

FUTURE APPLICATION OF CONCESSIONAL FINANCING

In the course of interviews, exporters expressed a number of views on the application of concessional financing in the future. Four issues were identified: alternatives to concessional financing, a need to rationalize the processes, impacts of concessional lines of credit, and selection of markets.

Alternatives to concessional financing could involve:

- redirecting exporters away from spoiled markets;
- increasing the repayment terms on loans beyond those normally associated with the goods and services sold; and
- applying aid funds to support exports of goods and services (credit-mixte).

As there are few credit-worthy markets outside the OECD countries which are unspoiled, the first alternative likely would involve increasing EDC's lending ceilings for markets that have limited credit-worthiness. Many exporters felt that the administrative inconvenience of rescheduling, which would probably follow from increased lending ceilings in these markets, would be small compared to the potential benefit to Canadian trade.

The second alternative would involve derogation from OECD Consensus guidelines. While this might be morally defensible, as it is other OECD members who are spoiling the markets, it is still technically a derogation and could affect our relationship with OECD member states.