

STATEMENT DISCOURS



NOTES FOR INTERVENTION
BY THE SECRETARY OF
STATE FOR EXTERNAL AFFAIRS,
THE HONOURABLE ALLAN J.
MACEachEN, AT UNCTAD IV,
MAY 7, 1976
NAIROBI, KENYA

"SHARING AND SURVIVAL"

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Mr. President:

At Santiago, in 1972, the Head of the Canadian Delegation looked back at the development of UNCTAD since the first conference. He reviewed its growth and concluded that UNCTAD had taken its place as one of the great deliberative bodies of the world. That is now beyond question: UNCTAD has become an indispensable element of the system. Much credit for this must go to its three distinguished Secretaries-General: Raul Prebisch, Manuel Pérez-Guerrero, and Gamani Corea.

Since 1972 a great deal has happened to increase the importance of UNCTAD. Events in the economic sphere have altered permanently the way in which we perceive international economic problems and the way in which we must cope with them. UNCTAD has become one of the foremost international institutions to which we turn to find solutions to economic problems of global concern. We must look far into the future, and do so with an unprecedented sense of urgency.

In the past four years the efforts of the international community to comprehend and address the global economic problems with which this conference must deal have not been in vain. We now have a much improved knowledge and appreciation of these problems and of the ways in which they affect the Third World. We know they are complex and difficult but not insoluble. We have learned that the most promising way to make progress is through a sustained dialogue based on an increased readiness of the wealthier countries to share their wealth and of all to deal with the issues realistically and constructively. I believe that we have passed the stage of analysis and assessment of issues. We must now get together to devise workable and dynamic solutions - and solutions mean action.

It is of significance - and particularly so for this conference - that a group of countries is meeting throughout this year in Paris to discuss in depth the problems of energy, raw materials, development and finance. I have the honour of sharing the duties of presiding over the Conference on International Economic Co-operation with the distinguished head of the Venezuelan

delegation, Dr. Manuel Perez-Guerrero. The Paris Conference is a different kind of international forum - with a limited time frame and a representative, if restricted membership. It is, nevertheless, of importance to our deliberations here because the Paris Conference and UNCTAD IV share common goals. Clearly our efforts in Nairobi and Paris must be mutually reinforcing. As co-chairman of the Paris Conference I am convinced that substantial and positive results here at UNCTAD IV - results so vitally important in themselves - will assist us in Paris in fulfilling the objectives of that Conference. If we succeed here, the process which is underway in Paris will be much strengthened. We shall be better able as we come to the second half of the Conference in Paris to focus on specific proposals for action. UNCTAD and CIEC can both contribute to the essential goal: international economic co-operation for the benefit of all countries and people.

Against this background I submit that all countries have a stake in the outcome of this Conference. In UNCTAD we are in a forum for global consideration and negotiation by all countries of crucial economic, trade and development issues of common interest. If we approach these issues with a recognition of our common interests, if we understand the importance of mutual benefit and of sharing, we can succeed.

I would like now to turn to some of the specific issues before the Conference.

Commodities

Improvement in the position of developing countries which export primary commodities must be our basic objective. In our view, the stabilization of commodity prices and earnings is perhaps the most fundamental problem that this Conference must address. Canada as a major commodity trader regards the instability of commodity markets as a major weakness of the international trading system requiring urgent remedy. We accept the need for a comprehensive integrated approach to the resolution of commodity trade problems and we shall work for the elaboration of elements of such an approach, particularly as regards individual commodities.

As part of the Canadian approach we support the principle of joint producer-consumer financial responsibility on a mandatory basis for the establishment of buffer stocks within commodity arrangements containing such stocks. In the negotiation of the Fifth International Tin Agreement we had indicated that we were prepared to accept mandatory producer-consumer financing of the buffer stock. That Agreement, as negotiated, provides for voluntary contributions from consumer members. I am pleased to state that Canada shall make a financial contribution to the buffer stock of the Fifth International Tin Agreement.

At the Seventh Special Session of the United Nations General Assembly Canada indicated its willingness to examine sympathetically, along with other potential donors, the concept of a common fund to finance buffer stocks. In our view the need for such a fund and its operational modalities will depend on a number of commodities for which agreements based on buffer stocks are negotiated. We are prepared to continue examination of the proposal for a common fund in the light of the results of commodity consultations and negotiations.

In the months ahead we expect that interested Governments will come together to work out, within an agreed time frame, specific ways and means to deal with the problems of individual commodities and give effect to the decisions of this Conference.

Financial Problems of Developing Countries

There are a number of important financial issues of special concern to developing countries on the agenda of this conference. I wish to address two of these in particular - debt relief in the context of the balance of payments problems of developing countries and official development assistance.

The growth of the global balance of payments deficit of non-OPEC developing countries from approximately 9 billion dollars in 1973 to between 35 and 45 billion dollars in 1975 emphasizes the importance of our deliberations. It is not sufficient to address the current debt problems of developing countries. We must also work to reduce their occurrence in the future.

Canada attaches great importance to the provision of development assistance on the softest possible terms. We consider it essential that loans conferred as development assistance not place developing country recipients in debt repayment situations in which they will eventually have difficulty in meeting their financial obligations.

Canada's development assistance has been and continues to be highly concessional. To date all of Canada's official development assistance has exceeded a grant element of 50% with an overall average of 95%. We believe that the terms on which development assistance funds are provided, particularly to the poorest countries, should be improved. We urge that the international grant element threshold for official development assistance be raised above 25% as a meaningful step in this direction and we are prepared to join other donors in setting the new threshold as high as 50 percent.

Turning to the immediate problem I wish to affirm Canada's readiness to consider debt relief for developing countries. We are conscious of the particularly acute debt problem of the poorest of the developing countries and are prepared to look sympathetically at specific cases. Multilateral development finance institutions, for their part, should consider committing new resources, within their programme priorities, up to the equivalent of the debt service payments due them from countries for which an agreed debt reorganization is negotiated.

We approach the question of an international conference to consider the debt problems of developing countries with an open mind. It would be important that any such conference be well prepared and that its objectives be clearly defined. We see the need to consider debt questions in the context of overall balance of payments problems and hence as being closely tied to the level of financial flows.

With respect to the levels of official development assistance Canada's ODA as a percentage of GNP has grown to over 0.55 percent in our fiscal year 1975/76. We reaffirm our determination to achieve the target of 0.7 percent. In the coming years Canada's official development assistance will continue to grow and we shall work toward the 0.7 percent target as rapidly as available fiscal

resources allow. The bulk of our assistance will continue to be provided to the poorest developing countries.

Trade Liberalization

It is fundamental to the development of the countries of the Third World that their exports have access to the markets of the industrialized countries. Of course their mutual trade and access to one another's markets is also of major importance. We are working through the multi-lateral trade negotiations in Geneva for trade liberalization measures which will have a beneficial impact on the economies of developing countries. In connection with industrial development and further processing of raw materials in producing countries, Canada has made specific proposals in the MTN which, we believe, will be beneficial to the developing countries producing certain important raw materials.

The establishment of generalized preference schemes has been an important means of encouraging the exports of developing countries. We welcome the improvement others have made in their schemes. Canada proposes to broaden its system through the work of the tropical products group of the MTN and also intends to extend its geographical coverage to include all the least developed of developing countries and all the former Portuguese territories whether or not they have most-favoured nation agreements with Canada.

Within the MTN Canada will seek improvement of rules on the application of safeguard actions, including those applied against the products of developing countries, which will ensure that such actions are temporary and subject to international guidelines and surveillance. We will be reviewing our current adjustment assistance measures in the context of the MTN and will be taking into account the interests of developing countries as they relate to the longer term evolution of the Canadian economy.

Finally in the area of trade, Canada is examining various alternatives for using aid funds to establish a trade facilitation office to assist developing countries seeking to export to the Canadian market. The UNCTAD/GATT International Trade Centre could play an important role in this endeavour.

Transfer of Technology

The final specific area I wish to touch on is the transfer of technology. Canada is giving continued and substantial support for the development of appropriate technologies for developing countries through our aid programme and through the International Development Research Centre, which focusses its attention and resources on research and technology in developing countries. Canada intends to explore further the creation of links between research institutions in Canada and corresponding institutions in developing countries. Such arrangements could provide Canadian institutions with a greater appreciation of the problems of developing countries - they could influence, over the longer term, the orientation of our domestic research and development programmes toward Third World problems, and they could provide a channel for the transfer of advice, assistance and technology to developing countries.

Canada would support further work on a voluntary, universally applicable, code of conduct which sets out guidelines for the transfer of technology on a supplier-recipient basis. We further support continuing international discussion within UNCTAD on restrictive business practices adversely affecting international trade, particularly that of developing countries.

Conclusion

I have outlined our views and ideas on several of the major issues and proposals before this conference.

There is a heavy responsibility on every government to facilitate the confidence of the global community. Part of our task at UNCTAD IV will be to bring closer together our differing perceptions as to what is equitable and what can be achieved. Canada as a developed country recognizes that the commitment to share is fundamental to our success.

We must see the hard decisions ahead of us not only in terms of problems to be solved but in terms of opportunities and challenges to shape a better world. This will require intensified efforts to reduce disparities between rich and poor throughout the world and to eliminate wasteful

consumption. Difficult choices are required now - if necessary action is not taken now harder decisions and more drastic sacrifices will have to be made in the future.

Canada will use its influence and its resources to bring about constructive change in the international economic system. I pledge my own effort to continue to work toward this goal here at UNCTAD IV and at the Conference on International Economic Co-operation.

It is Canada's conviction that only through sharing can we ensure our survival.