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STATEMENT BY THE
HONOURABLE ALLAN J. MACÉACHEN,
DEPUTY PRIME MINISTER AND
SECRETARY OF STATE
FOR EXTERNAL AFFAIRS,
ON BEHALF OF CANADA AT THE
6TH SESSION OF THE
UNITED NATIONS CONFERENCE ON
TRADE AND DEVELOPMENT,
BELGRADE,
JUNE 7, 1983

Mr. President,

Let me first pay tribute to you for being elected to preside over our deliberations, and to the government and country you represent for the vision in hosting this meeting and the excellent arrangements which have been made for us. It is now up to us as delegates to ensure that the names of Belgrade and UNCTAD VI remain linked as a source of pride to all concerned.

I am honoured to be able to address this important gathering of the world's nations at a time when our challenges are so great and our peoples expect so much of us. At stake here in Belgrade is our ability, as a community of nations, to work together to solve the problems that beset us all.

I am not suggesting, Mr. President, that over the course of the next few weeks we can come up with master plans or magic solutions for the spectres of recession, inflation, protectionism, unemployment, poverty, debt, high interest rates and fluctuating exchange rates which have haunted us all in one form or another in recent years - with the poorest among us having been the hardest hit. There are no quick fixes to the problems which are deep and ingrained in the world economy.

I am suggesting, however, that the time has come, here at UNCTAD VI, to give a message to the world that we are prepared to try to do things differently than we have managed in the past. If this Conference breaks up in recrimination and disunity, I would fear - deeply fear - that such an outcome would set back the cause of international cooperation at a moment when it urgently needs a boost. We must, Mr. President, convince our nations that, although we do not always know the answers, although there are inevitably differences of perspective and approach among us, we have learned some lessons from recent years.

One of the most important of these lessons, in my opinion, can be summed up in a word which has come to be overused and sometimes misused, but is still vital -

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"interdependence". This is the essence of our gathering here. As a community of nations, we have come to appreciate with increasing clarity that not only have the linkages among us been rapidly growing but also that our ability individually to solve our problems has been lessening. We need each other. We need cooperation. And we need an international system in which each of us can feel there is a potential for self-fulfillment. In setting goals for this conference, I am reminded of some remarks I made over seven years ago as Co-Chairman of the first Ministerial Session of the Conference on International Economic Cooperation:

"We shall not create a universal utopia, but we must see to it that each country's hopes can be reconciled with a quest for progress by the world community as a whole."

As a Canadian, I remain optimistic that such goals are possible. And I believe that such confidence is more than simply wishful thinking.

In the first place, our economic prospects are improving after a recession which was certainly worse than anything we had seen since the 1930s. In the course of the last few weeks, I have attended both the OECD Ministerial Meeting and the Williamsburg Summit. The mood is better than a year ago. While many uncertainties and risks remain, we in the industrialized countries now clearly see signs of recovery. The challenge before us will be to ensure that this recovery materializes and endures. At Williamsburg, we recognized the importance of acting together to ensure, moreover, that recovery should spread to all countries, developed and developing alike.

The developing countries have also had their summit of leaders of non-aligned countries in New Delhi and of Ministers of the Group of 77 in Buenos Aires. It does not surprise me that their economic analysis is more pessimistic than that which emerged from Williamsburg, both because of the severity with which they have been hit in a time of economic crisis and because the signs of recovery in the Third World remain faint in comparison to the economic problems which they face. Of particular encouragement to me, however, was the tone and spirit which came from both New Delhi and Buenos Aires - a call to approach international problems "in a spirit of understanding and cooperation" and to search for answers in a practical and realistic way.

I can certainly confirm, Mr. President, that we in the North respond in the same way. I think this was very clear in our messages from both the OECD Ministerial Meeting and the Williamsburg Summit. At the former, we gave ourselves two tasks in relation to our approach to this conference - first, to ensure that all countries would benefit from the economic recovery now getting underway; and, secondly, to recognize that recovery would not in itself have sufficient automatic benefits for the Third World, and that we needed to work together to promote development and tackle the structural problems of underdevelopment and poverty.

In Williamsburg, also, we paid considerable attention to what we appreciated was the increasingly important Third World dimension of our economic issues. You will notice, therefore, that in our 10-point economic declaration from Williamsburg, the problems and interests of developing countries are mentioned in the majority of items. The theme advocated for this conference by our distinguished Secretary General - "recovery and development" - could not, therefore, be more appropriate. It seems to meet admirably the needs of this moment and sums up the dynamic interdependence which we all accept. The responsibilities lie with each of us, whatever our wealth, stage of development or political system, to contribute to this global goal. The key question, however, is how we translate this theme into our work over the next few weeks.

There is no question in my mind that UNCTAD has an important role. When I last spoke to an UNCTAD audience, at the 4th Conference in Nairobi in 1976, I applauded this institution as having established itself as an indispensable element in the system of mechanisms created for the deliberation of international economic issues and the search for solutions. Since then, UNCTAD has continued its quest for a better and more equitable world order and, through its continuing machinery, has become an accepted and established point for regular discussion and pursuit of further understanding and action on the pressing issues of trade and development in the North/South context. Yet, if we want to be frank with each other, I think we have to admit that the reputation of UNCTAD would improve if as member governments we treated our deliberations with greater respect for the institution and conducted ourselves with greater restraint. The fault, of course, lies not with the institution but ourselves as member governments. Too often we tend to come together to show off our rhetoric, speak to the galleries, play our word games, pass meaningless resolutions, blame each other for our misfortunes, inject extraneous issues, and go home with mistaken satisfaction that our words have somehow contributed to a better world.

The Secretary General suggested during the preparations for this conference that we should try to make something a little different of it. I fully agree. It seems to me there are two broad approaches we have to consider. The first I would describe as the systemic restructuring approach. The second would be to direct our attention to making the system we have work better. Canada would be the last country to claim that our present system of international institutions is perfect or that it fully meets the needs of the developed and developing world. It obviously does not. We would also be the last to deny that change is constantly needed. As a medium-sized country, intent to pursue independent interests in a difficult world, Canada places great importance on the smooth functioning of an international system which can flexibly adapt to a changing international environment. However, Mr. President, I would argue in the context of this Conference that in UNCTAD we have frequently placed too much emphasis on the system and not enough on national will. If I have a criticism of the excellent platform which the Group of 77 put together in Buenos Aires, it would be the priority it places on the radical restructuring of present institutions and the creation of yet more mechanisms. It seems to me that in recent years we have, as an international community, spent far too much time in trying to devise new machinery and not enough in making what we have work better.

This, then, would be my challenge to this Conference. By all means let us admit that the system can be improved. But let us spend our time on building confidence in "making it work". I recently asked myself if the credibility of all of us would not be much enhanced and the effectiveness of the international system would not be improved if as countries, we lived up to the commitments already made. A few illustrations would help to make the point. Aid targets, for example, have been with us since the 1960s and have been accepted by nearly all - yet we seem to get no closer to them. Our international financial institutions and development banks were created with great promise; yet they suffer from lack of resources. We agreed on a replenishment for IDA and cannot seem to put it into place on schedule. We have committed ourselves time and time again to resist protectionism in all its forms, and yet we find it mounting. Two UNCTADs ago, we seemed to be well on the way to an integrated programme of commodities and the establishment of the Common Fund. Eight years later, the Common Fund is still not in being and the number of commodity agreements is few. We agree to the International Development Strategy for the 1980s and then make scant reference to it in our subsequent actions.

I would hope we could use this Conference, Mr. Chairman, to declare to the world that we now want to make our performance match our good intentions. This will be the real approach of courage and confidence-building. It is all too easy to hide behind the need for systemic change and do nothing in the meantime. It would be unfortunate if we allowed this Conference to pass a series of resolutions which were not based on a common analysis of our real problems and the action we need to undertake together. In brief, I would hope that this Conference could issue a declaration that, as a world community, we are committed to work together in a spirit of interdependence and establish priorities for our work programme in the future.

In a recent address to the Canadian Institute of International Affairs, the Canadian Prime Minister suggested that we needed to "rekindle a fundamental spirit of enlightened internationalism" which could lead to both better understanding and commitment. The interlinkages between growth, trade, finance, energy, debt and other economic factors have become increasingly complex in recent years, and our slowness in understanding this phenomenon, and the aggregate effect on our global economy, has been at least part of the cause of our difficulties. The discussion we shall have under Item 8 of our agenda can, I know, contribute significantly to our shared knowledge of these factors and their interaction, particularly as between developed and developing countries. A common analysis of the economic forces and trends at work in the interdependent world of the 1980s seems to us to be an essential prerequisite to making the system work, and enhancing development prospects.

As I have already said, all countries must contribute to the economic recovery and development. Vigorous economies in developing countries are becoming as essential to the well-being of the North as the economies of the North are to the development objectives of the South. This is a two-way street. Just as the developing world counts on the industrial world to provide open if not preferential markets for its products, the North needs ready access for its products. Just as the G-77 expects the wealthier countries to make further structural adjustments away from economic activities wherein the South has a competitive edge, there is a return requirement for enlightened and effective economic management in the developing world which properly capitalizes on market forces, attracts investment, and applies ODA efficiently. Just as Southern countries rightly count on wealthier nations to contribute to their development, the Northern countries expect those who receive assistance to recognize primary responsibility for their own development, and to

adopt policies which promote and accelerate this process through optimum use of local savings and advantage.

It would be a very productive Conference, in my view, if consideration of Item 8 were to identify in a pragmatic and realistic way those areas where developing and developed nations were each responsible for global recovery and development, as well as those areas where cooperation is necessary.

This Conference also has before it three other major items for detailed consideration: Commodities, Trade, and Monetary and Financial Issues. Again, I believe a pragmatic, results-oriented approach is the only way to ensure a productive outcome, and to build on past achievements. Canada is ready to examine all proposals put forward under these items on their merits. Our positions on the specific issues will be explained by members of my Delegation as the Conference progresses, but I would still like to make several remarks on our general approaches.

On commodities matters, while much has been achieved since we adopted an integrated approach in Nairobi seven years ago, much remains to be done. Five commodity agreements are now in place as well as a new type of arrangement for jute. Canada will be ratifying the jute, tin and coffee agreements in the near future. I can also confirm that we are starting the process to ratify the Common Fund. Now that most producers and consumers appear ready to support it, we will have to work hard in the Preparatory Commission to resolve outstanding issues if it is to come into force in the foreseeable future.

Where do we go from here? Over the past two years, prices of internationally traded raw materials plummeted as the recession took hold, some to their lowest level in real terms in 30 years. This hurts Canada. It hurt developing country exporters of resource products even more. We in Canada had at least the cushion of a diversified economy. Many developing countries, on the other hand, had to rely almost exclusively on their earnings from one or a few primary commodities.

One lesson repeated over the past few years is the continuing need to find practical ways and means to lessen the impact of severe price fluctuation. Canada will continue to be an active participant in the effort to find solutions. We do not have preconceived ideas as to what these solutions ought to be. They must be worked out between producers and consumers in the light of the characteristics of each commodity. We also recognize that more broadly-based solutions must also be found. We

continue to support, for example, balance-of-payments assistance to countries experiencing severe difficulties from declines in export earnings.

There is, however, a further and potentially more important lesson. Vulnerability to price and earnings instability will only be overcome when developing country resource exporters can rely on more diversified economic structures. They should participate more fully in the processing, marketing and distribution of their indigenous resources. It is a path on which Canada embarked decades ago. It is a path we urge our Southern partners to take.

Starting along the path is in the first place a domestic decision and requires domestic policies which encourage the development of local processing industries. To succeed, however, it requires a supportive framework of multilateral rules. While much has been achieved to develop such a framework, much more remains to be done. This Conference can make a positive contribution to this effort. The Canadian Delegation is pledged to help make this contribution.

As a nation heavily dependent on foreign trade for its economic well-being, Canada, like developing countries, is vitally interested in restoring a healthy trading environment. We fully recognize the important role that trade can play in economic development and we are deeply conscious of the need to ensure adequate levels of export earnings in developing countries faced with heavy debt burdens.

Our first priority should be to achieve a sustained non-inflationary economic recovery. Recovery will generate increases in import demand necessary as a basis for renewed growth in world trade. At the same time, we must continue to resist protectionist pressures. Trade expansion will benefit us all and we must all do what we can to keep our markets open. It is our sincere hope that this session of UNCTAD will contribute to restoring confidence in the ability and capacity of the international community to improve the trading environment. To this end, we must set ourselves realistic and attainable goals and shy away from rhetorical commitments which can undermine the credibility of governments and weaken the trading system itself. I was particularly pleased that the Williamsburg statement placed emphasis both on a dynamic approach to the problem of protectionism - i.e. that we could move to dismantling barriers as recovery proceeds - and also on our commitment to implement and monitor our stance against protectionism.

Canada has made sustained efforts over the years to improve access to its market for developing country exports. The Canadian Government is committed to extending its Generalized System of Preferences for a further ten-year period beyond its expiry date of 1984. Since UNCTAD V, a broad range of products has been added to our GSP list and lower GSP rates of duty have been introduced on a number of products. Exports from Least Developed Countries under the GSP now enjoy duty-free treatment and provisions regarding rules of origin have been liberalized.

Canada is prepared to explore new avenues for fostering an expansion of trade between countries of the North and of the South. It is in the interest of all that developing countries increase their participation in world trade and that they become more fully integrated into the international trading system. That system has served us well since its creation and although it experienced severe strains in recent years, it has, we believe, withstood these strains remarkably well on the whole. The basic principles of the GATT-based trading system remain sound and while we can and should continue to work together to improve its efficiency and effectiveness, we do not believe that the answer to our present problems lies in the negotiation of a new set of trading rules.

Turning to the final substantive item for discussion, Canada will participate fully in the consideration of international monetary and finance questions at this Conference. At Williamsburg, we pointed out the concern with which we regarded the international financial situation and especially the debt burdens of many developing nations. Continuing pressures exist on the international financial system and it is important to ensure that the institutions and resources are adequate to meet these pressures and build for the future. At Williamsburg we invited Ministers of Finance in consultation with the Managing Director of the IMF, to define the conditions for improving the international monetary system and to consider the part which might in due course be played in the process, by a high-level international monetary conference. Our objective will be to examine issues and ideas in ways which can assist the competent financial institutions better to fulfill their mandates, to conduct efficient and timely operations, and to respond to the needs of developed and developing countries alike to a new period of recovery and development. We must try to build on our strengths. We should be wary of schemes which tend to undermine confidence in either our institutions or the credit-worthiness of borrowers, both of which are fundamental to the functioning of a system which has proved its competence and ability to weather rough times and emergencies.

The remainder of the UNCTAD agenda consists of subjects for review only, but I would nonetheless like to make a special comment on the importance Canada places on responding to the pressing needs of the least developed countries. Their development has stopped in many cases, and even reversed in others. They have felt the brunt of the fall in commodity prices and suffered from slow or no growth in aid disbursements. Although not to blame for the extreme strains placed on the financial system by others, they have found it difficult to get the loans needed to purchase even essential imports and foodstuffs.

Where we can, Mr. President, Canada will take a sympathetic and sincere look at those aspects of proposals under various agenda items which provide special measures for the poorest countries. Outside this Conference, Canada has released for commitment in advance of any requirement its final payment of \$165 million to the sixth replenishment of the International Development Association, and has pledged a further \$200 million to the IDA Special Fund for bridging arrangements in the fiscal year 1984. We would like to see negotiations on IDA VII successfully concluded in the next year so that IDA can continue to provide an adequate level of assistance to the poorest countries from 1984 on. We remain committed to increasing the levels of Canadian official development assistance to achieve .5% of our GNP by 1985 and making best efforts to achieving .7% by 1990. We are also holding to our commitment, as a result of the Paris Conference, to devote in coming years .15% of our GNP in aid to the least developed.

I would not want to close without mentioning a further topic - energy. Canada, as both a producer and consumer of energy, attaches considerable importance to this issue because of the uncertainties of energy pricing and the profound implications which continuing sharp fluctuations in oil prices would have for the international economic system. The main concern must be to provide for greater longer-run stability. For example, oil price reductions, welcome as they are for many countries, must not be allowed to impede efforts to encourage vital structural change such as substitution and conservation. Future stability can also be promoted by considering what consumers and producers can do jointly to minimize erratic and damaging price fluctuations that could hinder economic growth and development. We believe that the present oil market situation provides an opportunity for greater cooperation between oil producers and consumers.

Mr. President, this Conference has a long and mighty agenda before it. Let each participant speak frankly and thoughtfully with national assessments and views. Let

us try to come to some common analyses of our problems and shared perceptions and priorities for the future. Every government should leave Belgrade with a sounder understanding of where we have been and where we are going, and how our national policies and our system of international economic institutions can best respond to and facilitate the imperatives of recovery and development. The Canadian Prime Minister just a month ago said Canada was prepared to work with other countries to "restore a compassionate and disciplined world order". This is the spirit which should animate our deliberations.