

to the fact that Canada Account financing does not apply to 100 percent of the contract amount.)

EDC estimates that a total of 27,700 person-years of employment were created or maintained in Canada as a result of Canada Account-financed transactions in 1988-89, while the figure for 1989-90 was 16,700.

EDC also regularly conducts cost/benefit analysis of the transactions supported under the Canada Account. This analysis is very narrowly-based and encompasses only the costs and benefits associated with the specific export transaction in question. EDC does not attempt to measure other, broader economic benefits such as those deriving from follow-on sales in the same market; those which may accrue to other Canadian exporters as a result of the Canadian presence being maintained in the market in question; benefits associated with the application in Canada of technology developed in export transactions supported under the Canada Account, etc. These latter economic benefits to Canada may be significant, but they also tend to be much more difficult to identify and to quantify precisely. Nevertheless, as noted in Section 4, these broader issues are explored and considered by the Government when assessing whether a transaction is in the "national interest".

Overall, EDC's narrowly-based analysis indicates that transactions supported with Canada Account loans had a net cost of \$66 million in 1988-89 and \$60 million in 1989-90, due mainly to the requirement to provide concessional financing to match the concessional financing offered by Canada's trade competitors.

On the insurance front, \$81 million in export volume was declared under 18 insurance policies in 1988-89, while \$89 million was declared under 11 policies in 1989-90. (Please note that Business Volume results differ from maximum liability data for two reasons: first, the maximum liability report is as at a specific date; and second, liabilities which extend for more than one year are recorded as having volume only in the year in which they are signed, whereas the liability is recorded until the policy expires.)

## 8.0 CANADA ACCOUNT 1990 - 1991 EXPENDITURE PLAN

### 8.1 Strategic Overview

Consistent with both past practice and the legal framework establishing the Canada Account facility, the Account will continue to be used over the 1990 - 1991 planning period on a selective, as-required basis to support transactions which EDC is unable to undertake in its own Corporate Account and which are judged to be in the national interest. This facility will