

In certain markets, countertrade has become a factor in competition. No specific demands have been made for government assistance beyond the information and advice now provided. Indeed, it seems to be generally recognized that direct intervention by government would not only lead to significant financial risks, but could expose Canadian exporters to greater demands for countertrade and, more generally, could undermine Canada's objective of maintaining a free and open multilateral trading system. It is for consideration whether this view is accurate or whether greater thought should be given to a possible role for government in this area, for example through EDC.

In examining these questions and in considering the adequacy of existing programs, the benefits of export financing must be weighed against the economic and financial risks and costs. It is unlikely that Canada would survive an export credit war if it decided to adopt a predatory approach to export financing. In general terms, therefore, the primary objective of government export financing and marketing programs should be to put Canadian exporters on an equal footing with foreign competitors.

There is always the risk that the very existence of a government program could act as an obstacle to a more efficient and effective exporting effort by the private sector. Overall economic efficiency might be improved by a greater role for the private sector in this area. Although the Canadian Commercial Corporation fulfills certain functions which could not be taken over by the private sector, there is a need to reconsider its mandate, organization and other activities to determine whether, in its present form, it has not inhibited greater involvement by the private sector, in particular by trading houses, which would be more beneficial for Canada.

Another area where there may be a need for greater private sector involvement is that of export financing. EDC, contrary to the case in most other countries, has a virtual monopoly on subsidized export financing. There would seem to be a need to create conditions that would maximize the capacity of the Canadian banks to contribute to the financing of Canadian trade. Also, the private insurance industry has suggested that there may be scope for greater co-operation with EDC in the provision of credit and surety insurance. Finally, co-ordination must continue between the federal and provincial governments to ensure that efforts and programs remain complementary.