

special attention is genuinely given to the interests of the developing countries. It is our hope that the GATT negotiations will result in a significant reduction in trade barriers.

The International Cocoa Agreement, which Canada was the first country to ratify, includes countries representing most of the importing and exporting interests in that commodity. One of the purposes of this Agreement is to stabilize cocoa prices and provide some predictability about export earnings which developing countries can derive from cocoa.

Another step we have taken recently is the adoption of enabling legislation on the implementation of a Generalized System of Tariff Preferences for Developing Countries. Upon implementation, this will allow a wide range of goods from developing countries to enter Canada at British preference tariff rates or at one-third from the Most-favoured Nation tariff rate - whichever is the lower.

Of course, all is not smooth sailing. The provision of aid is a sensitive task. Misunderstandings arise from different outlooks as much as from different techniques. The motives of the donors are sometimes suspect - and this is very understandable.

There is one case I recall of a donor country which shall be nameless, which in its anxiety to demonstrate its goodwill and benevolence to a newly independent African country ordered the dispatch by the fastest means of a consignment of road and agricultural machinery. Imagine the perplexity of the African recipients when the crates were opened to reveal snow plows. I do not think our errors are of that magnitude.

One misunderstanding concerns the role of Canadian business and industry in relation to "tied aid". For many "tied aid" is a pejorative term. It suggests that the tying requirement, which applies to a portion of our aid, is inconsistent with our primary development assistance objectives. By the frequency with which developing countries draft resolutions on the adverse effects of tied aid, this is obviously a subject of great concern to them.

Undoubtedly there is a case against tied aid, but I believe that the Canadian practice is sensible. First, even the most ardent advocate of untied aid agrees that some tying may be justified when the donor has a persistent balance of payments deficit or underemployment of labour and productive capacity. Unfortunately, a number of donor countries are worried about these very problems and thus tie their aid. It is very difficult for Canada to be more generous than our competitors in the industrialized world and to open up our funds for fierce international competition when other countries are not prepared to give our suppliers the same opportunities. Indeed, public support for the current high level of Canadian aid could easily be jeopardized if we were to risk letting American, European, and Japanese firms win our aid contracts at a time when we have not yet solved all our own employment problems.