

apply to these countries as well. Such protective arrangements appear to be justifiable in certain circumstances as a temporary measure to allow for the rationalization of specific industries with high regional employment impact.

84. In applying these limitations to less-developed countries, however, it must be recognized that they tend to be much less diversified industrially and are therefore more dependent on the exports in question. The Committee therefore recommends that wherever latitude exists a generous approach be adopted in limiting imports from these countries. (Note: See tables on pages 26 & 27).

85. Canadian-based investment is to be found throughout the region in different concentrations. Substantial new amounts may be invested, particularly in Indonesia and New Caledonia. It seems likely that investment, particularly under joint venture or management contract arrangements, will be a key factor in Canada's future economic relations with most of the developing countries of the area. The location and kind of Canadian investment will have a strong determining effect on the two-way flow of trade.

86. A formula which has been highly successful in the past, and which may prove increasingly essential in future, is the "package" approach to developing new industries. Under these arrangements, (which have worked well in forest products and minerals development) Canadian expertise is utilized in exploratory work, followed by management and engineering, machinery and capital. With this "package" are likely to come both sales outlets for the production of the new industry, and expanding opportunities for sales of Canadian goods and services. In a number of these countries fields are developing (particularly the two cited) in which Canadian corporations and individuals can offer substantial experience and expertise.

87. The Policy Paper outlines a number of measures being taken to facilitate investment by Canadian corporations. The negotiation of double taxation agreements with Pacific countries is a preliminary step. The Committee believes that the new investment insurance facility of the Export Development Corporation (EDC) will be extensively utilized by Canadian investors in developing countries in the Pacific. The Government also states that "it will continue to make available to Canadian firms information about national development plans and their prospects, and ensure that they are informed about the export financing assistance available." (p. 18).

88. All these measures will be of considerable value in encouraging Canadian investors to assume a larger role. In particular, the dissemination of information is a vital function the importance of which is too often under-estimated.

89. Further discussion of investment in these countries will be found in the succeeding chapter.