

aid program. On the other hand, I also recognize that reasonable arguments can be made to show that where proper developmental considerations are taken into account, aid and trade can be combined to expand the developmental effect and to "stretch" the volume of concessional aid available.

In this context, Canada has recently announced the establishment of an Aid-Trade Fund within our ODA program. While the operational modalities of this fund are still to be worked out, I would like to emphasize that the objective of the fund is to provide financing for projects which have a high priority in the recipient countries' development plans, for which Canadian firms are competitive and for which development assistance financing is required. The operation of this fund will be consistent with current and future disciplines agreed to in the DAC and the Consensus. Indeed, as I have already pointed out, Canada stands ready, together with other OECD member countries, to strengthen those disciplines wherever possible.

#### Improving the Dialogue with Developing Countries

Finally, let me turn to the general question of our overall relations with developing countries. The Secretary-General's note rightly points to the need to improve the dialogue with developing countries, particularly in those areas of trade and finance where their role has become critical for successful management of the international economic system as a whole. On investment issues we believe the OECD, particularly the CIME may be able to improve the dialogue with developing countries through informal contacts and credible research. We believe that the growing interdependence in the economies of developed and developing countries and also the growing complexity of dealing with developing countries which have reached different levels of development and often have different interests at stake will require a more pragmatic approach focussing on specific problem areas. Canada has supported efforts within the United Nations system and elsewhere to give this dialogue new impetus and will continue to do so. We think that this Organization's North-South group can continue to play a fruitful role in consideration of how developing countries can be engaged, on the basis of perceived mutual interest and benefit, in this process.