

would be channelled to those countries that needed them to pay for their oil imports. This "recycling" problem has serious dimensions with regard both to the overall balance of payments and to the investment of the funds transferred to the oil producers. The best hope of overcoming the problems appeared to lie in the growing recognition of the economic interdependence between oil producers and consumers.

Canada, as both a producer and consumer of raw materials and as a nation heavily dependent on export trade, was deeply involved in the search for solutions. Canadians became aware of the need for sustained effort to find effective means of tackling the world's economic problems within the international organizations trying to deal with them. They also recognized that Canada must act in its relations with other countries in ways that would reduce Canadian vulnerability and strengthen the Canadian economy. At the same time, Canadians could see that new methods must be devised to alleviate the economic problems of the developing countries, since traditional forms of assistance could not adequately meet this challenge.

Many of the developing countries had been hard hit by inflation, and the oil crisis was a particularly severe setback for them. Other problems of acute concern to them and to the rest of the world were the focus of attention at important international meetings during the year. Canada was an active participant in the World Population Conference, held in Bucharest in August, and the World Food Conference, which took place in Rome during November. To help ease the critical food situation, Canada pledged increased contributions of food and fertilizer. Shortages were particularly serious in South Asia and in sub-Saharan Africa. In the Sahel region, years of drought brought anguish to millions of people.

Raw materials and development were the subject of international debate at the sixth special session of the UN General

Assembly in April. The developing countries used the session to present their ideas for change to the industrialized nations, and documents on a "new international economic order" were adopted. While Canada recognized the justice of many of the demands thus presented, and greatly increased the funds available for development assistance programs, it felt that the approach of the developing world did not sufficiently recognize that constructive solutions to the grave economic problems facing the world could only be achieved through co-operation between consumers and producers. But new trends were evident as governments asserted their right to larger shares of resource revenue and considered forming new producer associations.

The Third UN Law of the Sea Conference, held in Caracas over the summer, focused attention on a complex of economic, environmental, political and legal problems of great importance to Canada. Heading the Canadian delegation, Hon. Allan J. MacEachen made his first appearance on the international scene as Canada's new Secretary of State for External Affairs. The conference made significant progress toward a comprehensive treaty on the law of the sea and recommended that its next session be held in Geneva in 1975.