

Canadian exporter, rather than as development assistance, it is discussed in the section on "Canadian Exports".

The new facility of the Export Development Corporation is more directly development-oriented. This is the insurance of Canadian private investment in less-developed countries against broad non-commercial risks of loss from expropriation or confiscation, war or revolution, or the inability to repatriate capital or earnings. Since the programme is of such recent origin, there is no record of performance on which the committee can comment. The broad lines of policy have, however, been set. The Committee does, then, have a number of views on the potential of this plan for increasing the beneficial involvement of Canadian investors in the Caribbean area.

In comparison with the investment guarantee programme of the United States Government, the Canadian scheme is, at this stage, almost experimental in scale. Thus, while further growth is probable if the programme operates well, it cannot be expected to have a major short-term impact on development in any one area. Because of the overall ceiling and the limits on liability in any one investment, the programme will be oriented primarily toward medium-sized investment projects. The Committee hopes that, in the Caribbean, this orientation will result in a stress on manufacturing, processing, or assembly operations with wide economic side-benefits. The provision for the insurance of reinvested earnings up to a value of 50% of the initial investment is also considered a useful stimulus to investors to solidify their commitment to the local economy.

The Committee also suggests that the investment insurance scheme offers a valuable opportunity to the Canadian Government to encourage Canadian investors in developing countries to adhere to standards of corporate behaviour which will promote Canada's overall good relations with those countries. The scheme is restricted to investments that will either provide economic advantages to Canada or contribute to the economic growth and development of the country in which they are made. In the latter case, the Corporation presumably has an interest in ensuring that while the insurance is in force, the investment continues to make a real economic contribution to the host country. In the area of non-commercial risks, the Committee believes, the insurer also has a definite interest in the good corporate citizenship and good community relations of the investor insured. It would therefore be fully legitimate and very valuable for the Export Development Corporation to impose certain conditions on insured investors which would maximize the developmental impact of the investment and, at the same time, provide a model for other Canadian investors in developing countries. The Committee