

IT IS PRECISELY BECAUSE WE SEE THESE INSTITUTIONS PLAYING AN ENHANCED ROLE THAT MY GOVERNMENT FIRMLY REJECTS THE RECOMMENDATION IN THE TRADE AND DEVELOPMENT REPORT THAT THE IFIS SHOULD PROVIDE CONCESSIONAL DEBT RELIEF TO HEAVILY INDEBTED BORROWERS. SUCH A POLICY WOULD SERIOUSLY WEAKEN THESE INSTITUTIONS, BY DAMAGING THEIR OWN CREDITWORTHINESS AND ABILITY TO RAISE FUNDS IN CAPITAL MARKETS. IT WOULD ALSO RESULT IN HIGHER CHARGES TO BORROWING COUNTRIES, AS THE HIGHER RISK PREMIUMS DEMANDED BY FINANCIAL MARKETS WOULD HAVE TO BE PASSED ON, AND THIS WOULD PENALIZE ALL DEVELOPING COUNTRIES, REGARDLESS OF WHETHER THEY WERE HEAVILY INDEBTED OR NOT.

THE ROLE OF DEVELOPED COUNTRY GOVERNMENTS WITH REGARD TO PRIVATE FINANCING IS NOT NEARLY SO STRAIGHT-FORWARD. NEEDLESS TO SAY, IT IS QUITE IMPOSSIBLE FOR OUR GOVERNMENTS SIMPLY TO DIRECT THAT LOANS AND INVESTMENTS FROM PRIVATE SOURCES BE CHANNLED TO FOREIGN RECIPIENTS. SUCH DIRECTION COULD NOT BE GIVEN WITHOUT INCURRING LEGAL AND FINANCIAL RISKS AND OBLIGATIONS WHICH SHOULD NOT BE PASSED ON TO OUR TAXPAYERS. FURTHERMORE, WHATEVER GOVERNMENTS MIGHT DO IN THIS AREA MUST AT ALL TIMES BE COMPATIBLE WITH THEIR PRIMORDIAL DUTY TO ENSURE THE SOUNDNESS AND STABILITY OF THEIR NATIONAL FINANCIAL SYSTEM, AND ESPECIALLY THAT OF BANKS AND OTHER DEPOSIT-TAKING INSTITUTIONS. FOR THESE REASONS, MY GOVERNMENT CANNOT ACCEPT THE RECOMMENDATION CONTAINED IN THIS YEAR'S TRADE AND DEVELOPMENT REPORT THAT CANADIAN BANKS BE COMPELLED BY THE GOVERNMENT TO PARTICIPATE IN NEW LENDING AND/OR DEBT REDUCTION OPERATIONS IF THEY APPEAR HESITANT TO DO SO ON A VOLUNTARY BASIS. ✓

THE RESPONSIBILITY OF OUR GOVERNMENT IS TO ENSURE THAT THE VARIOUS LEGAL, ACCOUNTING, PRUDENTIAL, AND TAX REQUIREMENTS DO NOT ACT AS AN UNNECESSARY IMPEDIMENT TO OUR BANKS PARTICIPATING AND CONTRIBUTING THEIR FAIR SHARE TO MAKE THE STRENGTHENED DEBT STRATEGY WORK. OUR AUTHORITIES HAVE REVIEWED OUR VARIOUS REQUIREMENTS IN THESE AREAS, IN CONCERT WITH OUR G7 PARTNERS, AND HAVE ENSURED NOT ONLY THAT OUR BANKS ARE NOT PREVENTED FROM PARTICIPATING, BUT ON THE CONTRARY THAT THEY ARE WELL-EQUIPPED TO MAKE A CONTRIBUTION COMMENSURATE WITH THEIR SHARE OF THE PROBLEM.

MR. PRESIDENT, MY GOVERNMENT RECOGNISES THAT THE EXTERNAL DEBT BURDENS OF MANY DEVELOPING COUNTRIES HAVE BECOME A SERIOUS OBSTACLE TO DEVELOPMENT. THIS IS WHY WE HAVE SUPPORTED THE SIGNIFICANT STRENGTHENING OF THE DEBT STRATEGY WHICH HAS OCCURRED IN THE PAST YEAR, AND NOTABLY THE INCORPORATION INTO THE STRATEGY OF OFFICIAL SUPPORT FOR ACTUAL REDUCTION OF DEBT STOCKS AND/OR INTEREST RATES. WE ALSO CAN UNDERSTAND WHY SOME OBSERVERS, INCLUDING THE UNCTAD SECRETARIAT, MIGHT HAVE QUESTIONS ABOUT THE EXTENT OF ITS APPLICABILITY AND LIKELIHOOD OF SUCCESS. IN OUR