Governor of the Bank of Canada, the President of E.C.I.C. and other senior officials, have already met with representatives of the chartered banks to discuss the new legislation and the important role of the banks in connection with the whole range of financing and marketing activities associated with export development. We mean this to be a continuing and meaningful dialogue in the interest of achieving the closest possible co-ordination of effort.

To ensure that Canadian exporters of high-priority capital goods and services are not inhibited from pursuing major sales opportunities abroad requiring long term or, exceptionally, medium term financing, provision is made for acceptance of liability under direct loans to foreign buyers of up to $800 million. Such lending has been carried out since 1961 under the authority of Section 21A of the existing act. Signed loan agreements net of repayment presently stand in the neighbourhood of $325 million but outstanding commitments would, if taken up, bring the total current liability to well over $600 million. Of course not all will be taken up. A ceiling of $800 million would, it is anticipated, be sufficient to cover prospective business for some years to come.

Within the over-all ceiling, two authorities are to be established: for lending by the corporation for its own account on approval by the board of directors to a limit on outstanding liabilities to $600 million, and for lending for the account of the government to a limit of $200 million. The carrying out by the corporation of a major portion of new export lending as principal rather than as agent for the government on approval by the Governor in Council as at present will, together with new simplified funding and administrative procedures, facilitate meeting exporters' needs and competitive situations. The latter facility would be for very large export transactions such as the sale of nuclear power plants or to meet other special situations considered by the government to be in the national interest but which are of a term or in an amount excessive for the corporation. Long term and, exceptionally, medium term financing of major export transactions will in future be carried out as far as risk taking is concerned in a similar manner to export credits insurance operations.

In medium and long term financing, the corporation will have extended powers to make loans and to issue guarantees to private lenders in connection with major export transactions. Security requirements for loans are to be made more flexible. The corporation will also be empowered to provide lines of credit to national development banks and similar financial institutions abroad to finance purchase of Canadian goods and services, to cover a proportion of local costs of projects abroad and to finance services supplied from Canada even when these are not directly associated with equipment supply. Financial institutions in Canada and abroad will be encouraged to participate with the corporation in its lending and guarantee operations. Interest and other charges by the corporation will generally reflect the cost of money to it, bearing in mind, however, the need to meet competition in particular cases, and will provide for the operating expenses of the medium and long term financing facility.

Under clause 33 of the bill the corporation would be empowered, when authorized by the Minister of Finance, to buy, sell, and lend on the security of, negotiable export paper. E.C.I.C. had this power in connection with operations under Section 21A when authorized by the Governor in Council. The new authority is broader and applies also to export paper in respect of transactions insured by the corporation. Rediscount of export paper in the hands of the banks is not presently contemplated.

Finally, an entirely new facility is to be established to insure Canadian investments in developing countries against loss due to war, insurrection or revolution, expropriation or confiscation and inability to transfer earnings or capital. These are standard risks covered under investment insurance schemes of other countries. Insolvency or other commercial risk would not be covered. Coverage would be limited to new investments, including reinvested earnings, and would have to hold promise of some specific economic advantage to Canada, such as increased exports, or contribute to the economic development of the host country.

The plan is essentially bilateral; that is, the Canadian government will expect certain assurances from the host country before authorizing the corporation to issue an insurance policy on an investment in that country. We have not ruled out participation by Canada in a multilateral investment scheme such as that which has been discussed periodically under World Bank auspices during talks in which Canada has participated. We have kept open the option to consider integration of a Canadian investment insurance policy with a