financing, which requires highly concessional financing terms on bilateral deals carrying a minimum grant element of approximately 48% for the major purchase of foreign goods or services.

Mixed credits or associated financing - a combination of development assistance (aid) funding and loans at commercial rates - have also been used increasingly to win export contracts in countries that would not necessarily be major aid recipients. This "associated financing" is attractive to certain lender countries because it enables the assembly of large financing packages at below-market rates, the entire amount of which can often be reported to the Development Assistance Committee of the OECD as Official Development Assistance (ODA).[15]

Canada and the United States have attempted to limit the use of mixed credits. Our government's efforts in the context of the OECD will continue in view of growth and increasing cost of this form of financing. In fact, offers of mixed credits notified to the OECD have increased from SDR 3.6 billion in 1982 to SDR 9.2 billion in 1987.[16]

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15. Those countries most active in supporting their exporters in this manner are primarily European.

16. As reported in the London Financial Times, April 30, 1988. Special Drawing Rights (SDR) were introduced by the International Monetary Fund (IMF) in 1970 as an international reserve (currency) asset intended for use in settling international transactions. Weighted against five major currencies in 1981, the value of the SDR approximates that of a U.S. dollar.