developed and developing countries, if needed structural adjustments are to be made, and if trade is to make its necessary contribution to overcoming the debt situation. Canada welcomes discussions in the OECD and elsewhere on how to make these various facets of our economic relations consistent and mutually supportive.

Before closing, Mr. Chairman, I wish to comment on two important policy areas touched on in the Secretary-General's Note: aid-trade financing, and improving the dialogue with developing countries.

Aid-Trade Financing

The Secretary-General's Note reflects a growing concern over the risk that ODA resources may be used increasingly for concessional export financing, in some cases, to the detriment of pursuing sound developmental objectives. I would like to emphasize that Canada shares this concern. Canada has consistently sought to improve transparency and discipline on all forms of concessional export financing within the Consensus on Export Credits and in the Guidelines on Associated Financing. Recently, we expressed our frustration over the fact that the current approaches to applying disciplines on the use of tied aid credits and other forms combining aid and trade credits have not succeeded. As a consequence, Canada indicated that it would be prepared to consider proposals to substantially increase the minimum permissible grant element under the Consensus, higher thresholds for prior notification, more extensive use of common lines and even bans on the use of mixed credits for specific sectors in an effort to ensure that tied aid credits have a developmental rather than a commercial motive. At the same time, we need to consider a higher minimum grant element for associated financing and for ODA. It will be essential, however, that any disciplines apply equally to all other financing practices of equivalent effect.

I recognize that the pressures to use aid financing to subsidize exports to developing countries are very great. The world market for capital goods exports is still weak, and with high unemployment levels in many of our countries, the demand from our exporters for increased mixed credit financing is rising. This demand becomes particularly intense whenever exporters learn that their competitors from other OECD countries may be benefiting from concesssional financing, often provided through the