

in a large outflow of repatriated profits. Almost all of the industry's material requirements have normally been imported, providing no stimulus whatever to local industries. The import bill has usually included machinery, construction materials, furnishings and most consumables, including even fresh fruits and vegetables. This latter problem involves a kind of mutual adjustment: local producers must be urged to expand into the required product-lines; and tourists should be encouraged to appreciate more of the local varieties of atmosphere and diet. Here again the main burden must fall on the local governments, but Canadian cooperation can be very valuable. Canadian assistance directed to local production for tourist consumption may have a significant impact. Canadian trade promotion services in the Caribbean should also avoid competition with efficient local producers.

Another possibility, raised at the 1966 Conference, was the suggestion, by Caribbean delegates, of enlarged duty free exemptions on local products for Canadian tourists returning from the area. It is possible that this could be an extremely useful form of assistance to increase the immediate and long-term benefits from tourism to the Caribbean economies.

The Committee understands the reluctance of the Canadian Government to extend special measures which could be considered discriminatory. At the same time this appears to be the ideal kind of assistance to offer to developing countries in general, and the Committee recommends that this possibility be given special consideration.

### **Conclusions and Recommendations (IX)**

#### **Social and Economic Effects**

**1. While recognizing the crucial importance of the tourist industry to many Caribbean countries, the Senate Committee has become concerned about the overall impact of tourism on those countries and on Canada-Caribbean relations in general.**

Evidence given before the Committee indicated that tourism has had a number of undesirable social side-effects without necessarily bringing all the expected economic benefits. The Committee recognizes that the responsibility for solving these problems rests primarily with the local governments, but has several specific proposals to make.

#### **Economic Side Benefits**

**2. If the tourist industry is to have any broad and lasting impact, many more of its material requirements, from consumables to construction materials, must be procured locally, rather than imported (as is now the general rule). While this will involve mainly local gov-**