

expenditure is directly on Canadian goods and services. Canadian businessmen and engineers help to identify projects and needs in recipient countries. And we have been trying to have procurement practices conform as closely as possible to normal commercial practice. We have been extending lines of credit to finance pre-investment surveys and feasibility studies to be carried out by Canadian firms and have made aid funds available to finance contracts awarded to Canadian firms under conditions of international competitive bidding.

Thus, through our direct-aid programmes, Canada plays its part in transferring financial resources to the developing world. Senior Canadian businessmen have a role in assisting the Government in putting these funds to work most effectively. Some Canadian firms will win contracts for capital equipment financed through the Export Credit Insurance Corporation. Others will seize the opportunity of filling the orders Canadian aid funds enable the developing countries to place. Such sales will generally take the form of capital equipment and engineering services, but materials will sometimes also be involved.

Not all Canadian funds are of a bilateral nature. We have always attached great importance to the desirability of co-ordinating our aid programme with that of other donors, directly and through the medium of international institutions. We are major supporters of the UN Development Programme and other agencies of the UN family and of the World Bank Group. We have subscribed to the capital of the Asian Development Bank. Through a special trust-fund arrangement, we provide substantial funds to Latin America through the Inter-American Development Bank. We have recently decided to collaborate in the establishment of a new development bank in the Commonwealth Caribbean.

Canadian firms are naturally eligible to compete for the opportunity to put the funds of these international organizations to work. Resources of about \$2 billion a year are made available to developing countries through these institutions. Against this background of financial facilities, Canadian firms should not be too hasty to assume that an importer in a developing country does not have access to the foreign exchange he needs to support his interest.

Our aid programme is one important means of transferring resources to the "Third World". Perhaps even more important, in the long run, is the willingness of Canadian firms to acquire a stake in the development of these emerging economies. I am talking about direct investment. Here in Canada, we usually think about such investment in terms of outsiders investing in our economy. The obverse is Canadian investment abroad.

At last count, Canadians in 1964 owned foreign assets totalling \$13 billion. Of this, private, direct and portfolio investment came to just under \$5.5 billion -- more than double the figure of a decade earlier. Few Canadians realize that, over the past three decades, Canadian investments abroad have, in fact, grown faster than foreign investments in Canada.

Most of this investment has naturally found an outlet in the United States and the other developed nations. But, by the end of 1964, Canadians had direct investments in the "Third World" totalling better than half a billion dollars. And this figure was growing at the rate of better than \$30 million a year.