

speeded up, and additional resources made available. To be consistent with our international obligations, it would be necessary to ensure that any concessional funding which went beyond "matching" could be justified on international development grounds. This would likely require the establishment, through an amendment of the Export Development Act, of a special "international development" facility within EDC similar to the CIDA-based aid/trade mechanism in option (ii). This, in turn, would ensure that developmental factors were taken into account in project selection. Given the developmental orientation of such a facility, it would be natural at a time of government expenditure restraint to report, as part of Canada's overall ODA, whatever concessional expenditures were made under the facility.

While a more aggressive approach on the part of EDC with respect to mixed credit financing might be welcomed by the business community, it would be necessary to exercise some caution to ensure that only efficient and competitive Canadian producers were assisted. Convincing development criteria would also be required to be able to justify the concessional expenditures as ODA. Because of the potentially high cost of such a program, it would probably be necessary to fix commitment and disbursement limits. Further, to the extent EDC's activities in this area were counted as ODA, the proportion of our total aid budget spent through CIDA might be reduced. At the same time, the uncertainties and long gestation periods common in large capital projects could result in significant year-to-year variations in disbursements under an EDC international development facility, thus complicating the achievement of any straight-line ODA growth targets.

This option, like the others, entails difficult trade-offs between developmental and commercial objectives and between budgetary and competitive factors. If looked at only in commercial terms, it is clear that some balance must be struck between the need to ensure Canadian exporters are not disadvantaged in the face of subsidized competition, and the need to reduce ultimately the level of subsidization taking place and install effective international disciplines in this area. From an international development standpoint, Canada must take into account other donors' practices and our own economic needs and strengths, while not losing sight of our traditional ideals.

E) CANADIAN WHEAT BOARD (CWB)

The Challenge

To ensure the continued availability of competitive financing for Canadian Wheat Board exports while avoiding undue risks.