

F) THE CANADIAN COMMERCIAL CORPORATION (CCC)

The Challenge

Would a reduction in the mandate of the CCC have a positive impact on private sector initiative, by providing scope and encouragement to groups such as private trading companies?

Background

The CCC is a wholly-owned Crown corporation established by Parliament in 1946 to "assist in the development of trade between Canada and other nations".

Its main function is to participate in export transactions where its involvement is required or seen as advantageous by Canadian suppliers and foreign buyers. It does this through back-to-back contracts with the foreign purchaser and the Canadian supplier -- or suppliers, in cases where CCC acts as a "packager". These activities involve procurement of defence goods -- with the U.S. under the Canada/U.S. Defence Production Sharing Arrangement, and with other countries either under a specific agreement or on a case-by-case basis -- as well as commercial sales to the U.S. and other countries. In these areas, CCC generally guarantees the performance of and payment to the Canadian supplier. Within its mandate, CCC has been directed by the government to avoid competing with the private sector or interfering with established export marketing and distribution efforts of Canadian firms and trade groups. Therefore, its role is responsive.

CCC contracted for \$629 million of sales in 1983-84. Most sales (\$529 million or 80 per cent) were to the U.S. and were mainly defence products sold under the Canada/U.S. Defence Production Sharing Arrangement under which a Canadian government agent is required to sign contracts. (About \$45 million of sales to the U.S. were of commercial products.) Other sales, mainly commercial rather than military, were also made to Europe (8 per cent), Africa (6 per cent), Pacific and Asia, and Latin America and the Caribbean (2 per cent each).

In addition to the activities described above, CCC has, since 1976, been authorized to act as prime contractor in capital projects. It has had little success in this area.

CCC also helps Canadian firms pursue procurement funded by United Nations agencies and multilateral development banks, such as the World Bank. It has been particularly successful in the case of U.N. agencies, where it has signed