



Statements and Speeches

No. 78/12

GROWING ECONOMIC INTERDEPENDENCE, WITH SPECIAL REFERENCE TO THE DEVELOPING COUNTRIES

A Statement by the Secretary of State for External Affairs, the Honourable Don Jamieson, at the OECD Ministerial Meeting, Paris, June 15, 1978.

The importance of economic interdependence is not a new theme for Canadians, and I welcome this opportunity to speak briefly on so vital and timely a topic.

As a major trading nation and a significant industrial producer well integrated into the existing economic system, we are subject to the stresses that the system has undergone in the past few years. We are not only conscious of strains within the industrialized world but also increasingly aware of the interdependence between the industrialized economies and those of developing countries. Action to deal with the world's economic problems must take account of developing countries, both their needs and their contribution to the balanced growth of an open world economy.

An open trading system is vital. We place very great importance on the success of the multilateral trade negotiations (MTN), not only as they relate to tariffs but particularly to the elaboration of codes relating to non-tariff measures. We must ensure that current economic difficulties do not lead us into regressive policies from which none will benefit. Industrial countries must move forward towards further liberalization. But in the context of greater interdependence there is a broader responsibility that is shared by developing countries for adopting policies that will contribute to an open world system for the benefit of all nations. Developing countries will stand to benefit significantly from successful MTN. We should expect them, and particularly the more advanced, to adjust their trade policies in order to stimulate domestic consumption and to contribute to the expansion of trading opportunities generally.

With the persistence of slow economic growth and high levels of unemployment, there is a risk that unilateral trade and other current-account measures could touch off a chain reaction of protectionism. We therefore believe there is a continuing need for the political commitment provided by the trade declaration. The extension of the pledge, for a further year, with the revised preamble prepared by the trade committee to take account of developments since 1974 will serve to improve and strengthen the multilateral trading system.

The energy sector holds out great challenges and possibilities in an interdependent world. Successful energy development can add substantial impetus to growth prospects for developing countries. The present international energy outlook indicates that, during the next decade and beyond, major changes in traditional patterns of energy production and consumption are necessary if demand is to be satisfied. Canada supports efforts to stimulate applied research and development of new sources of energy and to encourage exploration and development of conventional energy in

developing countries. Indeed, our development-assistance programs have already been used to support these activities. We shall play an active part in examining means of encouraging greater co-operation among governments, international institutions and the private sector.

Broader questions have been raised about increased investment in developing countries. These require careful examination in order to develop approaches that will be practical and will promote sound patterns of development consistent with absorptive capacity and the development priorities of the prospective recipients.

Increased resource flows to developing countries, whether in the form of aid or private investment, are essential if they are to implement their development plans effectively. The terms, conditions and transfer mechanisms for such flows will vary depending on the needs and level of development of the respective recipients. By providing our official development assistance on highly-concessional terms where this is appropriate and, in the case of the poorest countries, in the form of grants, we hope to ensure that the debt-servicing capability of the countries concerned is maintained.

The total flow of official development assistance is too low. We are encouraged by indications that countries with consistent balance-of-payments surpluses intend to increase their level of development assistance. The donor countries that, like Canada, are experiencing balance-of-payment deficits also have a continuing obligation to the aid effort.

S/C