

36. Heads of Government noted, with satisfaction, that the USA and the USSR have agreed that their representatives would meet to discuss the resumption of talks, which they hoped would contribute to the establishment of the Indian Ocean as a Zone of Peace. They expressed the wish that these talks would be resumed early.

**South Asia** 37. Heads of Government noted with satisfaction that the countries of the South Asian subcontinent were making earnest efforts to increase co-operation among themselves, thus contributing positively to stability and peace in the area.

**Economic matters** 38. Heads of Government reviewed developments in the world economy since they last met in London in 1977. They noted with deep concern the deterioration since then in the world economic situation. A continuation of this trend would pose grave problems for all countries. The developing countries, especially the poorest among them, were facing particularly grim prospects and there was a real danger that unless remedial measures were taken urgently, existing disparities in income and wealth between the rich and poor countries would widen further. They noted that a large part of the world's population continued to live in intolerable poverty with little hope for a better future. They recognised that this persistence of mass poverty further highlighted the urgent need for a more rational and equitable economic order. They reaffirmed their commitment to structural change and policies to improve growth in order to reduce poverty and increase living standards.

39. Heads of Government noted that the increasingly interdependent world economic system depended for its healthy functioning on the efficient deployment of global resources and affording all countries an equitable opportunity to participate in it. This would require acceptance by all of structural change and the adoption of policies to effect such change and to improve prospects for global economic growth, the restraint of inflation and the fuller employment of human and material resources. Higher rates of growth were particularly urgent for the developing countries.

40. Heads of Government noted that the period since 1973 had witnessed slower growth in international economic activity and in international trade by comparison with the previous quarter century. Recent assessments by international organisations for the medium term outlook were for a