

will enable them to tap longer-term commercial lending to a greater extent. Those countries which took difficult decisions early and adjusted and who have managed their economies well without building up excessive debt servicing loads have had better access to the capital they need. I would hope that they will continue to enjoy that access.

However, for those countries with already large foreign debts, access to additional borrowing likely will be much more difficult. For the heavily indebted countries, amortization payments are expected to be at worrisome levels relative to export earnings for several years after 1985. We have to begin now to ensure that such foreseeable developments do not precipitate new crises. The current case-by-case approach has worked well in responding to the particular circumstances of individual borrowers. However, further restructuring must be worked out to permit countries who have successfully undertaken major adjustment programs to return to normal relations with their private creditors as soon as possible. For those countries, it well might be desirable to encourage multi-year reschedulings. While we would want to ensure that we do not raise false expectations, we should give serious consideration to this and other suggestions coming from central and private bankers in recent days.

Direct Investment

As an alternative to increasing debt loads, there is scope for enhancing the role for direct investment to contribute to growth and to mitigate balance of payments problems in developing countries. As a major recipient of direct investment, Canada has long been an active supporter of a healthy international investment climate where multinational enterprises can make a positive contribution to the growth of developing countries. There is, however, need for greater clarification of the potential of direct investment as well as recognition of its limitations in order to understand how it can best complement the overall mix of resource transfer. We wish to pursue efforts in the OECD to better understand the economic and policy factors which would enhance the contribution that direct investment can make to developing