

In 1983-84 CCC's sales amounted to \$626 million. Geographic distribution of orders obtained is the following:

**TABLE V-2 — CCC — Sales Distribution
1983-84**

	(\$ millions)
United States	\$517
Europe	44
Africa	40
Latin America and Caribbean	10
International Agencies	5
NATO	4
Pacific and Asia	3
Other	3
TOTAL	\$626

Non-defence, non-United States sales represent only a small share of CCC's activities amounting to about \$61 million in 1983-84. There was, therefore, limited occasion for competition between trading houses and the CCC.

In our discussions with senior CCC officials, they explained that CCC goes to some length to insure that they do not enter into competition with Canadian trading houses. In this context the Task Force recommends that:

Recommendation 14

The Canadian Commercial Corporation stringently adhere to its procedure for avoiding competition with Canadian exporters and that it continue to restrict itself to government-to-government transactions.

In cases where the CCC has identified opportunities for using trading houses, it experiences some difficulties in identifying and evaluating trading houses with which to do business. Up-to-date information on the capabilities of the trading house sector is a basic requirement for greater co-operation between the CCC and trading houses.

In order to enhance better relations between trading houses and the CCC, the Task Force recommends that:

Recommendation 15

The Canadian Commercial Corporation (CCC) establish a focal point for dealing with trading houses and not make distinctions between trading houses and manufacturers when opportunities arise that the CCC wishes to pursue or when issuing invitations to tender.

It is the view of the Task Force that in the future CCC should give equal opportunity to sourcing from trading houses and manufacturers. Lack of information on trading houses may have led the CCC to rely directly on manufacturers rather than go through trading houses. In order to assist the CCC, trading houses should register their representational agreements with manufacturers.

Recommendation 16

Trading houses register their interests with the Canadian Commercial Corporation (CCC) in order that the CCC might consult with them when relevant business opportunities come to the CCC's attention.

Other State Trading Agencies

In our review of the opportunities for Canadian private sector trading houses, the Task Force was struck by the number of government agencies in addition to the Canadian Commercial Corporation authorized to deal directly in international trade. These tend to be concentrated in the agricultural and fisheries sectors and include such organizations as Canagrex, the Canadian Wheat Board,

the Canadian Dairy Commission, the Canadian Saltfish Corporation and the Freshwater Fish Marketing Board. From our perspective, they have common characteristics: to a greater or lesser extent they compete with private sector trading houses and reduce the scope for the growth of trading companies in the business sector.

The Task Force acknowledges that each of these organizations was originally established to meet some objectives of Canadian public policy. It is concerned, however, that the original public policy requirement may have changed over the years or that the practices of the agencies have developed in ways not foreseen initially. Given these changes, some agencies may in fact not be operating to the maximum benefit of the producers concerned by not availing themselves of all marketing channels available and the resulting access to market intelligence which may be required to maintain product competitiveness.

In this context the Task Force recommends that:

Recommendation 17

The government review the operations of all state trading and marketing agencies to determine if their activities are consistent with their original intent, if public policy objectives still require the agency to have a trading capacity, and if the agency could not be replaced by the trading house sector.

It is further recommended that:

Recommendation 18

Government state trading and marketing agencies be required to access all Canadian marketing tools and facilities available to ensure their maximum performance on behalf of the producers they serve.

EXPORT DEVELOPMENT CORPORATION (EDC)

The value of financing arrangements facilitated directly or indirectly by EDC's export financing services during 1983 was \$969.0 million as compared to \$2.504 billion during 1982. In EDC's view the slowdown was a result of worldwide worsening of economic conditions. EDC is convinced that the number of transactions lost for reasons of uncompetitive financing terms was very low.

The total volume of EDC's insurance and guarantee services reached a new record of \$3.897 billion in 1983, up significantly from \$2.345 billion in 1982. The higher level of international financial risk may have had some impact on the perception of exporters in the value of using EDC's insurance and guarantee services to manage their credit risks.

As of February 29, 1984, EDC was able to trace 12 loans to trading houses totalling \$318 million. Eight transactions in support of sales by trading houses were at varying stages within EDC's request and approval procedure.

In July 1984, after reviewing the declarations of export sales for 1981 to 1983 for about 25 companies identified as trading houses in Canada, EDC reported that for Global Insurance Policies the value of support for trading houses grew from \$172 million in 1981 to \$182 million in 1982, and to \$325 million in 1983.

Two observations can be made with regard to these results. First, in spite of the increased reliance on EDC's services by trading houses there remains ample room for progress. The survey results show that trading houses accounted for approximately \$9.7 billion of Canada's \$24 billion in non-U.S. exports. Given their common orientation towards foreign markets, much greater co-operation should be expected. Second, very few small and medium-sized trading houses which — in spite of their size —