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CANADA CONTRIBUTES TO STABILIZATION FUND FOR POLAND

The Secretary of State for External Affairs, the Right Honourable Joe Clark, and the Minister of Finance, the Honourable Michael Wilson, today jointly announced that Canada will contribute up to \$30 million to a Stabilization Fund for Poland. This brings total Canadian aid to Poland and Hungary to \$72 million.

Mr. Clark confirmed the Canadian contribution while attending a meeting of OECD Foreign Ministers in Brussels which is examining ways to coordinate assistance to Eastern Europe and to further the process of democratization and economic reform.

"Dramatic and unprecedented political changes are taking place in Eastern Europe. To sustain the momentum, however, the governments of Eastern Europe must also undertake major economic reform programs. It is in this broad endeavour that Canada and other Western countries can be most effective in promoting the reform process," Mr. Clark stated.

Poland's new Solidarity Government had requested the establishment of a US\$1 billion Stabilization Fund to support the financial and monetary objectives of its economic reform program. This program is being undertaken with the backing of the International Monetary Fund (IMF).

Poland's economic reform measures are expected to include a major devaluation of the currency and strong measures to fight inflation. The Fund will provide short-term support for the government until the economy has been stabilized and confidence restored.

The establishment of this Fund is part of an overall package of steps that constitute Canada's contribution to the Western effort to help Poland and Hungary. Other elements of the Canadian response to Eastern European developments are:

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- . \$42 million in economic aid announced by the Prime Minister for Poland and Hungary on October 12, 1989. This program includes \$12 million in food aid which is already on its way to Poland and an Economic Development Fund.
- . Extension of the benefits of the General Preferential Tariff to Poland and Hungary on December 1, 1989.
- . A trade and investment mission to Poland next year to be lead by the Deputy Prime Minister, the Honourable Don Mazankowski.
- . The rescheduling of payments on Poland's approximately \$2.6 billion debt to Canada which should be agreed upon in the context of a forthcoming meeting of Western creditors (the Paris Club). In this way, Canada will be providing significant additional support to ease pressure on Poland's balance of payments.
- . The meeting of the Canada/Poland Mixed Economic Commission on January 25 and 26. It is expected to lead to increased trade and investment between the two countries.
- . Canadian participation, with other interested countries, in a study of the proposal to establish a new regional bank for Eastern Europe.