insurance is for commercially sound transactions where the sale is to a credit-worthy country and the terms are appropriate to the commodity concerned. The same considerations apply to long term financing. The object is to support export sales for which a buyer will pay.

The growth in the operations of the corporation is really remarkable. The average long term lending annually prior to the establishment of EDC was $50 million. In the previous calendar year the volume will likely amount to $100 million. In 1970, the volume of exports insured by EDC at its own risk rose by about 30 per cent compared with 1969. Insurance at the government risk went up by $50 million in 1970, representing growth of about 15 per cent compared with the previous year. Interest in the corporation's foreign investment program by businessmen is such that if all the applications now before the corporation were accepted the existing ceiling of $50 million would be exceeded very quickly.

In addition to operating in the long term lending field on its own account, the corporation also operates in the lending field on the account of the government when the Minister of Industry, Trade and Commerce makes a recommendation that it should do so. A similar situation exists in the insurance field. For example, when sales are made to developing countries, because of the size of the sales, the terms of the contract, often covering a long period of time, and, on occasions, because of the credit risk, these amounts are insured on behalf of the government itself. Similarly, in the field of long term foreign lending, very large loans such as those to finance sales of nuclear power projects—as one example involving upwards of $100 million—will be made by the corporation on behalf of the government rather than for their own account.

• (3:00 p.m.)

It is against this background of information that I want to deal with the specific amendments that are proposed by the bill before the House. First, with regard to share capital, the proposal is to increase share capital from $25 million to $75 million; the capital surplus maximum of $25 million will remain the same. This means there will be a total authorized capital of $100 million.

With regard to long term loans made by EDC on the authority of its board of directors, the proposed new ceiling is $850 million, an increase of $250 million. Under the category of long term loans made by EDC for capital account, the proposed new ceiling is $450 million, which is also an increase of $250 million. For foreign investment insurance purposes the proposed new ceiling is $150 million, an increase of $100 million.

There are some consequential amendments in regard to export credit insurance at EDC's own risk. A consequential amendment is required for the substitution of the figure of $500 million for a formula which gave the same result. No increase is required for insurance since this was increased a year ago by 150 per cent.

I want to say something about the borrowing authority. The corporation borrows from the government in order to make loans on its own account. If these loans are to reach the aggregate of $850 million as proposed, the corporation must logically be empowered to borrow up to that level. In addition, the corporation must have enough borrowing power to back up the $500 million of insurance that it may write at its own risk. On the basis of the experience so far, $150 million is considered an adequate backing against such an aggregate liability. Therefore, it is proposed to increase the borrowing power to $1 billion from its present maximum of $750 million.

One other item I want to deal with has to do with foreign investment insurance. The present act requires that certain assurances be given the Canadian government on safeguarding foreign investment. This provision has proved to be rather difficult to administer. A number of foreign governments have objected to it and Canada has not yet obtained such assurances. Accordingly, it is proposed to substitute for those requirements by authorizing contracts of insurance where the Minister of Industry, Trade and Commerce is satisfied that EDC's interest in the foreign investment is protected and the government of the host country has signified its approval of the investment. This is really only a minor, technical change.

I have outlined the changes in the bill this afternoon, Mr. Speaker, and as hon. members will see they are largely of a technical nature, designed to enlarge the scope and ability of the Export Development Corporation to deal with the growing volume of export business that Canadian businessmen have been able to procure. I commend the bill to the members of the House and I look forward to having the benefit of their views on this very important subject.

Mr. Burton: Might I just ask the Parliamentary Secretary a question, Mr. Speaker. Are his remarks correctly interpreted by suggesting that in fact no bilateral agreements have as yet been signed with any foreign countries under the foreign investment insurance section of this act?

Mr. Howard (Okanagan Boundary): Mr. Speaker, the insurance section has not been put into effect yet, but it is anticipated that there is business lined up ready to take advantage of that section. It is expected that it will be used very shortly.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I am sure all members of the House agree with the principle embodied in the bill before us—certainly all members of the official opposition do—because the bill is enlarging the scope of an act that has proved to be very useful over the years in enabling exporters to increase the amount of export business they do around the world. As exports increase, increased credit is, of course, needed to help finance those exports, and this is the reason the bill is before the House today.

During the past year, as in previous years, Canadians exports have increased very satisfactorily to the extent of about 15 per cent. This morning, in order to find out just how our various types of exports have been faring, I