

The accounts administered for Canada by EDC are shown in comparative form in Appendix I.

6.0 FINANCIAL CONSIDERATIONS

6.1 Budget Process

As noted in Section 3.0 above, the authority to expend funds under the Canada Account is provided through Sections 27, 31 and 35 of the Act. In all cases, the authorities are statutory in nature -- that is, there is no requirement for annual appropriations from Parliament provided the overall levels of outstanding expenditures and other liabilities and commitments are within the ceilings established in Sections 28 and 32 of the Act.

While new spending authorities are not required from Parliament on a regular annual basis, Parliament is nevertheless kept fully apprised of estimated Canada Account expenditures. Specifically, estimated expenditures are reported through an information item (referred to as a "statutory item") in the Government's annual Main Estimates, and any major and unexpected changes in the use of the Account, when they can be anticipated in time, are communicated to Parliament through Supplementary Estimates during the fiscal year. Information on the actual level of expenditures is communicated annually to Parliament through the Public Accounts of Canada.

The types of transactions supported by the Canada Account are generally characterized by long lead times and a high degree of uncertainty. Particularly in relation to long-term credit, the Government is formally required to signal its agreement in principle to support a transaction as a prerequisite to the pursuit of the project by the exporter. This assurance is required by the exporter before he begins to incur significant expenditures to win the export contract, as well as by the borrower, who generally requires an assurance of available financing as a bid requirement. The likelihood of ultimate success of any particular exporter on any given transaction is impossible to predict accurately in the competitive international trade environment. Consequently, the Government must provide commitments against a probability of success on the part of the exporter and recognize that, while many such commitments may never result in actual loans or insurance contracts, it is nevertheless prepared to extend the necessary financial support arising from these commitments when and as contracts are won. The non-lapsing multi-year commitment and expenditure authorities approved by Parliament afford the Government the necessary flexibility to manage this process.