

commenced in early 1991. The Biodiversity Convention would encourage the preservation of life forms currently in danger of extinction.

The Division has played a key role in the Arctic Environmental Protection Initiative of the eight circumpolar nations (Canada, United States, U.S.S.R., Norway, Finland, Sweden, Iceland and Denmark). Canada hosted the April 1990 meeting in Yellowknife where delegates drafted an Arctic Environmental Protection Strategy.

Iraq's invasion of Kuwait in August 1990, and the subsequent embargo on purchases of oil from these countries, raised questions of energy security. Cooperating with the Department of Energy, Mines and Resources, the Division was instrumental in monitoring developments in world oil markets and developing a collective response to the crisis, with fellow members of the International Energy Agency. The Division coordinated the international aspects of Canada's involvement in the clean-up of the Gulf oil spill.

The Energy and Environment Division was involved in preparations for the United Nations Conference for Environment and Development (UNCED), to be held in Rio de Janeiro in June 1992. The first two UNCED Preparatory Committees met in Nairobi in August 1990 and Geneva in March 1991. Canada is one of the major financial contributors to the UNCED preparatory process, through a \$1.5-million contribution to the UNCED Secretariat under Secretary-General Maurice Strong, a \$500 000 contribution to the International Institute for Advanced Systems Analysis for a major study for UNCED, and the \$1.5-million "Purple Martin Fund" designed to assist the Brazilian government and non-governmental organizations (NGOs) prepare for hosting the world at UNCED in 1992.

ECONOMIC RELATIONS WITH DEVELOPING COUNTRIES

Official development assistance programs remain central to Canadian efforts to reduce world poverty. However, long-term sustainable development that is politically, economically, environmentally, socially and culturally durable is required. For that reason, appropriate economic policies, open global trading regimes, debt relief, good government, human rights and environmental concerns are being integrated into Canada's development policy.

This broad framework is being adopted because the prospects of developing countries are linked so closely to global financial, trade and environmental factors. These factors define, in turn, the availability and cost of external financing, the value of exports,

access to markets, investment flows and technology transfers. Negotiations in the Uruguay Round would open up global markets fundamental to economic growth in the developing world.

It is equally important to address the heavy debt burdens of developing countries. In response to the 1990 Report of the Standing Committee of External Affairs and International Trade on International Debt and Development released during the year, the government stated its view that many of the poorest countries will need further significant debt relief. Such relief should be linked to commitments to sound economic policies and to the fostering of sustainable development in the recipient countries.

In the past year, Canada participated actively in policy discussions with the regional development banks and UN agencies to press for a broader understanding of the complex range of factors affecting the process of sustainable development.

INTERNATIONAL DEBT

The pursuit of economic reform and growth by many developing countries is being constrained by the burden of international debt. The international community has responded to this problem by providing debt relief in a variety of forms. Countries unable to service their official bilateral debt meet with creditor countries at the Paris Club, where creditors have traditionally agreed to reschedule their loans with lengthy repayment periods.

Canada actively supported a September 1990 agreement among creditor countries to provide more favourable terms for reschedulings for lower middle-income countries, including longer repayment terms and limited voluntary debt swaps. Canada promoted the agreement reached by creditors in 1988 to provide concessional reschedulings for the poorest countries, and has again taken a lead in Paris Club discussions on an enhancement of these terms, arguing the need for a significantly greater degree of relief.

DEBT REDUCTION FOR POLAND

In March 1991, a Polish government delegation and the creditor countries of the Paris Club reached an historic agreement to reduce the Polish debt by 50 percent. It was agreed that the reduction would take place in two stages, with the second stage linked to the successful completion of an economic adjustment program supported by the IMF. The aim of the Paris Club was to support Poland's courageous program of economic reform, replacing a less