

Export Development Corporation

between the consolidated revenue fund and the Export Development Corporation. The new procedures will facilitate sound and businesslike financial planning by government and, it is anticipated, will provide administrative savings and improved service to exporters.

Export credits insurance and guarantee powers of the new corporation to facilitate the provision of private financing for export are similar to those of E.C.I.C. but have been broadened and made more flexible, and capacities have been increased to accommodate anticipated expansion in export business.

It is proposed that the limit of outstanding liabilities under contracts of insurance and guarantees for account of the corporation be set at ten times the aggregate of subscribed capital and capital surplus as in section 14 of the Export Credits Insurance Act. Under the capital structure proposed for the new corporation, this ratio would provide for a liability ceiling of \$300 million immediately, compared with E.C.I.C.'s limit of \$200 million, and ultimately up to \$500 million.

In addition, provision would be made, similar to section 21 of the Export Credits Act, for contracts of insurance and guarantees to be entered into at government risk, outside the corporation's liability limit, when these are deemed by the minister responsible to be in the national interest and are approved by the Governor in Council. It is proposed that the limit of outstanding liabilities at government risk be reduced to \$500 million from the \$600 million specified in the present act since under the new act resources will be to the corporation available to a greater extent enabling it to undertake more business on its own account.

It is proposed that the corporation's powers to enter into contracts of credit insurance and guarantees be made broad and flexible and generally that they provide for coverage of any sound and attractive undertaking which appears to the board of directors or, in the case of operations carried out at government risk, to the Governor in Council to be conducive to the development of trade between Canada and other countries. The generalized authority means in practical terms that eligibility for assistance will be significantly extended under the present act. In particular, coverage of services and other invisible exports, which we expect to be an area of dynamic growth, is much extended. Leasing of goods for use abroad and the sale or licensing of patents, trade marks and copyright will

[Mr. Lang.]

now be eligible. Export transactions involving barter will also now be eligible. The insured need not be a person carrying on business and need not be the exporter so long as he is the one entitled to receive payment. This and related provisions will make insurance cover available for confirming house, factoring or similar business, not yet common in Canada but well developed in some other countries, and other complicated payment situations in addition to direct transactions between exporter and buyer abroad.

• (3:40 p.m.)

As under the Export Credits Insurance Act, guarantees will be available to encourage the financing of export credit without recourse to the exporter. However, such guarantees will no longer be restricted by law to transactions on medium term credit and will be available for institutions other than Canadian chartered banks. Guarantees will also be issuable in connection with the financing of uninsured transactions provided such transactions are insurable.

The changes, it is expected, will permit, for example:

1. Extension of lines of credit to foreign borrowers to finance purchase of goods and services in Canada—so-called buyers' credits which are being increasingly used in international trade;
2. Consolidation and rescheduling of debts owed to Canadian exporters as an alternative to the Corporation having to honour claims by exporters when the importers' country is in balance of payments difficulties;
3. Financing of a reasonable portion of local costs of projects where this is necessary to the winning of contracts by Canadian exporters.

It is the intention to place the conduct of the export credits insurance and guarantees functions under extensive and continuing review to ensure that they remain responsive to changing circumstances and the needs of the export community. An active program will be undertaken immediately to simplify administrative procedures and to familiarize exporters and financial institutions with the services and facilities available. In this connection, a systematic and continuing program of liaison and co-operation with Canadian financial institutions is also to be undertaken. My colleagues, the Minister of Finance (Mr. Benson) and the Minister of Industry, Trade and Commerce (Mr. Pepin), together with the