

Our trade relations are also showing particular dynamism. Although in 1972 the rate of commitment increased by 50 per cent over that of the previous year and is indicative of the growing interest of Canadian industry in the countries of this region, our trade is far from having reached its full potential. Moreover, the recent approval by Parliament of Canada's participation in the General Preference Scheme will, we hope, result in an increased flow of exports from developing countries to Canada. It is important, we believe, for the countries of the region to seize the opportunities which the rapid expansion of our economies is creating for increasing the mutual benefits of two-way trade.

Canada's expanding trade with the region has made us particularly aware of the impressive efforts throughout Latin America to promote industrial growth. These developments highlight the increasing significance of technology and in particular of the transfer of technologies, which can be absorbed and developed by Latin American industry. The interest of Argentina in negotiating a nuclear power reactor agreement with Canada is illustrative of this situation. For many countries it seems, in fact, that technology is becoming as important as capital. The two are, of course, inevitably linked. Consequently, access to technology can be frustrated by problems relative to investment and to the ownership of capital. The emergence of such problems within the region reflects, it seems to me, the increasing determination of governments to ensure that the resources which flow into their countries contribute to their development in ways which are consistent with national priorities and sensitivities. It is only natural, of course, that these will vary from country to country and will require different responses from those who provide the needed capital and technology.

It is not surprising that these preoccupations are of particular concern to Latin American countries at this stage of their development but they are not limited to Latin America or, indeed, to developing countries alone. Canada, for example, faces similar issues in the management of its resources and in the shaping of its national economic environment. In our search for equitable solutions to these problems, we think it important to emphasize two basic principles. The first is the right of a sovereign government to exercise the degree of control over its economy which it considers necessary. The second is the right of the investors who are prepared to risk their capital, to fair and reasonable safeguards. These principles can sometimes appear to be in conflict and differences of view are bound to arise.

The impact of these differences on the bank is clearly evident to us and raises issues which will require further consideration for the future. The dilemma for the bank is its relative inability to influence the resolution of such difficulties. For our part, we frankly doubt whether this should be a valid or appropriate role for this -- or other similar institutions. Our hope would be that the bank could be insulated as far as possible from the effects of such differences which must inevitably and properly be resolved bilaterally.

The need from the bank's point of view is to try to find longer term measures which may help to prevent the re-occurrence of such difficulties among its members. While there may be several ways to accomplish this