Investment brings with it some of the best managerial talents and know-how, and transfer of technology badly needed in these areas. It also paves the way to new trading connections in a part of the world which, if development efforts succeed, could become the fastest-growing market in the world before the turn of the century.

Foreign investments now make up 45 per cent of the total transfers of financial resources from developed to developing countries ($5.8 of $12.8 billion).

The flow of private investment largely depends on the attitude of the developing countries themselves. They must create a "sound" climate-- not only foreign but also domestic private capital.

Under the Export Development Corporation there is now available to Canadian investors an insurance facility against some of the special risks inherent in productive ventures in developing regions (e.g. expropriation, inability to repatriate earnings or capital, revolution). The Corporation encourages local participation in the investment.

This Investment Insurance Program of the EDC is in addition to its more established functions of (1) insuring credit extended in connection with exports from Canada, and (2) making direct long-term loans to foreign buyers of Canadian capital goods in particular. While both activities are designed to improve the access of Canadian goods to world markets, they also help developing countries to acquire needed capital goods. All but $3 million of the $395 million of loans outstanding have been made to developing countries. As for export credit insurance, over 40 per cent of this covers exports to developing countries ($103 million out of $241 million as of December 1969).

The Canadian International Development Agency has recently introduced a pre-investment incentives program to assist Canadian firms undertaking "starter" studies and feasibility studies of investment possibilities in developing countries. This program should encourage Canadian business and industrial firms to increase their participation in the economic growth of developing countries.

In the event the company decides not to proceed with an investment following examination of the results of the study, CIDA will reimburse the company to 50 per cent of the approved costs of the study on condition that it becomes the property of the Government. In such cases, the study will be made available to other potential investors.

The foreign policy review indicated a number of additional ways in which the Government intends to assist future Canadian investment in developing countries. These include the dissemination in Canada of information about investment opportunities and the negotiation of double-taxation agreements, where appropriate.

Like all foreign investors, however, Canadians must be prepared to accept the host countries' terms with regard to such matters as corporate control and taxation, training of local personnel and their employment in