

1.0 INTRODUCTION

Under the Export Development Act (R.S., c. E-20), the Government of Canada is authorized in prescribed circumstances to undertake directly certain activities of a financial nature (loans, guarantees and insurance) to facilitate and develop export trade. In these circumstances, the Export Development Corporation (EDC) acts as the agent for the Government of Canada in executing the financial transaction. However, the EDC maintains separate accounts of all moneys expended and received under these authorities, and the expenditures (and receipts) are charged (and credited) to the Consolidated Revenue Fund.

These activities of the Government of Canada, and the legislative authorities which underlie them, have come to be known collectively as the "Canada Account".

The purpose of this report is to describe the Canada Account, its objectives, the types of assistance provided and the eligibility criteria, its legislative basis and its management structure. Information is also provided on certain financial considerations -- the budget process, the limits established by Parliament on liabilities (direct and contingent) and the past record of the program in terms of resources utilized. Finally, the Report provides a current picture of export financing and insurance activities and exposures, and a Canada Account expenditure plan for 1990 - 1991.

2.0 PROGRAM DESCRIPTION

2.1 Objectives and Purpose

The Canada Account provides the Government of Canada with the authority and means to support Canadian export transactions which, on the basis of prudent risk management as defined by the Board of Directors of EDC, cannot be supported by the Corporation.

However, the basic objectives of the Canada Account program are identical to those of the Export Development Corporation. The EDC was established in 1969 by the Export Development Act (ED Act) "for the purpose of facilitating and developing trade between Canada and other countries by means of the financial and other powers provided in the Act" (subsection 10(1)). There is no distinction either in law or in practice between the broad objectives of the EDC, for activities on its own account, and the objectives of the Government for activities under the Canada Account.