

*Export Development Corporation*

Trade and Commerce that there is an essential relationship between industrial development and export promotion, and that this relationship would be the basic principle of the new, merged department's organization. Establishment of an Export Development Corporation is not directly related to the merger of the trade and industry departments but it is motivated by the same basic objective, namely, to ensure that the government's administrative structures reflect current and anticipated needs and problems. Any self-respecting institution periodically brings itself up to date and infuses new blood into its administration.

As was also brought out in the discussion of the administrative reorganization proposal, the government regards sustained and improved export performance as a basic element in maintaining and developing the sound growth in the Canadian economy which in turn is necessary if we are to have the capacity to develop our social programs, provincial or federal, to upgrade our educational, medical, welfare and cultural standards, to afford the investment required to narrow our regional disparities. Merger of the trade and industry departments and the strengthening and expanding of their combined services are intended to contribute to the attainment of our national goals; so too in the specialized area of export credit and related activity is the establishment of the Export Development Corporation.

In addition to the customary support to our balance of payments and level of economic activity generally, exports are an essential key to our industrial development policies, providing as they do outlets beyond our limited domestic market. This broader market is necessary to permit specialization and economics of scale which in turn are necessary if, under conditions of freer trade, Canadian capital equipment and other manufacturing industries are to be able to compete effectively against imports in the domestic market. Since exports must meet the test of being internationally competitive, the odds are high that industries which are successful in export markets are efficient and have potential for future growth.

In the interest, then, of optimum growth of the economy and of employment opportunities, stimulation of exports, particularly of manufactured goods, should have high priority at this stage of our economic development. Giving a high priority to exports means that adequate and competitive financing facilities should be available and their use encouraged.

[Mr. Lang.]

Unfortunately, limitations on the availability of financing to back export production and sales and the high cost of such financing have emerged as factors inhibiting the securing of optimum export performance from the Canadian economy.

While these difficulties have had to be viewed against the background of the abnormal credit conditions which have prevailed recently, a study commissioned by the Department of Trade and Commerce revealed clear evidence of an underlying problem and suggested that the facilities available to support the export and other international activities of Canadian companies were less flexible and adequate than those in other countries. Accordingly, in light of the importance of improved export performance to the Canadian economy on the one hand and the increased use of credit in international trade and intensification of foreign competition on the other, we concluded that new and expanded facilities were required to ensure that on as economical a basis as possible, consistent with the over-all needs of the economy and resources available, Canadian firms were backed by adequate and competitive financing facilities.

The Export Development Corporation will be the focal point for the government's interest in the financing of exports and in the insurance of private investments abroad. In succession to the export Credits Insurance Corporation, it will administer new and expanded facilities for export credits, export credits insurance and guarantees, and will encourage and facilitate the provision of private financing for export. It will be charged with responsibility for the insurance of private Canadian investment in developing countries. This entirely new facility is being added in the belief that such investment can make a meaningful contribution to our international development effort and at the same time improve the competitive position of Canadian firms in world markets, and should therefore be facilitated.

● (3:30 p.m.)

Rather than once again amending the Export Credits Insurance Act to provide these new and expanded facilities, it was considered preferable to draft a new statute which would conform to the current legislative practice and provide a valid framework for the future. The name, Export Development Corporation, was chosen as being descriptive of the basic purpose of the new entity and the broad range of functions to be