

COMMODITY ASSISTANCE AND COUNTERPART FUNDS

The commodities supplied by Canada, apart from foodstuffs, have been mainly metals, fertilizer, wood-pulp and asbestos. These essential commodities have been requested by certain Colombo Plan countries that are extremely short of foreign exchange but need to import raw materials for industry and agriculture. To help meet the deficit in foodgrains which also exists in countries of the area, Canada has also provided \$70 million worth of wheat and flour under the Colombo Plan and another \$35 million in special grants for the same purpose.

When Canada supplies commodities, such as metals, food, etc. which actually enter into direct trade and consumption in the receiving country, the Government of that country sets aside a sum of money in local currency equivalent to the Canadian dollar value of the commodities. These so-called "counterpart funds" are the property of the country concerned, but they are spent only on economic development projects which are agreed to by the Canadian Government. This device is a way of adhering to the basic economic development objectives of the Colombo Plan, even though the aid takes the form of consumable goods.

Canadian wheat, shipped to Pakistan under provisions of the Colombo Plan for the Economic Development of South and South-East Asia, being unloaded in Karachi. The shipment was required to alleviate famine conditions.

