

STATEMENT OF THE CANADIAN DELEGATION
ITEM 84: EXTERNAL DEBT CRISIS AND DEVELOPMENT

delivered by Ms. Bethany Armstrong
Canadian Representative to the Second Committee
November 1, 1989

Mr. Chairman,

As has often been observed, the 1980s for many developing countries has been a decade of decline. According to the World Bank, some 54 countries - with a combined population of 800 million - experienced a drop in their per capita gross national product during the period 1980-88. Remarkably, however, 33 other developing countries - with a total population of 2.5 billion - experienced during the same time period an annual GNP per capita growth rate of 3 per cent. Clearly, profound differences in the economic performances of countries coping with similar circumstances in the external environment reflect broad differences in domestic economic, social and other development conditions. Clearly, too, the fact that some countries have fared either better or worse than others when faced with similar challenges in a difficult external environment indicates the crucial importance of domestic policies in achieving growth.

It is, in the first instance, the responsibility of national leaders to establish and/or strengthen national frameworks conducive to sustained growth and development. And it is the shared responsibility of developed countries to act in support of effective growth-oriented domestic policies of developing and other countries.

A common challenge facing many developing countries is excessive debt. High levels of indebtedness have become of themselves major obstacles to development. We are very conscious of the negative political and social impact which excessive levels of debt have had on developing countries. Unfortunately, the debt problems -- now in the seventh year -- are far from being behind us. Enormous challenges still lie ahead. It is important to establish the conditions which would be conducive to the reversal of the net outward flow of financial resources from developing countries. Debt service ratios remain high.

We are pleased to note, however, that there have been a number of positive developments during the past year. One notable feature of the debt situation has been a slowing down in the growth of the outstanding debt stock. This, together with a rapid expansion in export activity, resulted in an overall decline in the debt/export ratio for developing countries for the first time since 1982. The recognition this past year by creditor governments, international banks and international financial institutions of the need for debt and debt-service