents considerable investment potential for Canada's new Investment Development Program. Foreign reserves, both private and public, are immense and Canadian holdings are generally recognized as under-represented in these portfolios. A noticeable trend towards increasing Canadian investments has commenced and would ultimately result in the placement in Canada of several billion dollars in both indirect and direct investment.

Conflicts and political tensions afflicting the region showed few signs of abating during the year. On the Arab-Israeli dispute, talks between King Hussein of Jordan and the Palestine Liberation Organization (PLO) to co-ordinate their political positions were suspended. Despite the setback, Canada continued to work to promote a just, lasting and comprehensive peace settlement, which would both guarantee Israel's security and well-being, and provide the opportunity for the Palestinians to realize their right to participate in negotiations to determine their future, and to have a homeland in the West Bank and Gaza Strip.

Lebanon was torn by mounting violence and sectarian strife, so much so that in June 1985 Canada was forced to withdraw

its Embassy personnel from Beirut. The Canadian government continued its active support for efforts to achieve a lasting national reconciliation. In July, Canada opened a new Embassy in Damascus, Syria.

The Iran-Iraq war also continued unabated. Canada made *démarches* to both belligerents to urge respect for international humanitarian law and to impress on them the necessity of seeking a peaceful, negotiated settlement to the conflict.

Libya became an increasing focus of international attention after the December 1985 terrorist attacks on the Rome and Vienna airports. In January Canada adopted a series of measures in its relations with Libya, notably a ban on the export of drilling equipment containing unique Western technology.

Latin America and the Caribbean

Relations between Canada and Latin America continued to encompass a wide range of interests, although the primary thrust of Canadian activities remained economic. Three trends dominated developments within the region: first, the spread of democracy, its resiliency and the efforts of most governments to strengthen democratic institutions; second, the debt crisis which threatened the economic and political stability of many countries throughout the region; and third, a growing interaction and cohesiveness among the democratically elected governments of the region.

The region also suffered two natural disasters of extraordinary magnitude. The earthquake which struck central Mexico on September 19, 1985 caused extensive loss of life and damage to property. The eruption of the Nevado del Ruiz volcano in Colombia on November 13 and 14 and the ensuing mudslides claimed some 23 000 lives and destroyed a complete town. Canada, through CIDA and the efforts of many non-governmental organizations, provided emergency relief and rehabilitation assistance to both Mexico and Colombia.

South America

The economic difficulties experienced by most South American countries continued to be the principal factor affecting commercial relations between Canada and the region. Reduced foreign exchange earnings, largely a result of depressed commodity prices on world markets, servicing of the foreign debt and capital flight forced a general reduction in import levels. Total Canadian exports to South America were \$1.35 billion in 1985, down 12 per cent from the 1984 level of \$1.52 billion. Canada's imports from the region also declined slightly in 1984, from \$2.41 to \$2.37 billion. Most regional economies, however, are showing signs of renewed growth after the general economic contraction experienced in the early 1980s, and prospects for the expansion of commercial ties with Canada are good.

Canada also continued to assist the region's economic and social development by means of programs administered by CIDA and the IDRC, through active involvement in regional organizations, as well as through international lending institutions such as the Inter-American Development Bank and the World Bank. Canada continued to express concern about growing terrorism and drug trafficking in bilateral and multilateral forums. There has been a marked improvement in the human rights situation in the region although Canada continues to have serious concerns about continued violations in specific countries.