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Remarks made by the
Honourable Monique Landry,
Minister for International
Relations, at the Plenary
Session of UNCTAD VII
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In the case of the poorest countries, there is underway a reappraisal of the approaches and actions that have been taken in the past.

There is a rapidly growing consensus that it is necessary to move beyond what has been done in the past. Canada firmly believes - and Prime Minister Mulroney has made the point with our Summit partners in Venice - that the crucial problem for these countries is not so much debt management as development.

We in Canada see the following as the key elements in dealing with the debt of the poorest. First, it is necessary to find some way to reduce their debt overhang positions vis à vis the IMF and the World Bank. These countries cannot be expected to pay back more than they receive from these institutions at this time. Second, future support for the adjustment efforts of these countries must be highly concessional. Third, official debt must be rescheduled on longer and easier terms. Fourth, countries who have not already forgiven or deferred their official ODA debt should do so as soon as possible. Fifth, ODA flows must be more flexible and liquid, and development strategies more effectively coordinated. Lastly, and of equal importance, the countries themselves must ensure that the domestic economic policies they pursue are realistic and appropriate.

Expanding world trade has served as the engine of global growth for the past twenty-five years. Many of our strategies and assumptions are based on the role we have thought trade plays in development. However, in recent years, trade has not been making the same contribution to development. Trade clashes, protectionist pressures, and tensions between the developed countries and between developed and developing countries have intensified the relationship of these questions with debt.

Our agenda on trade, thus, is quite clear. We must restore confidence in the GATT system. Marked progress must be made early in the Uruguay Round in dealing with trade restrictions and distortions. Our common objective in the MTN must be an improved framework of rules which meets today's challenges. Developed and developing countries share many common concerns and interests: we must work together. Together we must join our efforts to strengthening the multilateral trading system.

Canadians, as you know, are particularly concerned about the problems of agricultural trade. Canadian farmers, like those from developing countries, are caught in the cross-

fire of a potentially destructive subsidy war. The tensions generated in this war threaten the world trading system and the success of the Uruguay Round. On the other hand, there is consensus on the need for fundamental reform in the agricultural sector. We must work together to achieve the objectives of the MTN in this area.

The continuing fluctuation and declines in commodity prices directly affect development particularly, but not exclusively, in the Third World. As a significant exporter and importer of commodities, Canada also has a real and direct interest in commodity trade issues. Fundamental to our view is the conviction that any response to commodity problems is best considered from the perspectives of both producers and consumers.

We believe that a practical common policy approach on these issues should embrace several elements. First, policies and practices that have distorting effects on commodity markets, such as trade barriers, rigid production policies, and restrictive investment policies must be avoided. Second, developing countries must aim at diversifying their economies, taking into account the opportunities offered by domestic markets as well as regional and international markets. The MTN provides a means by which these opportunities can be both protected and expanded. Lastly, improved producer-consumer dialogue will provide the most effective way of resolving problems and increasing market transparency. That will enable producers to respond better to market signals.

Against this background, the challenge to UNCTAD is great indeed. All too often in this forum, we have wasted time and resources on rhetorical overkill, conference brinkmanship and the negotiation of meaningless verbiage. We, as individual countries, and UNCTAD as an organization, face a changed and changing world. For example:

- Steady, high growth in the international economic environment can no longer be taken for granted.
- New countries have become major economic players and old relationships have altered.
- The global division of labour between developed and developing countries is accelerating and changing under the influence of technology and competitive market forces.
- Technology has also altered patterns of production in manufacturing and services. The world has become a global factory.

- Telecommunications advances are integrating international and domestic capital markets: isolation is no longer possible or desirable.
- Commodity prices have become de-linked from world economic growth.
- The vast diversity of the developing countries and, thus, their relative needs, are becoming more and more evident.
- Different growth performances illustrate the importance of appropriate choices in development strategies and policies.
- The positive role of the private sector in creating wealth and encouraging efficiency is now recognized.
- Major demographic shifts are creating new and different development pressures.
- Recognition of the role and participation of women in economic growth is increasingly seen as an issue of development effectiveness.
- The extent, complexity and implications of global interdependence are becoming more and more clear.

UNCTAD has the capability of helping us to address these changes. With its mandate, its universal character, and scope for activity, UNCTAD must be a forge for new ideas, a source for new strategies, realistic approaches and viable solutions. It must be a forum that usefully informs national and international policy development, and stimulates and supports international cooperation and development. It must do so by identifying and evaluating long term structural changes and trends. Through careful analysis and constructive exchanges of views, UNCTAD can also contribute to the consensus-building process that makes successful, productive negotiation possible. Ultimately, this is what produces concrete results for growth and development.

Mr. President,

I close with a plea that UNCTAD give substance to the concept of partnership and cooperation between developed and developing countries. The outcome of our discussion here must serve to help bring about real solutions to real problems.

Since preparations for this conference began, Canada has argued that we should produce a significant document that will have influence in the ongoing process of economic discussion. To do this we must agree to a frank, honest, practical and forward looking message. That message must honestly state where we agree as well as where we disagree. More important, however, it must reaffirm our commitment and determination to build on our common views. And, it must indicate clearly how we intend to work, in practical terms, to bridge our differences.

Mr. President,

Canada's experience has been that we have had a high degree of understanding and cooperation when we have worked with our developing country partners on a bilateral basis. Canada's experience is surely not unique. Let us all, in this multilateral forum, carry out our work in that same spirit.

Thank you.