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NOTES FOR REMARKS

BY

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TO

12TH PACIFIC TRADE AND DEVELOPMENT CONFERENCE

"RENEWABLE RESOURCES IN THE PACIFIC AREA"

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I am delighted to have this opportunity of extending a warm welcome to each of you, and of opening formally this Twelfth Pacific Trade and Development Conference. As other observers have noted on the occasion of earlier conferences, the themes - and the benefits - of trade and development are closely linked. The contribution of trade to the economics of the vibrant Pacific Basin nations is striking. Of the ASEAN members, foreign trade measured as a percentage of GNP is 33% in the Philippines, 38% in Indonesia, 39% in Thailand, 79% in Malaysia, and 189% in Singapore. The record of these five countries and their geographic neighbors offers demonstrative evidence that participation in the markets of the world contributes to the economic buoyancy of all, and to the development, particularly, of the industrializing countries.

Canada has long understood that phenomenon. We are one of the world's major trading nations and have occupied that position for many years. Some twenty-five cents out of every dollar circulating in this

ARCHIV
HEAD
no 33

country is derived from the sale abroad of goods and services. Our standard of living is very much dependent upon the economic performance of our trading partners. If they are in trouble, so are we. If their economic outlook is bleak, so is ours. There is not, therefore, the slightest question in my mind that it is in the sound business interest of this country - indeed of all industrialized countries - to contribute to the development of the Third World.

In many respects, development of the South will enhance trading opportunities for those in the North; in other respects, a failure to develop will lead to unexpected complications everywhere. Two examples, which we take for granted in Canada, are related to both phenomena. One is food. The other is energy. You will be devoting considerable time to each in days ahead. I'd like to touch them briefly by way of focussing additional attention on them. Let me start with food production and consumption. As living standards rise world-wide, demand for more and better food rises as well. The opportunity is created, through adequate incentives, for increases in agricultural production and in sales for the farmers of North and South. Absent wise planning, however, those demand-increases can create major difficulties world-wide.

Evidence abounds that economic affluence contributes to changes in eating preferences. As per capita incomes rise, diets change in pattern to include larger percentages of meat. Because meat, compared

to cereal grains, is an inefficient vehicle for transformation of solar energy into calories, pressures mount on the land available for cultivation. The amount of arable land is finite; if not employed efficiently, both through the application of science-based agricultural techniques, and the dedication of acreage to balanced cropping, the supply-demand gap will increase and inflationary pressures will continue to mount.

The effects of these rising prices will be felt everywhere. Because poultry, cattle and swine consume feed grains that are often not grown in developing countries, the South turns to countries such as Canada and the United States to obtain them. This demand pushes up the price of feed in these countries, and thus the price of meat. Tragically, those who suffer the most are the poorest persons in the developing countries as resources in those countries are dedicated to the acquisition of grain to feed animals for the tables of the well-to-do instead of being employed to deliver more food at affordable prices to those in greatest need.

The problem is not a small one. According to the World Bank, one-third of all wheat and one-half of all grains imported by developing countries is now used as animal feed rather than food for humans. As Canadians learn from every trip to the food markets, food prices are escalating. They may well rise even more dramatically in the decade ahead because of demand from the Third World.

In the longer term, the problem could become much more severe. The caloric efficiency of food intake drops dramatically as grain is passed through an animal rather than eaten direct by humans. In rough terms, $2\frac{1}{2}$ calories of grain are required to produce one calorie of chicken meat, 4 calories for one calorie of pork, and 8 calories for one calorie of beef. As those suffering from cholesterol problems know, it does not follow that eating more meat leads to better health. It does follow, however, that in a world facing a shortage of arable land, an immense increase in the consumption of meat will lead to an unsustainable demand on land. If, added to that type of demand, there continues the trend to fuel-cropping (the cultivation of land with crops dedicated not to food, but for conversion into liquid fuels) the world faces a critical situation of alarming proportions.

Food is only one of the basic needs of mankind which are essential elements in development, important components of international trade, and major factors contributing to North-South interdependence.

Another such is energy.

As with food, increased energy demands are within reach of exceeding this planet's present capability of fulfilment. Innovative research, wise planning, effective implementation, and honest international cooperation will all be necessary to avoid catastrophe. Eight years ago

E. F. Schumacher extrapolated population growth and energy consumption. His findings have been challenged but not disproved. He assumed that populations in North and South would grow at annual rates of 1.25% and 2.25% respectively until the year 2000 and that in the same period, per capita fuel consumption would increase by 2.25% annually in the North and 4.5% annually in the South. That being so, world fuel consumption would reach, in the year 2000, 23 billion tons coal equivalent - some four times the figure consumed in 1966. Schumacher argued that such a consumption pattern was simply not plausible and that alternative life styles would be required, with all the social trauma that that demands.

Whether or not one accepts Schumacher's figures or his conclusions, the energy issue already is one of critical importance to all nations; industrialized, newly-industrialized, and developing. Most critically affected are the latter for they must bear the burden of high imported-oil prices, paid for in foreign exchange, as well as respond to the non-commercial fuel requirements of the 80% of their population living in rural areas. It is an awesome double requirement, and one that was in part addressed by the recently concluded United Nations Conference on New and Renewable Sources of Energy held in Nairobi, Kenya.

It is estimated that as many as 2½ billion people now depend for almost all their energy needs on wood, agricultural residues, and dung. FAO calculates that some 1 billion persons are able to meet their minimum fuel requirements only by cutting wood in excess of sustainable supply. This means that on a daily basis forests are being cut back, soil

is drifting, rivers are silting and desert conditions are advancing. The Brandt Commission forecasts, at present rates of depletion, the loss of fully one-half of the world's forests by the year 2000, with horrendous environmental and climatic consequences. To arrest this trend, given present population growth trends, fuelwood demands, and forest depletion, FAO estimates that more than 2.3 billion people will need to be provided with alternative fuels by the year 2000.

At Nairobi, Prime Minister Trudeau announced new elements in Canada's response to the energy requirements of the developing countries. One of those elements was an increase of funds available to the International Development Research Centre in the amount of \$10 million over the next five years. These funds will permit IDRC to intensify and broaden the support it now offers to developing countries for research into energy and energy-related problems. Because renewable energy techniques and technologies are a relatively-recent and still-emerging field of activity, many questions require answers. Indeed the energy needs of the developing countries are more readily described than are programs of research designed to meet those needs.

Quite clearly, the "energy problem" is only partly a technical problem. It cannot be segmented from the social, economic and political context in which it occurs. Solutions made without reference to all these environments are unlikely to succeed. An immense amount of investigative

work is required into rural energy demands and consumption, into non-commercial energy practices, and into small-scale technologies appropriate for LDC application.

Some examples:

- 1) It is important to know if any particular energy problem is supply- or demand-related. (Many of the difficulties faced by rural dwellers are as much a problem of poverty as they are of new energy sourcing.)
- 2) LDC energy policies are rare. Those that do exist have been developed with urban requirements and foreign exchange deficits as the primary motivating factors.
- 3) There is considerable current technical knowledge; there is little knowledge about the adaptation of these technologies to developing country requirements.
- 4) Conservation is a key factor in increasing energy - particularly liquid-fuel - supply, and this depends on changing social organization.

IDRC is proud to have been asked by the Government of Canada to undertake this task. The Centre, as many of you know, was created by

Parliament in 1970 as a means of enhancing indigenous research competence in developing countries and of contributing to solutions to soluble LDC problems. Research supported by the Centre must be, insist our Governors, of a practical nature, and dedicated towards those who live in the rural areas.

The Centre is unique in a number of ways. Parliament accepted the general concept of an organization funded publicly but not part of the Public Service, not subject to many of the bureaucratic requirements levied on government departments and crown corporations, and displaying a distinctly international character as well as an international focus. Its Board of Governors, for example, is composed of both Canadians and non-Canadians. Ten of the 21 members are drawn from outside Canada, the majority of them from the developing countries. One, at present, is the distinguished Philippines agricultural economist, Dr. Gelia Castillo.

Another former Governor will be speaking to you shortly. I refer to Mr. John Bene, a well-known Canadian businessman and forestry expert.

IDRC is distinct not only in what it is but as well in how it goes about its task. We finance research projects chosen by scientists from developing regions and conducted by them. Our task is to assist in the

identification of research issues, in the choice and refinement of methodology, in the monitoring of progress, and in the evaluation of results. In the past ten years the Centre has funded 341 different research projects in 9 South-East Asian and Pacific countries of a sum exceeding in total \$40.6 million. The Centre's Regional Office for Asia is located in Singapore and is under the directorship of Mr. Jingjai Hanchanlash, a citizen of Thailand.

The Centre is very pleased to have been given an opportunity to contribute in several ways to the staging of this important conference in Vancouver.

As your program proceeds, you will be examining in considerable depth not only issues of food and energy, but a number of others critical to all of us. IDRC representatives will be present throughout to profit from the papers and discussions. I envy them the stimulating experience that the Conference promises.

Let me offer my congratulations to Dr. Ted English for his energy and imagination in organizing this conference, my thanks to all of you for your willingness to participate, and my best wishes for what promises to be a most successful event.