

A review of existing information resulted in the identification of four major areas to be examined in depth.

- The flow of information regarding projects to be funded by the international financial institutions, to ensure that qualified Canadian companies have the opportunity to bid.
- Co-financing: This is a relatively recent development whereby major projects are partly funded by international financial institutions and partly from other sources, and which now amounts to approximately half of the value of multilateral development bank projects. To the extent that eligibility for the co-financed portion of the project is restricted, this provides a clear advantage to eligible companies and erects a major barrier to non-eligible firms.
- Insurance and Credit: Other countries provide a variety of export insurance risk coverage which changes from time to time. It is important to remain informed on the current status of these programs and their competitive impact.
- Taxation: In addition to the major comparative study discussed previously, it is useful to have a source of information regarding specific programs such as the DISC (Domestic International Sales Corporation) scheme in the United States, and the VAT (Valued Added Tax) rebate scheme in France and Germany in order to assess their impact on competitors' costs.

Recognizing the importance of these areas, and in view of the overlap with the work of other committees, it has been decided to deal with them in the appropriate sector studies rather than as a separate subject.

Canada/U.S. Free Trade (Chairman: Bruce Howe)

Although existing GATT agreements will result in the gradual reduction of tariffs on many products in the years ahead, the recent difficult economic conditions have led to an increase in protectionism, especially through the implementation of non-tariff barriers. As a result, Canadian companies are exposed to fierce international competition without the benefit of free access to a large assured market as enjoyed by our major competitors. This drawback can be overcome by increased access to the U.S. market on an assured basis, and the Board welcomes the discussions on sectoral free trade which are now in progress.

The Board considers that the mutual benefits of sectoral free trade need carry no threat to the national identity, noting that the closer economic ties that have developed in Europe since the formation
