

ASEAN countries Mr. MacEachen also visited Malaysia and Indonesia last August to demonstrate strong Canadian interest in Southeast Asia and to encourage closer political, economic, commercial and developmental ties with the countries of the Association of Southeast Asian Nations.

Canada considers ASEAN to have the potential to contribute through increased regional co-operation to greater stability in the area. The degree of success of ASEAN's movement towards regional economic co-operation has been limited since the Association was formed in 1957, but there has of late been a definite strengthening of political will to encourage effective cohesion.

Canadian officials from External Affairs, Industry, Trade and Commerce and CIDA (the Canadian International Development Agency) held the first formal meeting with ASEAN officials in February. The Canadian delegation reaffirmed Canadian support for the goals of ASEAN, and discussions were held on the subject of Canadian development assistance to the organization and views were exchanged on possible future co-operation in trade and economic relations. Agreement was reached to proceed with projects involving a feasibility study for a regional satellite-communications system and for consideration of a regional transport system.

The above initiative towards ASEAN is, of course, founded on long-standing bilateral relations that we have had with these countries.

Indonesia Canada's most extensive relations are with Indonesia, the largest, most influential and potentially the richest country in the region. The Economic Development Corporation and CIDA extended a \$200-million line of credit in 1976. Indonesia is a member of the Organization of Petroleum-Exporting Countries and is a producer, in addition to oil, of lumber, rubber, tin, copper, bauxite and nickel, and will play an increasingly significant role in international oil and commodity discussions.

Thailand Despite political difficulties in Bangkok, our relations with Thailand remain very important. The stability and security of Thailand are key factors in determining prospects for the peaceful political and economic development of the region.

Korea Solid economic growth during the last five years of over 11 per cent in real terms has strengthened not only the economic fabric of the country but also the Government of President Park, despite international censure by human-rights activists over Park's imprisonment of liberal-minded political dissidents. While this has cast a shadow over South Korea, that country's economic performance continues to outshine that of many other developing countries. Inflation is a concern, but not out of control, and unemployment is 4 per cent. The export picture is relatively bright and South Korea's trade deficit appears to be manageable.

China Internal political turmoil in the People's Republic of China (PRC) during 1976 resulted in slowdown in economic growth. The new leadership group under Chairman Hua appears to be pursuing strikingly "moderate" policies and seems disposed to more contacts with the West, in both the trade and cultural areas. China is expected to emphasize growth over ideological concerns in the arrangement of its new five-year plan. China will probably continue to loom in the foreseeable future as a