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D'ÉTAT AUX  
AFFAIRES  
EXTÉRIEURES.

STATEMENT BY THE SECRETARY OF STATE  
FOR EXTERNAL AFFAIRS, THE HONOURABLE  
MITCHELL SHARP, TO THE HOUSE OF COMMONS  
STANDING COMMITTEE ON EXTERNAL AFFAIRS  
AND NATIONAL DEFENCE, TUESDAY,  
MAY 15, 1973.

The purpose of this statement is to provide a short background account of some of the major preoccupations and activities of the Department of External Affairs and of CIDA by way of a prologue to the discussions on estimates.

It has become fashionable recently for foreign policy analysts and foreign ministers, including myself, to report the end of the post war era of international relations, the emergence of new power centres, and a new pattern of relationships contending with a new and increasingly complex range of problems. However, the nature of these changes is of a magnitude and relevance to the tasks of External Affairs and CIDA, that they bear highlighting to this Committee.

A new constellation of international relationships has emerged in which power is likely to be more widely diffused. The new centres of gravity are, of course, the EEC, Japan and China. Almost every major area of the globe is profoundly affected by the changes.

In Europe the enlargement of the EEC has underscored the economic and political cohesion of that region. Détente is very much on the move. Chancellor Willy Brandt's Ost Politik, the opening of substantive discussions on European security and MDR, The Agreement on Berlin and the initial SALT understanding, are contributing to a less abrasive and potentially more productive political climate.

In Asia the changes are no less significant - determined negotiations have brought increased but by no means certain, prospect that a generation of tragic conflict in Viet-Nam may come to an end. The continuing emergence of China into the world, the consolidation of Japanese influence, and the radically altered relationships between the United States and China on the one hand and between China and Japan on the other, have fundamentally altered the complexion of that area. These developments, in turn, are changing and expanding the importance of the Pacific rim to Canada.

Apart from the renewed and regrettable escalation of violence, the most striking development in the Middle East is the growing importance of that region's oil reserves to a world increasingly preoccupied by the prospect of energy shortage and associated balance of payments questions.

All of these changes have significant implications for Canada, providing both challenges and opportunities which must be met with skill and imagination.

The most rewarding and, at the same time, the most exacting of our relations are, of course, those with the United States. In response to growing Canadian concern that vital decisions affecting the evolution of our relations with the United States must be examined, not simply in terms of their short-term economic implications but of their long-term meaning for Canada's political, cultural and economic destiny, my Departmental officials and I embarked upon a comprehensive assessment of our relationship with our neighbour. Our central task was to determine

whether "it is possible to devise a means of living distinct from but in harmony with the United States". This study, published last October in *International Perspectives*, revealed three broad paths or options open to us:

- (1) we could seek to maintain more or less our present relationship with the United States with a minimum of policy adjustments;
- (2) we could move deliberately toward closer integration with the United States; and
- (3) we could pursue a comprehensive, long-term strategy to develop and strengthen the Canadian economy and other aspects of our national life and in the process to reduce the present Canadian vulnerability.

The first option involves a minimum of deliberate policy change, maintaining more or less intact the present pattern of our economic and political relationship. However, this option assumes a static situation which does not exist.

The second option accepts the proposition that the intensifying relationships inherent in modern society and in economies of scale tend to generate a momentum for closer integration with the United States. However, to pursue such a course would be to ignore the enormous disparity in power between the United States and Canada. In our circumstances the process of economic harmonization, once in motion, is more likely to spill over and to dominate other areas of our national life.

A central purpose of the third option would be to make the Canadian economy more resilient to external shocks. The path to this objective is the development of a much more balanced and efficient economy. The option involves actively encouraging specialization and rationalization. It looks to the emergence of healthy industrial and service enterprises in Canadian hands. This course seeks to avoid the situation, in which by dealing with bilateral questions on an ad hoc basis, looking only to their immediate implications, we find ourselves integrated by default. The third option faces up squarely to the future of our relations with the United States - and appears to offer the only route by which Canada can live "distinct from but in harmony" with the United States.

The Government has given these options and their probable costs long and careful consideration, and has concluded that the third option offers the best choice for Canadians and one that increasingly reflects the mood of this country.

This option does reflect our anxieties about the degree of continental pull. But it is not anti-American. Policies designed within the general framework of this option are intended to meet Canadian aspirations, to build on Canadian maturity and confidence, and in so doing reduce the irritations and frustrations which sometimes find outlet in anti-Americanism. In its annual report The State Department has indicated qualified but generally sympathetic understanding of the options paper.

In the sense that this policy is intended to produce a more resilient and mature Canadian economy, it is likely to become a more effective stabilizing factor within the continental context. The alternative is, as I have made clear, increasing integration. Increasing integration can only strengthen the protectionist forces which are abroad with consequent dangers to both economic and political stability in the world at large. Over the long run, option three is in the best interest of both our countries.

I have set out in very abbreviated form an outline of a most important policy guideline involving many complex issues and implications. As its significance and the considerations underlying it may not yet be fully appreciated, this is an area which Members may wish to explore in greater detail.

A logical complement to option three is increased attention to the development of our existing links with other major areas of the world. The enlarged European Community is, of course, a primary focus. Our day to day contacts with the Community have been reinforced by the appointment in Brussels of a separate Ambassador responsible for our relationships with the European Communities. In the past year there has been continued high level contact with the Commission and with Governments of member states. A mission of senior officials visited major European capitals in June, 1972. There have been sustained ministerial visits between the EEC and Canada, and, of course, the Prime Minister held talks with Mr. Heath in Britain last December. These contacts reflect

not only the increasing importance to Canada of the enlarged EEC but also the growing reciprocal interest of the countries of the Community in Canada.

The ratification of the Berlin Agreement and of the Warsaw and Moscow treaties concluded by West Germany, Poland and the USSR were highlights of the political year in Europe. However, of perhaps greater potential significance for Canada was the opening in November of talks in Helsinki between ambassadors of 34 nations - those of Europe, with Canada and the United States - with a view to preparing for a full-scale Conference on Security and Cooperation in Europe. The participants in the first comprehensive negotiations in European security in a generation intend to address themselves to the basic causes of division and tension in Europe. The Canadian Government in particular is seeking to have the Conference recognize the general principle that people should be able to move with greater freedom between countries and the related propositions that members of families should not remain unwillingly separated and that citizens of different countries should be able to move freely.

Détente as a principal objective would require a meaningful reduction of the present confrontation of forces in Central Europe. For this reason Canada welcomed the opening of talks in Vienna on Mutual and Balanced Force Reductions in early January. The

main participants are the countries of NATO and the Warsaw Pact which maintain forces in Central Europe. The negotiations are complex and difficult. However, in addition to the central objective of progress in East-West détente, the parallel negotiations present opportunities for Canadian cooperation with the countries of Europe, and in particular with our partners in NATO.

Over the past year Canada and the Soviet Union have begun to draw benefits from the three agreements on Industrial and General Exchanges and on Consultations signed in Moscow during the Prime Minister's visit the previous year. High level discussions under all three agreements were held. A senior Canadian delegation visited the Soviet Union to renew the existing Canada-Soviet Trade Agreement and to establish a Joint Consultative Committee on trade which held its first session following the renewal of the Agreement.

Sino-Canadian relations have developed rapidly since 1970, indeed remarkably, considering the enormous gap to be bridged. In the last year ministerial visits, my own last summer and that of the Honourable Donald Macdonald, who has just returned from China, trade and cultural exhibitions, together with an almost continuous stream of visits by specialized delegations on both sides, have contributed to a swiftly improving atmosphere for the development of productive contacts. Exchanges in cultural, academic, scientific, athletic as well as in industrial and commercial fields are flourishing in this climate.



A conscious effort is required to encourage Japan to play a more positive political role in the world commensurate with its economic strength. At the same time we have been attempting to "politicize" a bilateral relationship which has, in the past, been too narrowly commercial by increasing and deepening consultations in a wide variety of fields. Canadian ministers have accepted a Japanese invitation to attend the 7th Canada-Japan Ministerial meeting this September in Tokyo.

Canada's role in Viet-Nam will not be discussed in this statement. Members have heard me at length on this subject both in Parliament and in this Committee, but I would be pleased to answer questions.

Latin America is probably closer to economic take-off than any comparable region of the third world. As this evolution gathers momentum, Canadian interests are increasingly engaged. This last year Canada's first Ambassador and Permanent Observer to the OAS was accredited to that organization and full Canadian membership established with the Inter-American Development Bank and the Inter-American Institute of Agricultural Sciences. Members who heard the President of Mexico address the joint session of Parliament last month will know that useful progress has been made in the strengthening of our relations with Mexico.

Senior officials of the Commonwealth met in Ottawa in October to discuss and prepare two subjects for consideration at the

forthcoming Heads of Government Meeting in Ottawa. The subjects were "Comparative Techniques of Government" suggested by the Prime Minister at the last Heads of Government meeting in Singapore, and "means by which the agenda and general procedures might best restore flexibility and informality to future Heads of Government meetings".

Participation in francophone activities has also been active with programmes of the "Agence de Coopération culturelle et technique" developing steadily. An example on Canadian soil was the meeting of scientific experts which was organized by the "Agence" in Ottawa in October to recommend the establishment of a network of exchanges of scientific information among francophone countries.

Canada's deep interest in environmental problems expressed itself in the active and fruitful participation of a delegation consisting of representatives from federal and provincial governments and non-governmental organizations in the United Nations Conference on the Human Environment held in Stockholm in June. This was undoubtedly one of the most significant conferences in United Nations history and Canada's contribution to its success has been given full international recognition. The proclamation of the Declaration on the Human Environment and the adoption of a United Nations Action Plan are of vital concern and embody many Canadian proposals to protect and enhance the quality of the environment. Principles were developed which lay a basis for a legal regime for the prevention of marine pollution and the preservation of the marine environment.

Another example of Canada's active concern in this area was the meeting last month in Ottawa of the NATO Committee on the Challenges of Modern Society, at the first such meeting to be held away from NATO Headquarters. The environmental experts and policy makers from NATO countries who attended this meeting judged it a considerable success.

Among other noteworthy Canadian contributions is the offer, since accepted by the United Nations General Assembly, to host a major United Nations Conference/Exposition on Human Settlements in Vancouver during 1976.

In November, 1972 an inter-governmental meeting was convened in London pursuant to a Stockholm recommendation to elaborate a convention on the prevention of marine pollution by the dumping of wastes at sea. Canada played a leading role in the preparation of this Convention which provides effective controls for the prevention of pollution from this source both in environmental and jurisdictional terms. Canada has signed the Convention and is considering early ratification of it.

Canada is heavily involved in preparations for the Third Law of the Sea Conference. The major Canadian objective involves a significant revision of the Law of the Sea, in particular the development of new legal regimes for the effective management and exploitation of ocean resources by coastal states including the establishment of new regimes in relation to fisheries, pollution control, scientific research and exploration and exploitation of the seabed beyond the limits of national jurisdiction. Canada is similarly involved in preparations for a conference on marine pollution which will take place in October this year under the auspices of the Intergovernmental Maritime Consultative Organization (IMCO). The purpose of this Conference is to develop new measures for the prevention of pollution from ships.

On the administrative and budgetary side of the United Nations, the most important development was the agreement that the share of the maximum contributor should not be more than 25%. Canada supported the United States' move for the reduction in its rate of contribution and worked to gain support for it.

We have welcomed the outcome of the negotiations which will make it possible for the Federal German Republic and the German Democratic Republic to join the United Nations, We have also supported the application of Bangladesh to join as well as its adherence to several specialized agencies.

Last December the United Nations General Assembly adopted a resolution establishing a 35 member ad hoc committee on international terrorism which will meet for the first time this Summer. The Government of Canada has been invited to serve on the committee where we intend to express the view that the Government of Canada, while believing that the underlying cause of terrorism should be studied, considers that the study should not delay the taking of immediate measures to prevent acts of international terrorism.

Since April 1971 Canada has been pressing for a new convention which would create effective international machinery for investigating, determining fault and taking "joint action" in cases where states contribute to a threat to the safety of civil aviation. Many states, for political or constitutional reasons, have been unwilling to go as far in taking joint action as provided in a Canada-U.S.A. draft convention. The ICAO Council, however, has decided to convene this summer in Rome a diplomatic conference and simultaneous extraordinary ICAO Assembly, to consider proposals involving either

a new convention or amendments to the ICAO constitution including a Nordic proposal for a new international convention, which in some respects is similar to the stronger Canada-U.S.A. proposal.

As Members are no doubt aware we have signed the Canada-Cuba Hijacking Agreement which, with its USA/Cuba counterpart, should serve as a potent deterrent to potential North American hijackers.

In the past year we have opened Missions in Lusaka, Budapest and Atlanta and have reopened our Mission in Berlin.

One purpose of these and of most of our Missions abroad is to serve the growing number of Canadian travellers. The volume of passports issued rose by 17.4% in 1972 for a total of over half a million. To keep pace with the increasing demand for passports and to provide better service in the area, two new regional passport offices were opened in Edmonton and Halifax early in 1972 and one more will open in Winnipeg in June 1973. In addition, in 1972 the Department introduced the booklet "Information for Canadians Travelling Overseas" which is being distributed to all passport applicants. The information in this booklet will be revised annually.

I have long felt that it is important for my Department to be as forthcoming as is reasonably practicable to the public and to Parliament. A notable example of the progress we have made in this field is the publication, which began last year, of "International Perspectives" replacing the old External Affairs Bulletin. The purpose of this new publication is to stimulate and encourage debate and to allow free expression of representative points of view without regard to our own policy on the issue.

Canada's development assistance programme is an integral and important part of her overall foreign relations and one which has been steadily evolving. Development is not something taking place in what we refer to as "developing" countries but a process we are all involved in as individuals and as nations. Development is a matter of degree and the pattern of development one of national preference. All countries are "developing", economically and socially, all countries have "underdeveloped" areas. We can no longer assume that the industrialized countries have reached some plateau of progress from which knowledge and assistance is dispensed to those struggling to reach our level. Our role is not to impose our methods and preferences on other countries, but to assist them where our capabilities and their needs coincide. Development assistance is being recognized increasingly as a reciprocal and responsive process. If we are prepared to be innovative, we can gain much knowledge from the development assistance relationship.

Development assistance is in the Canadian interest. We cannot exist in isolation, and our life is enriched by contact with other cultures. There are also specific Canadian interests which benefit from the development assistance programme. The programme can provide an

impetus to Canadian exports and employment but the primary objective remains the economic and social development of the less developed countries.

Turning to the CIDA estimates for 1973/74 which are before you today, I would like to draw a distinction between the level shown in the estimates for the total programme and what we term official development assistance (ODA). The appropriations for the total programme include the operating costs of CIDA and contributions to superannuation accounts; ODA does not. Secondly, appropriations for the total programme include votes to finance over a period of years the purchase of shares in multilateral institutions; such as the votes of \$40.4 million and \$7.575 million in 1972/73 to purchase shares of stock in the Inter-American Development Bank and the Asian Development Bank; ODA on the other hand, includes only the installments committed for that year from past or present votes. The level of appropriations for 1973/74 is \$501.696 million compared to \$483.366 million in 1972/73; ODA for 1973/74 is \$565 million compared to \$491 million in 1972/73.

In 1972/73 our disbursements were \$449 million, a satisfactory increase of 21½% over last year's figure. Total figures such as this, however, can give no measure of the effectiveness and quality of our programme, nor of the new directions we are taking.

One feature of our programme of which Canada can be proud is that the terms of our development assistance by the standards of the Development Assistance Committee of the OECD, are the softest of any member of the DAC. Many of the less developed countries will

face serious debt servicing problems in the future. Some already have. With an increasing emphasis being placed in the Canadian programme on the special needs and problems of the least developed countries, we feel it is important to maintain the soft terms for the major part of our programme, while at the same time extending some of our loans on slightly harder terms to countries which are better able to bear the burden of debt servicing.

We have been called upon to help alleviate the effects of natural disasters and political crises: in the Indian subcontinent where our relief and reconstruction efforts continue; in Nicaragua, where Canada is helping to rebuild the shattered city of Managua; in Zambia where Canada responded to Zambia's needs in the wake of the Rhodesia border closure by providing an \$8 million loan to Zambia, Tanzania and the East African Community to help develop alternative routes for Zambian imports and exports, and by speeding up shipment of forty rail tank cars, and cargo handling equipment being provided under CIDA's regular programme.

In 1972/73 we continued to channel approximately 25% of our disbursements through multilateral channels, as the Foreign Policy Review recommended. Our recent membership in the Inter-American Development Bank is one indication of our growing support for multilateral institutions. We also maintained our support of other regional institutions and agencies; the list on pp 72-73 of the Estimates gives some indication of the variety of organizations with which we are involved.



Our support for non-governmental organizations is increasing, for we consider that the money provided by the Canadian Government is more than matched by the resources and enthusiasm of these organizations. One such organization is CUSO, which has won a well-deserved reputation abroad for providing competent and responsive volunteers. Their volunteers, when they return to Canada, bring a deeper understanding of the problems of development.

Perhaps the most important single event which focussed the attention of the international community on development questions was the Third United Nations Conference on Trade and Development in Santiago last Spring. Development needs are great and expectations about the amount of progress which can be made at such conferences were probably unrealistically high. For these reasons, there was obviously disappointment both in Canada and abroad over the results of UNCTAD III. We felt, however, that UNCTAD III revealed a new maturity in the international approach to development problems and a better appreciation that there are no easy solutions to most of them. One of the most important results of the Conference was agreement that the developing countries voice should be strengthened on questions regarding trade liberalization and monetary reform since it was realized these were integral parts of the development process. Another important result of the Conference was the action programme set out for the least developed of the developing countries. Since the Conference there has been movement in the international community indicating that these results may have real and long-term positive impact on the developing countries. Canada is attempting, not only through its development

assistance programmes, but also through its action in the international trade and monetary spheres, to keep the interests of the developing countries clearly in mind and to participate actively with other countries in meeting the goals established by UNCTAD.

Canada, of course, plays a relatively minor role in these global questions and the percentage of Canada's total trade with developing countries is quite small. Very recently, however, Canada has taken further steps by passing legislation on the Generalized Preference Scheme and by supporting the establishment of the Committee of 20 which is intended to give developing countries a greater role in international monetary reform. We also welcome the fact that developing countries are participating most actively in preparations for the forthcoming GATT Negotiations. These are first steps and it should be stressed that the broader problems of relations between all industrialized countries and the developing countries are ones which must be faced in the coming years.

Finally, I wish to draw the Committee's attention to two papers which have been prepared by the Department of External Affairs: "Department of External Affairs' Budget Estimates: Method of Presentation", and "Foreign Operations Coordination". These papers are being made available to Members of the Committee.