

AUSTRALIA

The Australian Government provides concessional financing through a combination of export credits and a grant element from the Development Import Finance Facility (DIFF). The DIFF has risen from one percent of the aid budget in 1983, to a current level of seven percent.

DIFF financing is limited to the provision of machinery, capital equipment, or services which are wholly or primarily Australian. Although the DIFF program is available to most developing countries, in keeping with Australia's regional priorities no more than 10% of funds are available to countries outside South Asia, South East Asia, China, Papua New Guinea and the South Pacific. In addition, no single country can receive more than 40% of total DIFF funds in each year.

The availability of funds in any given year is related to the annual appropriation for DIFF within the Australian aid program. In 1990-91 this funding amounted to A\$83.3 million (U.S. \$66.12 million), and there is, moreover, a cap on DIFF of A\$100 million (U.S. \$79.38 million) per year. Any unutilized funds are not re-profiled, but can be applied to other portions of the ODA budget. This is somewhat of a moot point as applications in a given year always have exceeded availability; indeed, the situation was such that no new applications could be accepted until delivery of the 1991-92 Budget in August.

In terms of future activity, there is a proposal before the Australian Cabinet to expand the DIFF over the next three years. However, it is anticipated that the proposal is unlikely to succeed as both Treasury and the Department of Finance do not support it. A more likely scenario is the continuation of the DIFF with the present cap of A\$100 million (U.S. \$79.38 million), but with the proviso that the cap may actually be reached in a given year - as opposed to the current situation where disbursements have never exceeded A\$84 million (U.S. \$66.67 million).