

finance is available through EDC's Canada Account insurance. Such competition generally arises from the activities of the U.S. Commodity Credit Corporation GSM-102 program or its Blended Credit Program. These respectively provide for guarantees on credits up to three years or for a blending of interest-free financing with commercial financing to achieve a reduced interest rate.

Government marketing and credit extension for a number of specialized commodities such as dairy products and fish is provided through three specialized agencies: the Canadian Dairy Commission, the Canadian Saltfish Corporation and the Freshwater Fish Marketing Corporation. The primary objective of these agencies is to respond to particular problems posed by domestic marketing of products for which they are responsible. The question of their role in external marketing has to be subordinated to that of their basic domestic mandate.

Canagrex was established as a corporation to provide financing and guarantees exclusively for agricultural commodities. However, after a careful review of its activities and mandate, the government decided that it duplicated facilities already available through EDC and the private sector. Consequently, Canagrex is being wound down.

#### Options for Discussion

##### (i) New specialized agencies

The agencies which currently exist are operating to provide necessary financing for commodity exports. However, some concerns have been raised regarding the need for special financing facilities for products not covered by the Credit Grain Sales Program. At present EDC's normal financing facilities are available for transactions on commercial terms. Where it is necessary to match extended terms being offered by our competitors, EDC Canada Account insurance is available and its adequacy is now being reviewed.

With improvements these agencies should be adequate to meet requirements for commodities financing, all the more so as actual demands for this type of financing would not be such as to justify the creation of any specialized facility.

##### (ii) Improved international disciplines

Continuing to match foreign credit terms does not appear to be the most durable and financially attractive method of dealing with an area where cash sales and short-term credit are the normal commercial way of doing business.