

from the political imperative to allow consumption growth at the expense of investment and debt service.

A distinctively different debt problem is that faced by the poorest, most heavily indebted countries, whose economic circumstances limit severely their room to manoeuvre. In certain of these countries, especially in Sub-Saharan Africa, the prospects for increasing debt service through import compression and export stimulation are marginal. In addition, the possibility of an exponential rise in the level of external debt caused by a sustained failure to meet interest payments is very real. Canada has already taken a number of steps which have the effect of reducing the debt burden of these countries and we are currently examining whenever there are further bilateral and multilateral steps which can be taken to ease the burden for the poorest heavily indebted countries. (See North-South relations, below.)

The G-7 group of finance ministers and central bank governors met several times and decided that there will be at least three meetings a year which will review progress on economic policy co-ordination. The group has been examining the process of adjustment among industrialized countries and monitoring the impact of exchange rate and domestic policy changes on the large current account imbalances among the major industrialized countries.

In 1986, foreign investors, taking advantage of the positive investment climate engendered by the passage in 1985 of the Investment Canada Act, made record direct investments in Canada totalling \$6.8 billion, and the changes in Canadian policies were given positive recognition in international forums, particularly in the Organization for Economic Co-operation and Development and the European Management Forum. At the Punta del Este Ministerial Meeting which, in September 1986, launched the Uruguay Round of Multilateral Trade Negotiations, it was agreed that for the first time the issue of trade-related investment measures such as performance requirements would be on the agenda. The issue of "right of establishment" and "national treatment" and the appropriate levels of commitment by member states to these principles continued to be a subject of discussion at the OECD.

In the area of intellectual property, it was decided at the World Intellectual Property Organization annual meeting in September 1986 that a series of preparatory meetings would be held in 1987 to examine whether a sufficient basis of agreement existed to convene a formal negotiating conference to revise the Paris Convention on Industrial Property, and to negotiate a special convention on the protection of semi-conductors. Intellectual property issues have acquired a high profile in recent years, due to the growing number of articles which may be copied at low cost relative to the cost of development. The need to augment existing international rules exists not only to ensure adequate levels of protection for patent, copyright, and trade mark holders, but also to forestall unilateral measures potentially disruptive of the international trading system. The issue of striking an appropriate balance between access to technology and inventors' rights has also been an important issue domestically in Canada and, in 1986, the Minister of Consumer and Corporate Affairs introduced legislation which would amend a number of provisions of the Patent Act, including

those dealing with the licencing of manufacturing of generic copies of patented pharmaceuticals.

In 1986 Canada's new Competition Act came into force. This act, by increasing the government's authority to review the potentially anti-competitive consequences of mergers and acquisitions, could lead to a much more active competition policy for Canada, and to the review by competition policy officials of acquisitions by both Canadian and foreign-controlled companies.

## **North-South relations and development assistance**

Co-operation and exchange with developing countries remained a focal point in Canada's external relations. Continued concentration on particular areas of concern in the international community's treatment of traditional North-South economic questions has reinforced practical and pragmatic approaches. A variety of bilateral and multilateral discussions and negotiations involving developed and developing countries have emphasized specific problems and realistic solutions and reflect progress in achieving solid and productive results on items of the North-South agenda.

The successful launch of the new round of Multilateral Trade Negotiations was made possible through the recognition of common interests and goals, as well as the collaboration of several developed and developing countries in newly emerging informal co-operative groupings. Canada participated actively in this process and continued to explore means of increasing the involvement and integration of developing countries in the international trading system.

In the UN General Assembly's Second Committee, the Economic and Social Council (ECOSOC) and in the UN Conference on Trade and Development, (UNCTAD) Canada has worked to improve the effectiveness of deliberations on international economic issues. Such efforts have contributed to greater efficiency and objectivity in Secretariat work, to the rationalization of some activities (e.g. to the timing of UNCTAD Trade and Development Board meetings) and to the achievement of consensus statements on areas of direct concern to developing countries such as debt and commodities.

The debt problems facing many developing countries continued to preoccupy the international community. While the "Baker Plan" outlined in October 1985 received broad international support and registered some success, it appeared that while the World Bank in particular was playing an important role, not all other parties were participating as envisaged in the initiative. Canada, along with others at the September 1986 annual meetings of the World Bank and IMF, called for renewed commitment on the part of all parties — creditor countries, debtors, multilateral institutions and commercial banks — to the objectives of growth-oriented adjustment.

Increasingly, as well, attention came to be focused on the debt problems of the poorest developing countries, mainly (but not exclusively) in Sub-Saharan Africa. Although the debts of these countries are not large enough to threaten the global financial system, they are often overwhelming in their impact on the fragile national