

Nowhere does the importance of predictability apply more than in the fields of commodities and raw materials. While the establishment of the Common Fund represents a major achievement in this regard, it does not in itself solve our commodity trading problems. We need also to focus on the specific problems of individual commodities. Although industrial diversification may help avoid economic dependence on the export earnings of one or a few commodities, it is a complex process. It depends on more assured access to finance, to technology, to markets, and on astute management in making difficult choices. It is a long-term process which requires perfecting.

In the past five years, the gap in the availability of financing has widened dramatically and dangerously. In particular, the impact of increased oil prices on the finances of developing countries has caused severe dislocations. In such a situation, the smooth recycling of oil revenues will be to the benefit of everyone, both importers and exporters of oil. In this process, I believe we should encourage the adaptation of the international lending institutions to the needs of both oil exporters and importers. If necessary, we could explore new approaches. We could, for example, consider altering the gearing ratio of the World Bank to enable it to mobilize additional resources, while retaining its present capital base.

In adapting international institutions to meet new needs, we should not ignore the vital roles which they are already able to play. It is encouraging that the IMF is assuming an increased role in the recycling process. This is an important development, one that could be crucial for all countries who have serious deficit problems, and particularly the developing countries. The increased flexibility demonstrated by the IMF recently, notably through the relaxation of lending limits and adjustment time, is noteworthy. These recent moves, coupled with the increased coordination between the World Bank and the Fund in their programs to assist countries with serious balance of payments difficulties, are trends which Canada will strive to promote.

We must also intensify the consultation process between oil exporters and importers. We can understand why exporting countries do not want to make long-term commitments for their oil without receiving counterpart assurances about resolving their own economic and financial