During the period 1966-67 to 1983-84, CIDA put in place 85 lines of credit (with commitments of close to $1 billion) with Third World countries to assist Canadian exporters in these markets. Some of these were designated parallel lines of credit with the Export Development Corporation. Over the last three years (1981 to 1983) about $150 million in CIDA assistance has been provided in parallel with EDC lending. Most of these projects have been relatively small, but in 1984 financing was arranged for a large power project in India involving some $200 million in CIDA funds and $450 million in EDC funds, to be disbursed over the next four to five years.

(iv) Mixed Credits through EDC: In 1981, Canada adopted a mixed credit program, administered by EDC. Under this program concessional loans (provided under EDC's Section 31 Canada Account) were combined with regular commercial EDC export credits.. The soft loan portions of these mixed credit financing packages have not been reported as official development assistance, even though many other OECD countries do so.

The main intent of the mixed credit program was to help otherwise competitive Canadian exporters obtain financing that at least matched foreign concessional offers. In 1983, the operating guidelines were revised to make the facility more flexible and easier for the business community to use. Since then there has been an increase in mixed credit offers by EDC, partly as a result of the changes in EDC's program but also as result of greater mixed credit competition.

Options

The use of concessional financing in support of Canadian exports to Third World markets sometimes entails very difficult trade-offs between developmental and commercial objectives. While these interests will often coincide, there are significant differences in the criteria for the selection of recipient countries, sectors and individual projects which would make it difficult to realize fully both objectives.

The allocation of a much larger portion of aid resources to support exports of goods and services on concessional terms would likely involve a departure from CIDA's current mandate. This mandate requires that resources be programmed well in advance to fit in with the long-term development plans of developing countries and calls for ODA funds to be concentrated in low-income countries and focused on key sectors such as agriculture and human resource development. Commercial objectives would require that assessments of the development impact of a project be made