

The third alternative, "credit-mixte" or tied aid, has been debated extensively for many years in Canada. The countries with which we compete in spoiled markets generally apply a much broader interpretation of what constitutes development assistance. As a result they regularly apply aid-sourced funding to support the efforts of their exporters.

Most small exporters and those located far from Central Canada indicated that concessional financing and, to some extent, all official export financing support was overly complex and cumbersome. They also feel that the decisions to support transactions are political, and that too many agencies are involved. Unpredictability of whether or not funds were available added to their view that the decisions are political. These exporters desire a program and a process that is well-defined and straight-forward. This said, it must be noted that few exporters understand the review and approval process for concessional financing, particularly the role of EAITC.

Study findings strongly suggest that concessional lines of credit successfully increase trade to the selected countries. However, these mechanisms also affect the marketing activities of exporters by creating a tendency to market on a one-off basis, and by potentially displacing the activities of Canadian exporters already active in a particular market.

Many of the exporters interviewed indicated that the approach of targeting a small number of markets for concessional support is the most efficient and effective. Specifically, the approach used to encourage exporters toward the China market was cited as a success, but exporters also were quick to point out that Canadian exporters were the victims of too much success in China because the available concessional funds were quickly utilized.