

During the past few weeks allegations have been made that Canada had contributed in some manner to the economic difficulties of Chile by cutting off aid or credits to that country during the period of the government of the late President Allende. Such allegations are not born out by a review of the Canadian programme in Chile.

The Government of Canada does not have, and never has had, government-to-government loans outstanding with Chile. However, the Export Development Corporation (EDC), a crown corporation which operates on a commercial basis and makes its decisions on economic and commercial criteria, did continue to finance or to insure Canadian exports to Chile following the election of the Allende government in 1970. As the economic situation in Chile deteriorated during the period that followed, the Export Development Corporation, while continuing to finance and insure Canadian exports to that country, reviewed, on a case by case basis, all such enquiries and requests for its services. The result was that, because of the need to defer and reschedule existing debt, no medium term insurance cover was provided during this period, but short term insurance cover continued to be provided for exporters for whom Chile was a traditional market. On this selective basis, and at a time when most other countries were reluctant to extend further credits to Chile a loan of \$5 million was approved by the EDC in April 1973 for the purchase by Chile of Canadian aircraft and telecommunications equipment. This activity was undertaken against the background of a rapidly deteriorating balance of payments situation and the evident inability of Chile to repay external debts incurred earlier. This background led a number of Canadian chartered banks to suspend, for a period, short term credit to Chile, but this was neither on the instigation nor the advice of this government. Meanwhile, Canada played an important part, along with a number of other nations, in negotiations for the rescheduling of the outstanding debt owed by Chile to her creditors in 1971 and 1972, in order to assist the country in alleviating her external financial difficulties. Canada has played a similarly active role in negotiations earlier this year to provide debt relief to Chile for 1973 and 1974.

In addition, a Chilean request to a consortium of Canadian banks for an additional loan of \$3.5 million, of which \$2 million would be guaranteed by the Export Development Corporation, was under negotiation with the Allende government (and had been approved by the EDC) since early this year. Although the offer of a \$3.5 million loan and the \$2 million guarantee had been accepted by the Allende government, the new régime has not yet re-confirmed this agreement.

Canada also had underway, at the time the Allende government took office in 1970, two projects in the fields of telecommunications and education administreed by the Inter-American Development Bank involving a commitment of \$8.6 million. Disbursements for these projects were as follows:

1968-69	\$ 152,490
1969-70	\$ 537,632
1970-71	\$2,356,659
1971-72	\$ 741,379
1972-73 (estimated)	\$2,069,900

In September 1972, a bilateral technical assistance project, involving an expenditure of \$87,000 in the fields of mining and metallurgy, was approved by CIDA (Canadian International Development Agency) and initiated.