

COUNTRY COMPARISONS

To complement the study by Bernier Management Consultants, a comparative analysis of selected competitor countries was conducted by EAITC. The general findings are summarized below.

Of all the countries reviewed, only Canada and the U.K. have a separate concessional financing program, and the U.K.'s is part of the Overseas Development Aid (ODA) budget. Hence, of all OECD major credit suppliers, only Canada has a budget for concessional financing that is entirely separate from ODA funding.

The comparative analysis showed that exporters of the countries under review have access to larger pools of funding, as most of these countries have a project orientation in their bilateral development programs and are tying a substantial amount of such aid to the procurement of services and goods from the lender. While the Japanese claim that they are attempting to untie their aid, they supported their exporters through some U.S. \$1 billion in tied-aid loans in 1989-90.

With regard to exporters eligibility for concessional financing or tied-aid support, the countries considered do not have a ready made list of criteria for the selection of transactions. Because the funds are drawn from ODA budgets, the needs of the recipient country are taken into account as well as various elements of national interest criteria which vary from case to case.

Generally speaking, the national interest considerations of Canada's key competitors focus primarily on the enhancement of the political and commercial bilateral relationship rather than on the risk/credit assessment or cost/benefit analysis of the transaction. Indeed, of the countries surveyed, Canada is the only one to apply a formal cost/benefit analysis of transactions. The attitude of the countries to cost/benefit analysis varies from a recognition of the potential need for such an analysis (Australia and Korea) to total indifference (Japan).