



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

27TH SESSION,

GENEVA, OCTOBER 3-14, 1983

(AGENDA ITEM 3)

October 6, 1983

MR. PRESIDENT,

I SHOULD LIKE TO JOIN THE PREVIOUS SPEAKERS IN EXTENDING TO YOU MY PERSONAL CONGRATULATIONS ON YOUR ELECTION AS PRESIDENT OF THE TWENTY-SEVENTH TRADE AND DEVELOPMENT BOARD.

WE ARE MEETING AT A TIME WHEN VIRTUALLY ALL COUNTRIES IN THE WORLD HAVE FACED THE WORST ECONOMIC CRISIS SINCE THE 1930'S. FORTUNATELY THERE ARE NOW SIGNS OF IMPROVEMENTS APPARENT IN SOME OF OUR COUNTRIES, AND WE HAVE SOME REASON TO HOPE THAT WE ARE AT LAST ON THE ROAD TO RECOVERY.

IN PRESENTING THE CANADIAN VIEW OF HOW WE CAN NURTURE SELF-SUSTAINING NON-INFLATIONARY GROWTH AND IN SO DOING RE-ESTABLISH MOMENTUM TO THE DEVELOPMENT PROCESS, LET ME BEGIN WITH OUR ASSESSMENT OF CURRENT ECONOMIC PROSPECTS. THERE ARE CLEARLY A NUMBER OF HOPEFUL ECONOMIC INDICATORS. REAL GNP IN

INDUSTRIAL COUNTRIES WILL SHOW A MARKED PICK-UP IN 1983 AND COULD RISE AS MUCH AS 3%. ALTHOUGH STILL TOO HIGH IN REAL TERMS INTEREST RATES HAVE DECLINED AND THEY MAY DECLINE FURTHER. THE WORLDWIDE TRADE PICTURE MAY IMPROVE AFTER TWO YEARS OF STAGNATION AND DECLINE. KEY COMMODITY PRICES MAY ALSO INCREASE. ALL THESE DEVELOPMENTS SHOULD HELP GROWTH AND THE BALANCE OF PAYMENTS SITUATION, AND EASE THE DEBT REPAYMENT BURDEN OF DEVELOPING COUNTRIES.

AS THE UNCTAD TRADE AND DEVELOPMENT REPORT 1983 POINTS OUT, ECONOMIC INDICATORS IN MANY COUNTRIES DO NOT YET SHOW A POSITIVE TREND. HOWEVER WE BELIEVE THAT THE BOTTOM OF THE GLOBAL RECESSION MAY WELL HAVE BEEN REACHED; THAT CONDITIONS EXIST FOR THE PRESENT POSITIVE SIGNS OF RECOVERY TO BE TRANSFORMED INTO A SUSTAINED PROCESS, CAPABLE OF BRINGING WITH IT, IN THE NOT TOO DISTANT FUTURE, RELIEF OF A MORE GENERALIZED NATURE TO THE INTERNATIONAL ECONOMY. WE DO AGREE HOWEVER, WITH THE 1983 TRADE AND DEVELOPMENT REPORT THAT THERE IS NO ROOM FOR COMPLACENCY OR INACTION. HIGH RATES OF UNEMPLOYMENT, CONTINUING HIGH REAL INTEREST RATES, STAGNANT OR DEPRESSED GROWTH IN MANY SECTORS OF OUR ECONOMIES, DEPRESSED COMMODITY

PRICES, ALL BITE DEEPLY INTO OUR OVERALL GROWTH PROSPECTS AND AFFECT THE POLITICAL AND SOCIAL FABRIC OF OUR COUNTRIES. WE RECOGNIZE THAT THESE SERIOUS PROBLEMS, WHILE DIFFICULT TO CONTEND WITH IN DEVELOPED COUNTRIES, ARE EVEN MORE ACUTE FOR THE DEVELOPING WORLD.

THE FRAGILITY OF THE ECONOMIC RECOVERY AND THE IMPORTANCE OF ENSURING THAT IT IS DURABLE AND BROADLY BASED WAS RECOGNIZED BY LEADERS OF WESTERN COUNTRIES AT THIS YEAR'S OECD MINISTERIAL MEETING AND THE WILLIAMSBURG SUMMIT. THEY ACKNOWLEDGED THAT IN AN INCREASINGLY INTERDEPENDENT WORLD, GROWTH IN BOTH DEVELOPED AND DEVELOPING COUNTRIES WAS ESSENTIAL FOR MUTUAL PROSPERITY. AT UNCTAD VI, THE DEPUTY PRIME MINISTER OF CANADA AND SECRETARY OF STATE FOR EXTERNAL AFFAIRS, THE HONOURABLE ALLAN J. MACEACHEN, ELABORATED FURTHER: "RECOVERY (WILL) NOT IN ITSELF HAVE SUFFICIENT AUTOMATIC BENEFITS FOR THE THIRD WORLD ... (THE INTERNATIONAL COMMUNITY NEEDS) TO WORK TOGETHER TO PROMOTE DEVELOPMENT AND TACKLE THE STRUCTURAL PROBLEMS OF UNDERDEVELOPMENT AND POVERTY".

WITHIN THE OECD AREA, THE 7% OVERALL INFLATION RATE IN 1982, THE LOWEST IN 10 YEARS, REFLECTS THE ACTION DEVELOPED COUNTRIES HAVE ALREADY TAKEN. HOWEVER, THERE IS STILL NEED FOR MORE DETERMINED ACTION IN REDUCING STRUCTURAL DEFICITS WHICH COMPETE WITH PRIVATE INVESTMENT FOR FUNDS AND SO CONTRIBUTE TO HIGH INTEREST RATES.

BUT THE RESPONSIBILITY IS NOT THAT OF THE DEVELOPED WORLD ALONE. DEVELOPING COUNTRIES MUST ALSO MAKE HARD POLICY CHOICES AND TAKE THE RIGHT MIX OF NEEDED ECONOMIC AND SOCIAL MEASURES TO ACHIEVE SOUND ECONOMIC MANAGEMENT AND TO STIMULATE THEIR OWN DEVELOPMENT. THOSE COUNTRIES WHICH SHOWED THE MOST DISCIPLINE IN MONETARY AND FISCAL POLICY AND PROVIDED APPROPRIATE INCENTIVES TO ENCOURAGE EFFICIENCY AND GROWTH FARED THE BEST DURING THE LATE 1970'S AND EARLY 1980'S.

WE ACCEPT OF COURSE THAT COMPLEMENTARY TO NATIONAL EFFORTS, DETERMINED INTERNATIONAL COOPERATION IS ESSENTIAL. WHILE IT WOULD BE A MISTAKE TO ASSUME THAT SOLUTIONS TO ALL OUR

PROBLEMS LIE IN THE INTERNATIONAL ARENA, THE INVERSE HOLDS EQUALLY TRUE: INDIVIDUAL ACTION AIMED AT REJUVENATING NATIONAL ECONOMIES CANNOT ALONE SOLVE ALL OUR ECONOMIC PROBLEMS. MOREOVER, NO ACTION IN A PARTICULAR SECTOR CAN ACHIEVE IMPROVEMENTS WITHOUT COMPLEMENTARY ACTION IN OTHER SECTORS. THIS REALITY OF INTERDEPENDENCE -- INTER-SECTORAL, BETWEEN INDIVIDUAL NATIONS AND INTERNATIONAL ACTION, AMONG COUNTRIES OF THE NORTH AND THE SOUTH -- WAS THE CENTRAL THEME OF UNCTAD VI. WE BELIEVE THAT OUR DISCUSSIONS IN BELGRADE CONTRIBUTED TO OUR UNDERSTANDING OF THE PHENOMENON.

WHAT IS REQUIRED IS RESPONSIBLE AND ENLIGHTENED PARTICIPATION BY ALL STATES IN THE INTERNATIONAL ECONOMY. ALL COUNTRIES, PARTICULARLY THOSE IN THE STRONGEST ECONOMIC POSITIONS, HAVE A RESPONSIBILITY TO RECOGNIZE THAT THEIR DOMESTIC POLICIES HAVE AN IMPACT INTERNATIONALLY AND TO ENSURE THAT THEY ARE SUPPORTIVE OF BALANCED GROWTH THROUGHOUT THE WORLD. AT THE SAME TIME, DEVELOPED COUNTRIES, WHATEVER THEIR ECONOMIC SYSTEM, AND DEVELOPING COUNTRIES IN A POSITION TO DO SO, BEAR A SPECIAL RESPONSIBILITY THROUGH THEIR DEVELOPMENT ASSISTANCE PROGRAMS AND OTHER MEASURES TO REACTIVATE AND SPEED UP THE GROWTH AND DEVELOPMENT OF THE POORER MEMBERS OF THE INTERNATIONAL COMMUNITY.

IN THE CANADIAN VIEW, THE OUTCOME OF UNCTAD VI MUST BE SEEN WITHIN THIS CONTEXT AND AS PART OF AN ONGOING PROCESS. WHILE THE RESULTS WERE PERHAPS NOT WHAT ALL PARTICIPANTS HAD HOPED, THEY WERE IN THE CANADIAN VIEW REALISTIC AND CERTAINLY BETTER THAN MIGHT HAVE BEEN EXPECTED GIVEN THE VERY DIFFICULT WORLD ECONOMIC SITUATION. THE TRUTH IS THAT UNCTAD VI DID, BY AND LARGE, MARK SOME PROGRESS: THE RESOLUTIONS ADOPTED ON CERTAIN SECTORAL ISSUES CONSTITUTED MODEST BUT DEFINITE STEPS IN THE RIGHT DIRECTION. WE ALSO BELIEVE THAT ALTHOUGH QUALIFIED BY A FORMAL RESERVATION AND INTERPRETATIVE DECLARATIONS, THE JOINT STATEMENT ON ITEM 8, WHICH INCORPORATES DELICATE AND CAUTIOUS COMPROMISES ON ALL SIDES, HAS CONTRIBUTED TO OUR MUTUAL UNDERSTANDING OF THE RECOVERY AND DEVELOPMENT PROCESS. WITH SOME MINOR EXCEPTIONS, THE BUSINESSLIKE AND NON-CONFRONTATIONAL TONE OF THE PROCEEDINGS IN BELGRADE HAVE SET A GOOD STAGE FOR FUTURE NEGOTIATIONS ON THE NORTH/SOUTH AGENDA IN UNCTAD AND ELSEWHERE.

LET ME NOW TURN TO SOME OF THE SPECIFIC ELEMENTS DISCUSSED AT BELGRADE, AND EXAMINE THEIR FUTURE EVOLUTION AND PROSPECTS.

FIRST, MONEY AND FINANCE DISCUSSIONS WILL CONTINUE TO BE PARTICULARLY CRITICAL OVER THE MONTHS AHEAD. THE INTERNATIONAL FINANCIAL COMMUNITY WAS ABLE TO RESPOND EFFECTIVELY TO THE DEBT CRISIS WHICH DEVELOPED IN THE LATTER MONTHS OF 1982 THROUGH COOPERATION AMONG DEBTOR COUNTRIES, CREDITOR GOVERNMENTS, COMMERCIAL BANKS AND INTERNATIONAL FINANCIAL INSTITUTIONS. PROBLEMS OF THIS NATURE WILL CONTINUE TO ARISE IN COMING MONTHS AND THE INTERNATIONAL COMMUNITY WILL HAVE TO MEET THESE CHALLENGES THROUGH A COMBINATION OF EFFECTIVE ADJUSTMENT PROGRAMMES BY DEBTOR COUNTRIES, NEW FINANCIAL ASSISTANCE, OPEN MARKETS AND SUSTAINED NON-INFLATIONARY ECONOMIC GROWTH AND RECOVERY.

CANADA WILL WORK WITH OTHER COUNTRIES IN THE APPROPRIATE FORA TO STRENGTHEN EXISTING INSTITUTIONS SO THAT THEY CONTINUE TO PLAY A CRUCIAL ROLE IN ADDRESSING CURRENT DIFFICULTIES. THIS WAS OUR APPROACH AT THE MOST RECENT ANNUAL MEETINGS OF THE IMF/IBRD IN WASHINGTON. CANADA HAS SUPPORTED AN EXPANSION OF IMF RESOURCES, INCLUDING THE AGREED UPON IMF

QUOTA INCREASE OF 47.5% AND THE RECENT TRIPLING OF THE GENERAL AGREEMENT TO BORROW. CANADA SUPPORTED MAINTAINING ABSOLUTE ACCESS TO FUND RESOURCES AT CURRENT LEVEL FOR ALL COUNTRIES AND WAS PREPARED TO SUPPORT A MODEST INCREASE IN SDR'S AS MEANS OF STRENGTHENING ITS ROLE AS A RESERVE CURRENCY. WE WOULD LIKE TO SEE DISCUSSIONS ON IDA VII CONCLUDED WITHIN THE NEXT YEAR SO THAT THIS INSTITUTION WILL HAVE THE NECESSARY RESOURCES (12 BILLION DOLLARS) TO PROMOTE DEVELOPMENT. WE HAVE REITERATED OUR PLEDGE TO REACH 0.5% OF GNP IN ODA BY 1985 AND TO DO OUR BEST TO REACH 0.7% BY 1990.

ON COMMODITY MATTERS, CANADA WELL RECOGNIZES THE SPECIAL DIFFICULTIES FACED BY DEVELOPING COUNTRIES DEPENDENT ON FLUCTUATING COMMODITIES EARNINGS. OVERALL, CONSIDERABLE PROGRESS HAS BEEN ACHIEVED IN UNCTAD WITH THE CONCLUSION OF FIVE MAJOR COMMODITY AGREEMENTS, UNDER THE INTEGRATED PROGRAMME FOR COMMODITIES, AS WELL AS CREATION OF A NEW TYPE OF ARRANGEMENT FOR JUTE. FULFILLING THE COMMITMENT WE MADE AT BELGRADE, CANADA DEPOSITED ITS INSTRUMENT OF RATIFICATION OF THE COMMON FUND ON SEPTEMBER 27th. CANADA ALSO RATIFIED THE

TIN AND COFFEE AGREEMENTS, AND HAS AGREED TO APPLY THE JUTE AGREEMENT. WE WILL CONTINUE TO WORK ACTIVELY WITH PRODUCERS AND CONSUMERS TO FIND PRACTICAL WAYS, IN THE LIGHT OF THE CHARACTERISTICS OF EACH COMMODITY, TO STRENGTHEN AND STABILIZE COMMODITY MARKETS.

AS A NATION HEAVILY DEPENDENT ON FOREIGN TRADE FOR ITS ECONOMIC WELL-BEING, CANADA IS VITALLY INTERESTED IN RESTORING AND SUSTAINING A HEALTHY TRADING ENVIRONMENT. THE CONTRIBUTION OF EXPORTS TO OUR GNP HAS STEADILY INCREASED FROM 20% IN 1965 TO NEARLY 30% AT PRESENT. IN ABSOLUTE TERMS CANADA'S EXPORTS HAVE INCREASED FIVE-FOLD SINCE 1970 -- FROM LESS THAN \$17 BILLION TO NEARLY \$85 BILLION LAST YEAR.

TRADE IS, OF COURSE A QUESTION OF BOTH EXPORTS AND IMPORTS AND ITS TWO-WAY NATURE CONTRIBUTES IMPORTANTLY TO THE EFFICIENT DEVELOPMENT OF BOTH EXPORTING AND IMPORTING ECONOMIES. CANADA IS FULLY 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 TRADE AND BECOME MORE FULLY INTEGRATED INTO THE MULTILATERAL TRADING SYSTEM.

ALTHOUGH IT HAS EXPERIENCED SEVERE STRAINS IN RECENT YEARS, THE SYSTEM HAS WITHSTOOD THESE STRAINS AND SERVED ITS USERS WELL. WE SHOULD CONTINUE TO WORK TOGETHER TO IMPROVE ITS EFFICIENCY AND EFFECTIVENESS. THE IMPORTANCE OF THE MULTILATERAL TRADING SYSTEM AND ITS PRINCIPLES, AND THE NEED TO REVITALIZE THE INTERNATIONAL COMMITMENT TO MULTILATERALISM AND AGAINST PROTECTIONISM, WAS RECOGNIZED IN THE GATT MINISTERIAL MEETING LAST NOVEMBER. IT WAS STRONGLY ENDORSED AT THE OECD MINISTERIAL MEETING IN MAY AND AT THE WILLIAMSBURG SUMMIT. WE HAVE WELCOMED THE FURTHER CLEAR INDICATION AT UNCTAD VI THAT ALL GOVERNMENTS ARE RESOLVED TO STRENGTHEN THE TRADE SYSTEM, HALT PROTECTIONISM, AND DISMANTLE BARRIERS AS RECOVERY PROCEEDS.

IN SEPTEMBER OF THIS YEAR THE GOVERNMENT OF CANADA RELEASED THE RESULTS OF A COMPREHENSIVE TRADE POLICY REVIEW WHICH PROVIDES A FRAMEWORK OF PRINCIPLES TO GUIDE CANADIAN GOVERNMENT DECISION MAKING IN THE 1980'S. THE FUNDAMENTAL MESSAGE OF THE REVIEW IS THAT THE OPEN TRADING SYSTEM CONTINUES

TO BE THE BEST AND MOST PRACTICAL MEANS OF ENABLING CANADIAN PRODUCERS AND CONSUMERS TO BENEFIT AND TO IMPROVE THEIR STANDARD OF LIVING.

MR. CHAIRMAN, IT HAS SOMETIMES BEEN SUGGESTED THAT A CHOICE HAS TO BE MADE BETWEEN A SECTORAL OR SUBJECT APPROACH AND A BROADER, OR GLOBAL, ONE. WE HAVE NOT SEEN IT THAT WAY. ON GLOBAL NEGOTIATIONS, THE CANADIAN POSITION IS WELL KNOWN AND DOES NOT NEED REPEATING HERE TODAY.

IT REMAINS OUR HOPE THAT A CONSTRUCTIVE AND PRAGMATIC APPROACH TO THE NORTH/SOUTH DIALOGUE BE MAINTAINED. IN THIS REGARD WE CONSIDER THAT THE GHANDI SUMMIT, WHICH WAS ATTENDED BY PRIME MINISTER TRUDEAU, WAS A USEFUL OPPORTUNITY FOR LEADERS TO EXCHANGE VIEWS IN AN INFORMAL ATMOSPHERE AND PROMOTE MUTUAL UNDERSTANDING ON MAJOR ISSUES. CANADA LOOKS FORWARD TO SIMILAR OPPORTUNITIES IN THE FUTURE.

AS FOR SECTORAL OR SUBJECT MATTERS, WHAT IS NEEDED IS MORE FOCUS AND REALISM IN OUR DELIBERATIONS IN ALL THE RELEVANT FORA, INCLUDING UNCTAD IN THE POST-BELGRADE PERIOD. SUCH AN APPROACH WILL GUIDE CANADIAN PARTICIPATION IN THIS TRADE AND DEVELOPMENT BOARD ON MATTERS WITHIN THE UNCTAD MANDATE, AND IN UPCOMING DELIBERATIONS ELSEWHERE, SO AS TO HELP RE-INVIGORATE THE WORLD ECONOMY AND RESTORE MOMENTUM TO THE VITAL DEVELOPMENT PROCESS.

THANK YOU MR. PRESIDENT.