

# CANADA ACCOUNT STUDY

## SUMMARY

Canada's concessional financing activities have been the subject of considerable debate, both within the Canadian export community and on the part of those responsible for the formulation and implementation of the concessional financing program. **What is clear from the study is that while Canada often is not perceived as a major player in terms of concessional financing activity, in reality concessional support to Canadian exporters has been substantial.**

Between 1980 and 1990, concessional financing can be credited with generating some \$1.3 billion in Canadian export sales. Moreover, concessionally financed sales resulted in some \$380 million in follow-on sales. With regard to the latter it is important to note that almost all of these sales are associated with concessionally financed transactions which occurred before 1989. This suggests that the transactions signed in 1988 and after may yet generate attributable follow-on sales.

The qualitative benefits derived from concessional financing over the period 1980 to 1990 also are noteworthy. Four significant benefits were identified by the consultant portion of the Study: the maintenance of a critical mass of key individuals in the exporting companies and the enhancement of technological capabilities; the improvement of the international reputation of the exporters; the maintenance of the exporters' presence in traditional markets; and the enhancement of the prospects for additional sales of Canadian products.

The comparative analysis showed that exporters in the countries reviewed have access to larger pools of concessional funding. Most of these countries have a project orientation in their bilateral development programs and are tying a substantial amount of such aid to the procurement of goods and services from the lender. It is noteworthy that while the Japanese claim that they are progressively untying their aid, they nevertheless supported their exporters with some U.S. \$1 billion in tied-aid loans in 1989-90.