



DEPARTMENT OF EXTERNAL AFFAIRS
MINISTÈRE DES AFFAIRES EXTÉRIEURES

communiqué

No: 89
No.:

DIFFUSION: FOR IMMEDIATE RELEASE
RELEASE: SEPTEMBER 10, 1981

NOTES FOR A SPEECH

BY THE HONOURABLE RAYMOND PERRAULT,
LEADER OF THE GOVERNMENT IN THE SENATE
AND HEAD OF THE CANADIAN DELEGATION
AT THE UNITED NATIONS CONFERENCE
ON LEAST-DEVELOPED COUNTRIES,
PARIS,
SEPTEMBER 3, 1981

(TRANSLATION)

Mr. President,

It is a great honour for me to address such a distinguished assembly in this beautiful "ville lumière" which means so much to Canada and all Canadians. But first, permit me to pay tribute to the President of the French Republic for his gracious welcome and impressive introduction, for the efficient way in which you have provided for our deliberations, and to you on your election to the position of President of the Conference.

(TEXT)

I wish to assure you of the very high priority which the Canadian government attaches to co-operation between developed and developing countries on global economic problems and to the success of the Conference. As many of you well know, my Prime Minister, the Rt. Hon. Pierre Elliott Trudeau, has undertaken a series of foreign missions and extensive discussions with leading world statesmen to promote progress on the important issues which comprise the North-South dialogue. While he is unable to be with us today, he has asked me to convey the following special message to this assembly.

"Mr. President, on behalf of the people of Canada, I would like to convey greetings and best wishes for a successful conference.

Among all the complex problems facing today's increasingly interdependent world, none is more pressing or more fundamental than the plight of the poorest nations and peoples. The moral imperative of social justice, to assist one's neighbours, is not constrained by family, ethnic, religious or national affinities. It does not depend upon whether one exports or imports petroleum, whether one has a centrally planned or a free market economy, or whether one belongs to one political alliance or another. It is a responsibility of all of us, developed and developing countries alike, and one we must carry out together.

The fact of global interdependence was stressed once again in July at the Ottawa Summit, where the participants jointly expressed their concern about the serious economic problems in many developing countries, and the grim poverty faced by hundreds of millions of people.

Canada will continue to support the developing countries in promoting their progress within the framework of their own values, priorities and traditions.

(TRANSLATION)

The Government of Canada has made a commitment to increase the level of our official development assistance, and to direct the major portion to the world's poorer countries.

Canada is determined to fulfill its commitments, and to work co-operatively with other countries towards the realization of greater social and economic justice in the world community. To that end, we are also eager to contribute actively to the successful outcome of your deliberations.

Pierre Elliott Trudeau"

(TEXT)

As our Prime Minister has indicated, this conference addresses one of the fundamental issues in international economic co-operation. The harsh reality is that, at a time when we are all affected by many kinds of international crises, and at a time when there is an unprecedented need for the United Nations, we find that people around the world have a diminishing faith in the ability of the international community to fulfill the vision which inspired its founding members -- for global stability, social justice, and prosperity for all. The problems we will be addressing are urgent enough in themselves to motivate us to make this conference a success. But we are also working under the additional challenge to show now, when the world's needs are so great, that the international community can respond in an effective manner and demonstrate that practical, realistic progress can be achieved.

We have been tasked by UNCTAD Resolution 122 (V) with the finalization and adoption of a substantial new programme of action as part of the international development strategy for the 1980s. This conference thus responds to the "cri de coeur" of the poor, to those who see their own hopes for a better life disappointed, and to those who face the even more terrible prospect of their children's lives being blighted by poverty. The recent World Bank and UNCTAD

* United Nations Conference on Trade and Development

reports, together with the reports of the Brandt Commission and Commonwealth experts have highlighted so strongly in their projections for the 1980s that it is the poorer countries, particularly the least developed, who are most vulnerable and have the bleakest prospects.

As my Prime Minister recently stated in Nairobi, "without the largest infusions of assistance from outside their borders, the world's poorest countries cannot hope to overcome the poverty of their people within the foreseeable future." In this context, Canada announced a year ago at the 11th Special Session of the U.N. General Assembly that we would be increasing our official development assistance (ODA). We pledged ourselves to attain 0.5% of GNP by 1985 and we are now working towards that objective. In addition, we pledged our best efforts to reach by 1990 the International Development Strategy (IDS) target of 0.7% of GNP.

It has been a long-standing principle of Canadian aid policy to emphasize assistance to the poorest countries. More than 75% of Canadian bilateral aid is currently allocated to low-income countries. Of this amount, over one-third of bilateral Canadian ODA was allocated to the least-developed countries in 1980. This assistance is well distributed among the least-developed countries in all parts of the world. We fully expect that this principle of concentration will be maintained in the years ahead. Furthermore, as overall levels of Canadian development assistance increase throughout the decade in line with my government's commitment, to which I have referred, the volume of aid to the least-developed countries will increase in real terms.

Consistent with this policy, Canada attaches great importance to the role of the multilateral organizations and international financial institutions. Strong support to these institutions by all of their members is, in our view, a key to the success of any long-term plan for the least-developed countries. My government is pledged to continue to provide such support.

My country has been giving careful consideration to the development needs of the least-developed countries and other countries in the 1980s and to relating those needs to Canada's capacities. The country review meetings which preceded this conference were of interest to us in this context. It is, of course, extremely difficult to determine priorities among so many compelling needs. At the same time, it is not realistically possible for resources to be found to respond to every need. Development resources have

to be husbanded and employed to build up those sectors which are the foundation of a stable economy, such as agriculture and food security. They must also be used to eliminate major bottlenecks in development, such as the energy import bill. Finally, given the scale of the problem, we have come to recognize that development in the least-developed countries requires a long-term commitment and investment in the most precious asset of all, human resources. It is for this reason that the Canadian International Development Agency (CIDA) will be channeling most of its resources in the 1980s to three sectors: rural development and food security, energy, and the development of human infrastructure. I was pleased to note that Ministers of the least-developed countries of Africa who met in Addis Ababa in July, highlighted these priorities in their preparations for this conference.

Although harvest prospects in most major producing areas are generally good this year, it is clear that global food security will be a leading developmental and humanitarian issue for the foreseeable future. The global food balance is fragile. Indeed, with finite arable land, uncertain supplies of water and agriculture inputs and a rising population, the availability of food and its equitable distribution will be one of the major challenges facing policymakers. Low-income developing countries, which bear so heavily the burden of food shortfalls, will have to vastly improve planting, harvesting and storage techniques. The task is enormous and no quick solutions are in sight. But what is clear in the light of past experience is that our attention must be focussed on incentives and technical assistance to those who actually produce the food. This involves both donors and recipients in complicated questions of pricing policies, the ownership of land, the availability of credit, training programmes for women, for youth, for all those who form links in the chain that stretches from the seed being planted to the food being eaten. Food security will be critical to the survival of millions of the most disadvantaged people. In 1980, some 500 million people were estimated to be living below the minimum norm of adequate nutrition. While there have been heartening gains in production in several countries, notably in Asia, the situation in Africa, particularly in the least-developed countries, where per capita production fell in the 1970s, remains a grave concern. Greater self-reliance in essential foodstuffs is both a humanitarian imperative and a prerequisite to overall economic and social stability. Industrialized countries can help to further this objective by supporting a viable trading system, enhancing global food security through creative programmes

of development assistance and food aid, and adopting constructive approaches in the international dialogue on food and agricultural issues. The agricultural sector will be of the highest priority in the 1980s in Canada's development assistance activities. In doing so, we will devote an increasing share of our agricultural assistance to help developing countries improve their ability to meet their own needs for essential food and safe water. We will also encourage a co-ordinated food sector approach to rural development. We would hope that the least-developed countries would attach a similar high priority to the agriculture sector as has been recommended by Secretary-General Corea and the World Bank.

Canada's support of a self-reliant strategy in the food sector is based on the recognition that it is neither feasible nor desirable for the needs of most low-income, food-deficit countries to be met solely through food imports and food aid -- over-dependence on which can constitute a major disincentive to agricultural development. As a major food-aid donor, we will increasingly direct our bilateral assistance to the most severe emergency and short-term needs of low-income, food-deficit countries and, wherever possible, our aid will be utilized as "development capital" for projects and programmes designed to increase self-sufficiency in less-developed areas. Canada will also continue to be a major contributor to the world food programme.

The impact of the energy crisis has been felt severely in the least-developed countries, which generally lack both indigenous supplies of hydrocarbons and the export capability to finance increased energy bills. Other sources of fuel, such as firewood, on which the rural population of the least developed countries depend, are becoming depleted, with serious environmental and social consequences.

As Prime Minister Trudeau indicated at the United Nations Conference on New and Renewable Sources of Energy in Nairobi, Canada plans to increase its development assistance in the energy sector, an area where we have considerable expertise and experience. Canada's International Development Research Centre (IDRC) will undertake a major programme of energy research which will be conducted largely in the least-developed countries and will stress the use of indigenous resources in solving local energy problems. In addition, Canada will also be contributing \$25 million towards a programme to develop and apply new energy technologies, particularly in the Sahel region.

Last month, my government announced the creation of Petro-Canada International, a subsidiary of our national oil company. Its purpose will be to assist oil-importing, developing countries to exploit their own energy resources, particularly hydrocarbons. This institution will be a new development assistance arm of the Canadian government, active in those areas offering geological or other resource potential which are not otherwise attractive to private investment. Many of these are found in the least-developed countries. These measures are but a part of a much larger effort Canada is undertaking in the energy field over the next decade.

In his opening statement to the Conference, President Mitterrand indicated support for an energy affiliate of the World Bank, which would involve both industrialized countries and the oil-exporting countries. Canada also favours the establishment of the proposed energy affiliate.

The third sector to which Canada attaches particular priority in the 1980s is the development of human resources. We enter this decade with a heightened understanding that financial and physical resources are by no means the most important tools of development. People are. The proper employment of financial and physical capital is predicated on the development of human resources. We have therefore decided to accord a higher priority to technical co-operation and other forms of investment in human resources development in our bilateral assistance activities. We are also exploring more flexible, innovative mechanisms for technical co-operation and the facilitation of the transfer of technology. We are convinced that the social benefits for both developed and developing countries in promoting cross-cultural understanding go beyond the economic benefits of technical co-operation and justify the high priority we give to this co-operation in Canada's aid programmes.

Canadian development activities are not limited to those of the government. The Canadian people and the private sector, particularly non-governmental organizations (NGOs), are involved in the development process. Today, the 84 member agencies of the Canadian Council for International Co-operation, representing several million Canadians, voluntarily contribute \$75 to \$100 million yearly for development work. Matching contributions from the Canadian International Development Agency and some Canadian provincial governments have a multiplier effect on contributions several times larger than this from non-governmental organizations. In many of the least-developed

countries, particularly the smaller ones, the non-governmental organizations are the main Canadian source of assistance. We accord particular importance to the work of the non-governmental organizations, not only because they are noted for their flexible, fast, low-cost, grass-roots development work, but because of their invaluable educational work in promoting support for the development process in Canadian communities.

In order to mobilize and sustain public support and to highlight the need for additional human and financial resources to the least-developed countries, I believe that there would be real merit in an initiative which brings together non-governmental organizations and the private sector in developed countries with their counterparts from the least-developed countries. A planning session, which could perhaps be organized by the International Council of Voluntary Associations or some other appropriate body, would have as its purpose the identification of those areas which might be suitable for action by the non-governmental sector in least-developed countries. Such an initiative would not only provide a practical means of encouraging greater access to NGO resources but would also foster a process of continuing collaboration between governments and non-governmental organizations in developed and developing countries. In this way, it could contribute meaningfully to the follow-up measures we are considering at this conference. If there were interest on the part of the non-governmental community in such an idea, the Canadian government would be prepared to contribute up to \$100,000 towards the organization of the meeting and the travel costs of a non-governmental organization representative from the least-developed countries.

The least-developed countries are susceptible to natural disasters which in certain areas have been complicated by the plight of refugees and victims of war and sectarian strife. Clearly, greater efforts on the part of the international community are required to cope with these situations. In recognition of this imperative, Canada has doubled the official global allocations to humanitarian and refugee relief. In addition, earlier this year my colleague, the Honourable Mark MacGuigan, Secretary of State for External Affairs, announced at the International Conference on African Refugees, a special contribution of \$23 million during the current year which will help in part to alleviate the plight of refugees in Africa's least-developed countries.

A further problem facing the least-developed countries in the 1970s has been the deteriorating terms of trade of their exports and their difficulties in producing and marketing goods which are in demand abroad, including the markets of developed countries. Canada is prepared to work with other nations to facilitate the exports of developing countries.

I am pleased to be able to announce, Mr. President, that it is the intention of the Canadian government, subject to parliamentary approval, to introduce changes to its scheme of Tariff Preferences (GSP) in order to provide special and more favourable treatment on imports from the least-developed countries. Duty-free entry will be allowed on all imports from the least-developed countries which are currently covered by the Canadian preference system. A wide range of products, which are currently dutiable under the Canadian preference system at two-thirds of the Most-Favoured-Nation Tariff or less, will then be duty-free from the least-developed countries. The percentage of local transformation required in order to qualify under the Canadian scheme will also be reduced for the benefit of the least-developed countries. Under current Canadian GSP (Generalized System of Preferences) rules of origin regulations, the maximum third-country content allowed is 40 percent of the ex-factory price. For the least-developed countries, this ceiling will be relaxed to permit up to 60 percent of the ex-factory price to be sourced in a third country. It is hoped that this change in Canadian regulations will make it easier for the least-developed countries to export to Canada goods which contain a higher degree of third-country content.

I am also pleased to announce, Mr. President, that Canada has decided to extend, on a unilateral basis, the benefits of the GATT (General Agreement on Tariffs and Trade) Agreement on Government Procurement to a number of least-developed countries in keeping with the agreement reached during the MTN (multilateral trade negotiations) discussions. We will be communicating directly with the governments concerned. This action on the part of Canada will permit qualified suppliers from these least-developed countries to bid on a non-discriminatory basis on Canadian government contracts covered by the Code. Canada would urge other signatories to the GATT Agreement on Government Procurement to extend the same benefits to the least-developed countries.

These initiatives together with such activities as the establishment of a trade facilitation office in

Canada, demonstrate Canada's commitment, as a major trader of manufactured products and of commodities, to a more open and equitable trading system.

Mr. President, the task of this conference is to incorporate into the substantial new programme of action a series of measures which will help alleviate some of the problems to which I have already referred. Canada believes there are two main components to the substantial new programme of action. First, action which each least-developed country itself can take in adapting its domestic policies and priorities in a manner which ensures its economic and social development. Second, action which the international community, both donors and developing countries in a position to do so, can take to assist the least-developed.

The importance of changes in domestic policy in the least-developed countries has been highlighted most recently in the World Development Report of the World Bank and the UNCTAD Trade and Development Report. Secretary General Corea devoted an entire chapter of his report to the Conference on domestic policy measures, and referred to it in his opening speech to the conference. Mr. President, there is a need to announce during this conference that the governments of the least-developed countries share this perception and are committed to measures which will set a solid foundation for effective support measures by the international community.

This latter element, the second major component of the substantial new programme of action, includes increased concessional resource transfers, improvements in the quality of aid modalities, commercial policy measures, and co-operation among developing countries. Several targets or sub-targets for aid flows have been proposed by the Group of 77. As I have said earlier, Canada attaches great importance to increased development assistance to the least-developed countries. This conference should, however, be wary of an inflexibility which could be created by techniques such as sub-targets. These could distort the efforts of bilateral donors. At the multilateral level, particularly in the international financial institutions, such sub-targets would be especially constraining. For example, Mr. President, the African Development Fund disbursed approximately 83 percent of its funds to the least-developed countries in 1980, while the Inter-American Development Bank could only direct five percent of its funds to the least developed, in this case, Haiti. We believe

that both of these figures are justified when one examines the compositions of these institutions. The African Development Fund has 21 of the 31 least-developed countries in its constituency while the Inter-American Development Bank has only one. It would make no practical sense to insist that either apply a sub-target of 30 percent of its resources.

We also have concerns that the emphasis on an ODA/GNP sub-target may tend to diminish the importance of implementing the 0.7 percent IDS target to which we have already committed our best efforts to achieve by 1990.

I also note with interest that the African least-developed-countries' ministers emphasized a need for doubling of aid in the coming decade. In this context, Resolution 122 (V) recognized the need to take into account the relative performance of donor countries. Improvements in the quality of aid modalities is something to which we attach particular importance. Canada provides aid to least-developed countries on a grant basis only and we are prepared to bring to bear considerable flexibility on questions such as local and recurrent costs.

Mr. President, I have already announced measures in the commercial policy field which are in accord with some of the suggestions put forward by the Group of 77 in their preparations for this conference.

Another important component of the substantial new programme of action will be a follow-up at the bilateral and global levels within existing institutional frameworks. Any bilateral follow-up should take full account of existing mechanisms and the views of each least-developed country and its major partners in co-operation.

We also believe that the follow-up at the global level should not involve a cumbersome process and could be adequately undertaken in the context of the two or three UNCTAD conferences which are to take place in the decade.

Mr. President, the ultimate success of this conference depends on the collective support of the international community to the substantial new programme of action. I wish to launch a specific appeal to the socialist countries of Eastern Europe who have not been particularly active in the preparations for the conference, to implement measures which are commensurate with their importance in the world economy. I also trust that developing countries in a

position to do so, will support the substantial new programme of action in a manner consistent with their abilities.

Mr. President, Canada has played an active and, we believe, positive role in the preparations for this conference. We are ready to play an equally active and positive role during the course of the conference. We are committed to make it a success. We believe the elements for success exist already: a recognition among industrialized countries and better-off developing countries of the need for an accelerated programme of technical and financial assistance for the least-developed countries; an undertaking by the least-developed countries themselves to implement the required policies to promote development; and a willingness of both North and South to implement the mechanisms for open and frank consultations to ensure that activities are effectively co-ordinated and coherently applied. With good will on all sides, this conference may be remembered as a major milestone on the road to a new, more equitable international economic order.