In all cases (insurance, loans or loan guarantees and foreign investment insurance), there are three essential minimum requirements which must be met before the transaction can be executed under the Canada Account program:

the Board of Directors of the EDC must review the proposed transaction and determine that it would constitute an obligation "for a term or in an amount in excess of that which the Corporation would normally undertake" on the EDC's own (Corporate) Account;

the Minister for International Trade must advise the Governor-in-Council that, in his/her opinion, "it is in the national interest" that the proposed transaction be executed; and

the transaction must be authorized by the Governor-in-Council.

For each general category (loans, insurance, and foreign investment insurance), the Act also stipulates that separate accounts be maintained by the EDC and that all moneys required to discharge liabilities be paid from the Consolidated Revenue Fund.

Finally, Sections 28 and 32 impose limits on the liabilities and commitments which can be incurred by the Government under the Canada Account. Section 28 establishes the maximum contingent liability under contracts of insurance and foreign investment insurance outstanding at any time at $7.0 billion dollars. Section 32 establishes the ceiling on direct loans and guarantees which can be outstanding and committed at any time at $6.0 billion dollars.

4.0 ELIGIBILITY CONSIDERATIONS

As noted in the preceding section, a transaction must first be considered by the Board of Directors of the EDC for its own account, and rejected, before it can be referred to the Minister for consideration under the Canada Account. In general there can be a number of factors which might lead the Board of Directors of EDC to reject the transaction: it could exceed EDC's exposure guidelines for a particular country (that is, the maximum amount of business the Corporation has decided it can prudently undertake in a specific market); involve countries where EDC is off-cover (markets where, for reasons of risk, EDC cannot support Canadian export business); or involve an amount or a term in excess of that which the EDC Board would normally undertake for a single borrower. In addition, since the early 1980's the terms of many Canada Account transactions have required concessional financing (i.e., financing for terms and at interest rates normally associated with official development assistance) to match those being offered by Canada's competitors.