

a much broader scale, the Committee has heard suggestions for a massive joint effort for development, particularly in Southeast Asia (Prof. Ben Higgins recommended a kind of "Marshall Plan" for the region). While the level of Canada's present efforts would not lend credibility to a Canadian initiative in this direction, Canada could play a valuable role in such a plan. The special ties with Commonwealth and francophone countries, for instance, might prove very useful indeed.

#### **E. Trade, Investment and Development**

123. The Committee wishes to stress as forcefully as possible the central role of providing expanding trade opportunities in the economic development of these countries. Their achievement of economic growth and long-term stability will depend to a vital degree on their ability to find markets for their products of all kinds, especially labour-intensive manufactured goods. Many of the Committee's recommendations with respect to Canadian imports from the Caribbean are also applicable to Pacific countries. A full discussion of the problems involved for Canada and the new policies needed has also been presented in Chapter II A of the Report of the Subcommittee on International Assistance of the House of Commons Standing Committee on External Affairs and National Defence (May, 1971). Without decisive action to further assist these countries in the trade area, the Committee believes that present aid efforts may prove largely ineffectual.

124. In the present difficult trading climate among the developed nations the special needs of the developing countries appear to have been pushed even further into the background. The Generalized Preference System (GPS) for manufactured and semi-manufactured products of developing countries, which showed considerable promise, has not yet been generally implemented. In this respect, Canada and the U.S. have fallen behind the EEC and Japan, which have already put GPS schemes into effect. Implementation by Canada as soon as possible is needed to demonstrate a genuine Canadian commitment to development assistance. Once a GPS scheme is in operation, it should be applied as generously as possible and its coverage should be extended steadily as circumstances permit. Another important opportunity to act on these essential development issues will arise at the Third session of the United Nations Conference on Trade and Development (UNCTAD) in Santiago, Chile in 1972. The Committee hopes that Canada will be able to exercise a leading and progressive role among the developed countries at this important Conference.

125. The Commons Subcommittee report also goes into the broad range of current issues involved in the operations of Canadian-based investors in developing countries. The evidence before this Committee indicates that there is a substantial flow of investment from Canada to a number of developing countries in the Pacific. In these cases, this form of economic cooperation has great potential and is welcomed by the host-countries concerned. The fact that most of this investment is new means that arrangements can be made which are in accord with the realities of the contemporary situation and do not result in the kind of conflicts which have occurred in the past.