

*Export Credits Insurance Act*

I want to emphasize the word "normally". I continue:

—not in excess of 85 per cent of any loss which might be suffered by the exporter—

I was curious about the word "normal". Have there been policies of insurance undertaken by the corporation where the co-insurance by the exporter was less than 15 per cent? In addition I would ask the minister to tell us today or on a subsequent occasion when we are debating the clauses of the bill how guarantees are going to fit into the traditional experience of co-insurance. With respect to endorsing a promissory note, for instance, does the minister conceive that he can endorse or guarantee that paper on a percentage basis rather than in entirety as to the face value of the paper guaranteed? I think there is great merit in retaining an interest on the part of the exporter in repayment and the proper eventual success of the transaction. I am wondering whether or not under this form of financing the corporation is likely to get into the position of being 100 per cent interested, without a co-interest on the part of the exporter himself.

We have some knowledge, of course, as to the competitive position that Canada is in which necessitates and makes desirable legislation of this kind. In the matter of down payments, what is the likely requirement in the view of the minister in this respect? I understand that with respect to insurance facilities in the United States a down payment there is required where the cover will not exceed 60 per cent. What is the minister's advice to his corporation in this respect? In so far as rates are concerned, is the minister contemplating that rates of insurance will continue to be standard without differentiation with respect to individual transactions? I believe there is now something in the nature of a trade union among government export insurers, and the firm convention provides for a maximum term of loan contracts of five years. There are some countries at least that are competitors of ours which do not belong to this association, notably Italy, and there are some others.

What is the possibility of getting competitors of this kind into the Berne organization? Notwithstanding the Berne convention and agreements I believe that in the United States, by virtue of the export-import bank, an extremely important competitor there has an opportunity to assist exports by means of development loans. I think this avoids the Berne agreement to the extent that these development loans could be for a term of as long as 20 years. Does that not appeal to

the minister as an additional reason for perhaps separating the financing and putting that in a separate statute, such as is the case in the United States, rather than including it in a statute that is basically an export credit insurance act?

The minister, of course, will be very well aware of the fact that Germany has been extremely aggressive in this field and through its reconstruction loan corporation is a competitor. I question whether it is desirable that we be in the Berne agreement with respect to credit insurance and have terms that might be related to insurance in some way interpreted by our friendly competitors in other countries as being bound as a result of that statute, whereas they are really finance matters which these other countries have handled by separate statutes and separate organizations, notably the Export-Import bank of the United States.

**Mr. W. H. McMillan (Welland):** I just want to ask two or three questions on these amendments. They seem to come under two categories; first, to make a change in the management of the corporation; and second, to increase the powers of the corporation. Under these amendments the corporation will be assuming greater liability in respect of each individual exporter. My understanding is that the corporation will guarantee the exporter unconditionally for the full amount of his account. That has not been true heretofore. As was stated by the hon. member for Kenora-Rainy River previously we had co-insurance where the exporter carried 15 per cent of the loss, if any. Will this co-insurance apply in the future? My understanding is that the corporation will insure unconditionally up to 100 per cent of the amount.

There is one other question that comes to my mind. I wonder whether the corporation is utilized by exporters in shipping to the United States? No reference has been made to that matter. When the matter was debated previously two years ago, I think, some reference was made to making use of this corporation for exporting to the United States, but at that time it was said that no use was being made of this corporation in that respect. I should like the minister to comment on that matter.

The hon. member for Ottawa West referred to the fact that small businesses did not have the same advantage in making use of the export credit corporation. I might say that I have had larger businesses come to me and say they had difficulty in getting the services of this corporation to handle smaller orders. This happens to be a large company that was shipping products costing under \$100,000 to Brazil, and it was hard for