

Export Development Corporation

viable international plan should such a plan be developed.

Total liability under contracts of investment insurance is limited under the bill to \$50 million and it will be apparent from this that individual investments covered will likely be relatively modest. We intend to feel our way slowly and prudently into this new field.

Canadian firms by investing abroad may be able to preserve or expand their export markets, as well as to derive a return on their investment in terms of foreign income or capital appreciation. Changes in the terms of access to foreign markets, in patterns of production and consumption, and in tariffs and freight, may change the balance of considerations between serving a market from Canada and establishing a plant in a foreign country. Furthermore, in some cases an equity investment is a pre-condition to the sale of capital goods and related services. More broadly, investment abroad by a firm or industry could have the effect of increasing its competitiveness and by bringing it closer to the market allow it to react more positively to needs and opportunities. In addition, a full development of Canadian ideas and skills may require increased foreign investment by Canadians and greater use of such techniques as management agreements, licensing arrangements and sale of patent rights.

• (3:50 p.m.)

Foreign investment will stimulate the flow of private capital to developing countries. In doing so, it will enhance the effectiveness of the official aid program by providing capital linked to the technical and managerial know-how which are essential conditions to economic progress in developing countries and which cannot always be easily associated with official aid.

Briefly summarized then, the salient features of the program, of which this bill is the central element, are as follows: First, continuity in availability of adequate official support for export financing, consistent with other high priority claims on the government's resources.

Second, incorporation of the Export Development Corporation as successor to the Export Credits Insurance Corporation, to be the focal point for the government's interest in export credits, credit insurance and guarantees and in insurance of foreign investments.

[Mr. Lang.]

Third, co-ordination of export financing with other government programs, including industrial and trade development and assistance to developing countries, and periodic budgetary review.

Fourth, corporate status similar to former E.C.I.C. but administration to be strengthened, capitalization increased and more authority for day to day operations to be delegated to a board of directors and senior management. The board will include directors appointed from outside the public service, facilitating co-operation between public and private sectors in export development.

Fifth, facilities for export credits insurance and guarantees and for direct export financing to be broadened and made more flexible and capacities to be increased to accommodate expansion in export business. Operation of these facilities to be made more responsive to exporters' requirements and to international competitive situations.

Sixth, direct export financing of routine transactions eligible for this form of assistance to be carried out by the Export Development Corporation as principal instead of being for account of the government, requiring cabinet approval in each instance, as in the case of the Export Credits Insurance Corporation.

Seventh, the Export Development Corporation is to be empowered to buy, sell, and make advances on the security of export paper, but rediscount of paper held by banks not contemplated for the present.

Eighth, a systematic and continuing program of liaison and co-operation with Canadian financial institutions to be developed and steps taken to ensure wider familiarity with, and use of, the Export Development Corporation's services and facilities by both financial institutions and the export community.

Ninth, insurance of investments in developing countries to be offered to encourage participation by Canadian companies in business opportunities abroad where this will advance Canada's economic interests, especially, exports, and/or contribute to the recipient country's economic development.

We consider this bill an important step forward in adjusting our administrative structure to changing needs, and I commend it to the house. It is not, of course, the last step. As in the past, so in the future we will continue to have to keep the export environment under surveillance and be able to respond quickly and effectively as circumstances dictate.