

Key Themes for Cologne

Globalization

Globalization is bringing with it unprecedented economic prosperity and human progress for developed and developing countries alike. The flow of goods and capital, rapid advances in technology, and the communication of ideas and culture are connecting people as never before, creating opportunities for those who are able to seize them. With the benefits, however, come new challenges.

The financial and economic crises experienced in Asia, Russia and some parts of Latin America over the last few years bear witness to the increasing interdependence of economies around the world. Canada is continuing to work within the G-7 and other international forums to address the causes and consequences of such crises. This includes taking action to strengthen the international financial architecture and to address the human cost of crises by building and improving social infrastructure to protect the most vulnerable and make economies more resilient.

Development and Debt

Canada and its G-7 partners are helping the developing countries to reap the full benefits of globalization and to adapt to its challenges. This involves building the capacity to achieve more benefit from liberalized trade and relieving the debt burden of the poorest countries that are implementing economic, political and social reform.

Canada is leading international efforts to reduce the debt burden of middle and lower-income countries since the debt crisis of the 1970s. Canada has written off more than \$1.3 billion in official development assistance (ODA) debts owed by poor countries since 1978. Since 1986, all of Canada's ODA has been provided as grants rather than as loans. In addition, through the Paris Club, Canada has forgiven nearly \$2 billion in commercial debt owed by developing countries.

With its G-7 colleagues, Canada supports international efforts, through the World Bank and the International Monetary Fund's debt initiative for heavily indebted poor countries (HIPC), to address the debt burdens of reform-oriented poor countries. Canada advocates increasing the number of eligible countries and the amount of debt relief offered and reducing the time required to qualify for relief.

In March 1999, Prime Minister Jean Chrétien announced that Canada would unilaterally expand debt relief for heavily indebted poor countries, even if there was no multilateral agreement to do so. The Canadian debt initiative includes calling for the complete forgiveness of bilateral debts owed by the poorest countries that are able to show they can use the saving productively — providing more money for health, education and other poverty-reducing social expenditures.