

Export credit wars

credits on Canada, the following should be considered.

1. The international market for capital goods and services is heavily dependent on the provision of financing services. In trade between industrialized countries and the developing world, the provision of such financing support is particularly important, given the state of the balance of payments of developing countries. For Canada, there are a number of industrial sectors, in such fields as electricity generation and transmission, transportation, and communications, in which productive and technical capacity is recognized as internationally competitive, and where access to world markets is essential if Canadian potential is to be achieved. For such sectors, international market conditions which permit the full play of the normal commercial competitive factors of price, quality, service and the like, and which limit or prohibit the supply of concessionary or subsidized export credits by competitors in other countries are essential elements for success.

While exports of capital goods and services provide a relatively small proportion of total Canadian exports, they do have a particularly important significance. Firstly, the sector has the potential to play the leading role in the improvement of the mix of total Canadian exports. Secondly, because the demand for this sector is large in the countries of the developing world, Canadian capacity to establish closer trade and economic links with this large group of countries is heavily dependent on success in exports of capital goods and services.

2. In these circumstances it is very much in Canada's interests for the government to continue to press for comprehensive agreements on official export credits which would prevent the trade distorting effects of subsidization and which would link the terms and conditions of such financing more closely to market terms. International negotiation on this subject has so far been limited to OECD countries. Because a number of other countries (e.g. Brazil, Israel) have become active in capital goods exports supported by subsidized export financing, it is important that the participants in any international agreement on export credits should include such relatively new export countries.

3. Until agreements of the kind envisaged above are in place, Canadian policy should emphasize the importance of minimizing the competitive disadvantages to Canadian exporters of the terms and conditions of Canadian export financing. In a period of intense international competition for markets which are by no means as buoyant as they were earlier in the 1970s, all elements of Canadian bids for capital goods and services will have to be as sharply competitive as possible. This task is made no easier by the fact that the exchange rate of the Canadian dollar has appreciated remarkably against most European currencies and the Japanese yen. It is with those European and Japanese suppliers that Canadian exporters in these sectors are most regularly in competition.



Photo credit: T. Drainin

^{easily} YOU can help the refugees of Latin America... TODAY

Food, medicine and education are priorities. But that's just the beginning. OXFAM helps fight the causes of poverty, preventing problems, not just patching-up.

Three members of parliament saw OXFAM's work in a refugee camp in Honduras. Their comments:

"Thousands are fleeing brutal, repressive wars with nothing. Now refugees are building new lives. Making clothes. Producing clay cooking pots. Weaving hammocks for the sick to sleep in."

—Warren Almond, Lib. MP, Montreal

"Adults and children are learning to read and write for the first time."

—Joe Reid, PC MP, St. Catharines

"Growing food for themselves is vital. Third world people want to be self-reliant. It fills me with hope."

—Rev. Dan Heap, NDP MP, Toronto

From the refugee camps of Central America to the new nations of Southern Africa. OXFAM-Canada is an effective way to help. And it's easy. Phone toll-free. Or write today. Your tax-deductible donation to OXFAM-Canada will make a difference.

- YES I will help fight poverty, hunger and injustice
- Send me FREE Information
- Here's my tax-deductible donation
- \$15 \$25 \$50 \$100 \$_____ Other

Name _____

Address _____

City _____ Postal Code _____

Cheque enclosed Bill my credit card

 

Acct. # _____

Expiry Date _____

Signature _____



The easy way to help
Toll FREE Phone
24 hours a day
800 268-1121

OXFAM-Canada
Box 18,000 A, OTTAWA

OXfam CANADA