



news release

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MINISTERS WILSON AND CARNEY TO ATTEND OECD MINISTERIAL MEETING

MAY 12-13, 1987

The Honourable Michael Wilson, Minister of Finance and the Honourable Pat Carney, Minister for International Trade, will attend the annual ministerial level meeting of the Organization for Economic Cooperation and Development which will take place in Paris, May 12-13. Ministers from the 24 OECD countries will discuss prospects for economic growth, agriculture, trade policy and structural adjustment.

The Canadian opening statement, delivered by Mr. Wilson, will address concerns over recent developments including downward revisions to OECD growth forecasts and continuing large fiscal and external imbalances. It will also stress the importance of maintaining the momentum of economic policy coordination as reflected in the Louvre accord of February 22, particularly taking into account the pressures on the trading system from underlying imbalances in the stance of macroeconomic and structural policies.

A priority issue at this year's Ministerial will be agricultural trade. Ministers will address the results of a major OECD study setting out the problems in this sector. Canadian Ministers will emphasize the need for urgent, collective action to address the domestic and trade policies which are causing the crisis facing Canadian farmers in world markets. They will seek OECD endorsement of a set of principles which Canada has proposed with the objective of making domestic agricultural policies more responsive to market forces. Canada has consistently stressed this theme in international meetings, including the meeting of GATT Ministers on March 22-24 at Lake Taupo, New Zealand, the April 9-10 IMF Interim and Development Committee meetings and the April 24-26 meeting of Quadrilateral Trade Ministers (USA, EEC, Japan and Canada) in Japan. (The principles first set out by Miss Carney at Lake Taupo are attached.) Progress at the OECD Ministerial could provide a sound basis for the Ministerial meeting of the Cairns Group of Agricultural Exporters, to be held in Ottawa May 21-23, and for the discussion on agriculture at the Venice Economic Summit, June 8-10, 1987.

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Canada will also seek to use this OECD Ministerial to give impetus to the Uruguay Round of Multilateral Trade Negotiations in the GATT in Geneva. The MTN has a critical role to play in liberalizing trade and in combatting increasing protectionism which is posing a serious threat to the multilateral trading system. Miss Carney will urge early action in Geneva to address the urgent need to update, strengthen, extend and liberalize a GATT for now and into the 21st century. The Minister will also press ministers from other OECD countries to resist the short term temptations of protectionism which could jeopardize the negotiations.

BACKGROUND NOTE ON THE OECD

The Organization for Economic Cooperation and Development (OECD) is the forum in which representatives of the governments of the industrialized countries share information on their domestic economies and consult on approaches to international economic, trade and social policy issues. The OECD Council, comprising all 24 member states including Canada, meets once a year at ministerial level. Committees and Working Parties meet regularly throughout the year. The OECD Secretary General is Jean-Claude Paye who last visited Canada in October 1986 at which time he was received by the Governor General, the Prime Minister and a number of Ministers including the Secretary of State for External Affairs, the Minister of Finance and the Minister for International Trade.

For Canada, a major role of the OECD is to provide a forum for consensus building among industrialized nations and there is a pressing need to reach consensus on the agricultural issue. Last year's Ministerial made a real contribution by focussing the attention of all participants squarely on agricultural problems. Since that time, the OECD Trade and Agriculture Committees have finalized a report to Ministers based on some excellent analytical work by the Secretariat and this year's discussion is expected to be much more action-oriented.

On the trade policy front, the OECD can be a valuable forum for analysis and consensus building in support of the Uruguay Round. Services, trade-related investment measures and trade-related intellectual property rights are current priority areas.

The OECD is perhaps best known for its general economic work which is recognized as highly authoritative. Its comparative economic analysis provides an objective standard against which individual countries can measure their own economic performance. In this respect, the semi-annual OECD Economic Outlook and the annual review of the Canadian economy have been very valuable. In view of recent downward revisions to the outlook for growth, this year's Ministerial will focus on ways of revitalizing economic activity throughout the OECD area.

An important OECD report on Structural Adjustment and Economic Performance reached completion this year and several OECD committees have considered it in recent months. The report brings together a great deal of analysis on adjustment under a variety of rubrics including trade, agriculture, training, research, labour markets and social policy. Recommendations for policy based on this report will form part of the Ministerial discussion.

PRINCIPLES PROPOSED
BY MINISTER CARNEY AT LAKE TAUPO

1. Agriculture policies must become more price responsive.
2. Support for agriculture should avoid production incentives, i.e. support should be for farmers not farming.
3. Countries should freeze and seek to reduce governmental assistance measures that artificially distort world prices.
4. Countries should not introduce new import barriers not mandated by existing legislation.
5. These basic principles must be implemented collectively.