



CANADA

The Permanent Mission of Canada
to the United Nations
at Geneva

La Mission Permanente du Canada
auprès des Nations Unies
à Genève

STATEMENT BY AMBASSADOR J. ALAN BEESLEY
BEFORE THE UNCTAD TRADE AND DEVELOPMENT BOARD

32ND SESSION

GENEVA, MARCH 10-21, 1986

MARCH 13, 1986

Mr. President,

At the outset of my statement, may I congratulate you on your election to this Board's highest office and promise you the cooperation of my delegation in achieving a successful outcome to this session, especially the launching of preparations towards a productive UNCTAD VII.

I would also like to extend a warm welcome, on behalf of Canada, to Ken Dadzie, at this his first Board session as Secretary-General of UNCTAD. We are looking forward to his leadership and to his contribution to the work of this organization which has been faced with some difficult problems. I can assure, you, Mr. Secretary-General that you can count on Canada's support and assistance in all efforts to make UNCTAD a more relevant and valuable institution to all its members in the context of fostering growth, trade and development.

Mr. President, Canada, more so than most countries, is acutely aware of the importance and the nature of economic interdependence in the world today. Ours is a very open economy.

.../2

As a major trading nation, our economic survival depends on the maintenance of an open multilateral trading system. Exports account for nearly a third of Canadian domestic production and imports supply over 30 percent of domestic demand. Canadian capital markets are highly integrated with international capital markets. Canada welcomes foreign investment and technology in order to build competitiveness in a shared development of the Canadian economy.

As a result, the Canadian economy is extremely sensitive to developments in the external economic environment, and particularly the factors of stability and sustained growth.

In his opening statement to the Board March 10, Mr. Dadzie commented that the world economy faces (and I use his words) "many acute problems and the prospect of disorder", and that "the trade and payments system is also under acute strain". These are strong words and I am not sure everyone would share that strongly pessimistic view, but certainly, the international trade and financial systems are characterized by major imbalances.

.../3

Industrialized countries face difficult domestic policy problems that have effects beyond their borders. Fiscal deficits in some quarters, wide trade imbalances, unemployment and structural weaknesses have variously circumscribed their ability to act decisively. Many developing countries are bent under enormous foreign debt loads and difficult debt service situations, and low commodity prices from over-supply and weak demand. Interest rates in major capital markets still remain above historical averages, exacerbating this situation further. Exchange rates movements have continued to fluctuate considerably, distorting trade prospects and adversely affecting debt planning.

The risks inherent in the current international situation are substantial. But so also are the opportunities for positive policy developments that can reduce these risks and bring new expansion in growth. In particular, industrialized countries have shown themselves, over the past months, ready to strive for greater coordination of policies that impinge upon the international macro-economic environment.

Key in this regard are the continuing efforts of the United States to reduce its federal deficit, offering the possibility of moderate and orderly declines in interest rates and the value of the U.S.A. dollar. Canada is making

similar determined efforts. Key also is the prospect for increased domestic demand-led growth in Japan and in some European countries, which will create import demand and complement growth in North American economies. The decline in oil prices should also have a positive impact on growth of industrial economies and on the world economy as a whole.

In his statement, the Secretary-General rightly drew attention to some of these positive developments, such as last September's G-5 agreement to moderate disparities in exchange rates. Group B's statement elaborated on these and other initiatives in the areas of interest rates, handling of debt, as well as the important decision last November to convene a Ministerial meeting in September 1986 to launch the new Round of Trade Negotiations. These Negotiations will provide the framework to resolve a broad range of trade problems and strengthen the multilateral trading system to the benefit of all countries. They will have a positive impact on economic stability and growth, and on the ability of developing countries to service debt and to mobilize and attract those additional resources so necessary for sustained development.

The importance of a fair and open trading system for all nations cannot be over-stated. Beyond its adverse

.../5

effects on the trade of all countries, protectionism has an added impact on developing countries. It hinders the resolution of the debt problem and prevents the structural adjustments necessary to foster export-led growth.

Canada is committed to the strengthening of the multilateral trading system. We see the next round of multilateral trade negotiations as vital to meeting this objective and to promoting positive structural adjustment in both developed and developing countries.

Canada will, therefore, continue to play an active and constructive role towards the successful launch in September of the new Trade Round, and when that Round begins, to its early and successful conclusion.

Only negotiations broad enough to meet all our interests can result in real gains for all our economies. It is also important that all countries participate. Strengthening the trading system is of direct interest to developed and developing countries alike. Each country will, we hope, address itself to the nature of its own participation in the coming Round, and in particular the input that it can bring to the table. Canada looks forward to working closely with developing countries in these negotiations in the pursuit of common objectives.

.../6

Mr. President, Canada also continues to play its own role in improving the broader macro-economic environment. The Government's Budget brought down February 26 aims at progressively reducing our fiscal deficit so that our debt to GNP Ratio will stabilize by 1990/1991, and then begin to decline. Actual financing requirements of the central government will decline to less than 2 percent of GNP by 1990/1991. The budget calls upon every Canadian to make a sacrifice through higher taxes. But it has, by and large, been accepted as necessary to putting our own house in order and to creating a firm basis for future growth and development. Thus in the future, Canada and Canadians will be operating in an economic context of tight restraint.

This has had some consequences for Canada's commitment to its partners in development, but happily these are limited. Canada intends to reach the level of 0.5 percent of GNP for ODA in the next year, 0.6 percent by 1995 and 0.7 percent five years later. In the last five years, our ODA totalled \$8.7 billion; in the next five years, it will reach a total of \$13.6 billion. Canada has thus one of the fastest growing aid programs on the international scene.

.../7

Equally important, Canada remains committed to ensuring that its aid reaches those most in need. The least developed countries are a specific target and we are now in the process of meeting the target of channelling to them aid equal to 0.15 percent of our GNP. At 8.7 percent of ODA, Canada also disburses a higher proportion of aid through NGOs than any other donor country, getting aid to the disadvantaged at less cost and helping Canadian NGOs obtain additional funding directly from individual Canadians.

Perhaps the most important change Canada has now adopted is a stricter definition of what we consider to be ODA. From now on, all Canadian development assistance will be provided on an all-grant basis. Not only is this a tangible step toward offering more effective aid, but no longer will any part of Canadian development assistance show up as debt on the books of recipient LDCs.

Mr. President, all this illustrates that Canada remains deeply committed to helping our developing country partners meet the challenges of development. That is why we are in the process of implementing a package of trade

.../8

and development measures with the Commonwealth countries of the Caribbean, as agreed with them last October. It also explains, as Canada's Secretary of State for External Affairs noted two weeks ago, why Canadians have been perhaps the largest donors, and perhaps the most personally involved Westerners, during Africa's recent crisis, disbursing over \$850 million in aid and emergency assistance in this fiscal year. We will be involving ourselves closely in the Special Session of the General Assembly on Africa later this year.

Mr. President, I would like to conclude with a few remarks about UNCTAD and its upcoming Seventh Conference. On the basis of its original mandate, UNCTAD is both an organization of principal operational focus in some areas, such as commodities, and a major forum for examining global economic issues, concentrating on the particular problems of trade and development. As a strong supporter of multilateralism, and the UN system, Canada has always given UNCTAD close attention and support, even during its more difficult times. We will continue to do so, working especially to ensure that UNCTAD remains -- as years pass and conditions change -- an organization of real relevance and contemporary value for all its membership.

.../9

For these reasons Canada participated in Group B's efforts in 1984 to reflect on ways that UNCTAD could be made more effective, and its intergovernmental mechanisms and working habits more conducive to productive outcomes. We have strongly welcomed, over the past year, the steps taken under Alister McIntyre's effective interim leadership, towards more balanced and shorter documentation, better management, greater transparency and other improvements. We have noted with pleasure the indication Monday by our new Secretary-General that he will continue to keep effective management, and the integrity and credibility of the Secretariat, among his foremost objectives.

As important as these developments have been, they are not enough. In particular, governments must now turn their attention to restoring the relevance and value of the organization's substantive role.

That is why UNCTAD VII is so important. The agenda for UNCTAD VII should permit it to make a timely contribution to the treatment of issues being considered in 1987, both inside and outside UNCTAD, and to set priorities for practical and realistic work in the organization following the Conference.

.../10

Canada has been actively evolving its own thinking on UNCTAD VII. We have become convinced that a fresh, horizontal or cross-sectoral approach is very much needed if we are to break away from the sterility and mutual frustrations of the two most recent conferences, and to bring some new ideas to the fore, to re-examine old ones from a new perspective, and to make hard decisions on priorities. Under the auspices of a main theme, such as "Development, Trade and Structural Change", such an approach would contribute to new understandings of the relationships among trade, finance, commodities, and other issues, and help us better determine what is necessary, in terms of both immediate action and in longer term planning and investigation, to deal with current and prospective problems.

In closing, Mr. President, let me say that we think that it should be possible to achieve, if not at this Board, then certainly before the summer, a blueprint for an UNCTAD VII which builds on the recent improvements in effectiveness and on the new sense of credibility which UNCTAD seems to be gaining. This blueprint must offer the

.../11

organization the possibility for playing an active and significant role both as a respected deliberative body, better able to offer credible advice from its special vantage point to those specialized forums responsible for particular issues, and as a operational and negotiating forum, better equipped to give pragmatic treatment to those issues assigned to it by its mandate.

I thank you, Mr. President.