

PART A

Chapter 3: NORTH-SOUTH RELATIONS

Problems in the world economy and their severe effect on developing countries had a marked influence on the North-South dialogue during 1979.

Two events were particularly noteworthy in 1979 in furthering the dialogue: the agreement in principle on the creation of a Common Fund to support commodity stabilization measures and the decision to launch a new round of global negotiations relating to international co-operation for development. In addition, progress was achieved in the discussions on numerous issues involved in the North-South dialogue in a variety of international forums. Primary among these was UNCTAD V, held in May in Manila. Canada participates actively in these discussions through our membership in the institutions forming part of the United Nations, through the Commonwealth and la Francophonie and through bilateral relations.

Developing countries in 1979 advocated the launching of a new round of global negotiations. These negotiations would treat issues in the areas of raw materials, trade, energy, development, and money and finance in an integrated manner. Complementary work was also begun to lay the formation for the new United Nations International Development Strategy for the Third Development Decade.

UNCTAD V

The fifth session of the United Nations Conference on Trade and Development (UNCTAD) held in Manila May 7 to June 3, 1979 addressed the major issues making up the North-South dialogue.

Participants had before them a very wide-ranging agenda covering such areas as commodity trade, MTN, aid, shipping, monetary and financial relations and the transfer of technology, and it is not surprising that they failed to reach agreement on the full spectrum of the demands of developing countries.

Despite the view of the developing countries that the Conference failed to make progress in the North-South dialogue, there were nevertheless some positive results. Some twenty-three resolutions were passed by consensus, including promotion of special measures to help the poorest countries and a re-affirmation by all countries of their commitment to resist protectionism. The Conference, however, had the effect of underlining the increasing differences in levels of economic development and interests among the developing countries and making it evident that indus-

trialized countries will need to respond to the specific needs of developing countries with different policies suited to meet their particular problems.

The Common Fund

In March 1979, after three Negotiating Sessions under the auspices of UNCTAD, a compromise was reached among the participating countries and a framework agreement setting out the fundamental elements of a Common Fund was concluded. Within the North/South dialogue, considerable importance was attached to the agreement, particularly as it came just prior to UNCTAD V. The Common Fund is to have two main functions: (1) to contribute to the financing of international buffer stocks provided for in international commodity agreements; and (2) to finance commodity development measures, such as research and development and market promotion. In the fall of 1979, negotiations were resumed in order to draw up the Common Fund's Articles of Agreement.

Development assistance

Canada's development assistance program during 1979 reached a total-disbursement level of \$1.241 billion. Bilateral disbursements continued to be concentrated on the poorest countries, in accordance with one of the principal objectives set out in the Strategy for International Development Co-operation 1975-80. Canada's contributions to a number of leading multilateral institutions, such as the World Bank, regional development banks and the United Nations Development Program (UNDP) totalled \$500 million. Food-aid expenditures during the fiscal year totalled \$187 million.

Canada participated in various international meetings designed to bring about improvements in development co-operation and in the development environment. These included UNCTAD V, the World Conference on Agrarian Reform and Rural Development, the World Food Council meeting held in Ottawa in September, and continuing discussions about a new International Development Strategy. Mention must also be made of the lead role played by Canada in the negotiations concerning participation by non-regional members in the African Development Bank. Throughout the year, the department was active in preparation for and participation in the first preparatory meetings of the third International Development Strategy.