

Where Board customers are not able to repay on time, the Board has been able to increase the size of its guaranteed lines of credit from the banks to cover the arrears and there has been no call on the government guarantee. The contingent liability assumed by the government under its guarantee therefore increases by the amounts of additional interest charged, until the customer is again able to make repayments.

The CWB program does not involve any interest subsidies on export credit sales. Financing subsidies have not been used on Canadian wheat sales since the early 1970s when sales were made to three countries on terms of from five to 10 years to meet U.S. competition in potential commercial markets. These sales were insured through EDC on Canada Account and an interest rate subsidy was paid by the government. Sales were subsequently made to those markets by the CWB without subsidized rates on a cash basis or normal CWB credit terms of up to three years.

The CWB program is comparable in terms to the main credit program of our major competitor, the U.S., which is the world leader and price setter in the grain export market. The U.S. Commodity Credit Corporation, under its GSM-102 program, provides guarantees on credits on terms of up to three years, for which the exporter is required to pay a fee. The guarantee covers 98 per cent of principal and up to 8 per cent interest.

The U.S. also has a number of other programs. Its GSM-5 direct financing facility makes possible a "Blended Credit" program, for which there is no Canadian counterpart. Under this program a limited amount of interest-free GSM-5 credit is blended with credit guaranteed under the GSM-102 program so that a lower interest rate may be offered by U.S. exporters. This program was established to counter European Common Agricultural Policy export price subsidies on grains. It has nevertheless given cause for concern and has created disruptions in some markets, particularly those where grains are now paid for in cash. The U.S. Intermediate Agricultural Credit Program is designed to provide credit of over three and up to 10 years. This program is not operating at present. The U.S. PL480 program provides credit on a concessional basis with up to a 40-year repayment period and interest rates as low as 2 per cent. It is similar to, but broader than, Canada's food aid program.