

Private financial institutions account for most of the financing for Canadian exports. They do this through direct loans to buyers, lines of credit and other forms of trade financing. They also do it indirectly by refinancing Canadian exporters. Their involvement in medium- and long-term trade financing particularly to Third World countries has been limited. Unlike banks in other industrialized countries, Canadian banks have not in recent years played an important role in the government's export financing program. They have nonetheless been very active internationally in other fields of banking. Their share in international banking with Third World countries is significantly higher than Canada's share of world exports to those countries.

The bulk of government support is directed to exports to Third World and Eastern European countries. It has been estimated that roughly one-half of Canadian exports to Third World countries are supported through government programs.

When it is used, government support is provided through the Export Development Corporation (EDC) -- approximately 5 per cent of exports, of which 1 per cent is financed directly, and the Canadian Wheat Board (CWB) -- 1 to 2 per cent of exports. Other government agencies such as the Canadian Commercial Corporation, the Canadian Dairy Commission, the Canadian Saltfish Corporation and the Freshwater Fish Marketing Corporation, acting as direct sellers, account for a further 1 to 2 per cent of Canadian exports. Finally, the bilateral aid program of the Canadian International Development Agency (CIDA) finances 2 per cent of total Canadian exports, or 15 per cent of Canadian exports to developing countries. Provincial government programs also provide some support.

(ii) Overall Competitiveness and Effectiveness of Canadian Programs

Export financing and the mixed credit facilities available through EDC, CIDA and the CWB generally ensure that Canadian exporters are not at a disadvantage with respect to financing. There are, however, perceptions in the exporting community that improvements could be made. One area that is frequently mentioned is the need to improve the access of small and medium-sized business to export markets. Another is the possibility of ensuring that commercial benefits are maximized through the use of the aid program. Some exporters have also questioned the speed of EDC responsiveness and also suggested that EDC is applying overly-strict creditworthiness standards to export financing.