Minister of Transport stating government policy at a press conference a short time ago when he said that it may be that a country that has 10 per cent unemployed is a thoroughly healthy country?

Mr. Speaker: Orders of the day.

• (2:50 p.m.)

GOVERNMENT ORDERS

EXPORT DEVELOPMENT ACT

AMENDMENTS RESPECTING AUTHORIZED CAPITAL, BORROWING, LIABILITY UNDER CONTRACTS OF INSURANCE

Hon. Allan J. MacEachen (for the Minister of Industry, Trade and Commerce) moved that Bill C-184, to amend the Export Development Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Bruce Howard (Parliamentary Secretary to the Minister of Industry, Trade and Commerce): Despite the obvious desire of all parties in this House that the bill before us should pass quickly, I think it is important to outline briefly some of the changes proposed to the legislation and some of the advantages attached to these proposed changes. I should like to draw attention to the outstanding performance which has taken place in the field of Canada's export business during the past year and to remind hon. members that an important part in this outstanding performance has been played by the Export Development Corporation through the machinery at its disposal.

The performance of Canadian exports has been exceptional during the whole decade. They rose by 300 per cent from $5.2 billion in 1960 to an estimated $16.5 billion in 1970. The latest figures even indicate that we have approached $17 billion. This performance was not only remarkable by Canadian standards, it was remarkable by world standards. In fact, Canada's share in world trade rose from 3.76 per cent in 1960 to 5.02 per cent in 1968. Hon. members will see from this that our performance is not only outstanding in our own terms but that it is outstanding in world terms as well.

It reflects both special and general factors. The large wheat sales in the mid-sixties and the effects of the automotive agreement played an important role. However, the most important and persistent stimulant to the growth of exports was the improvement in Canadian industrial capability, the maintenance of relative price stability and promotional efforts to encourage exports by both the government and industry. A highlight of this performance was the emergence of Canada as a major exporter of technically sophisticated capital goods. The increase in this decade of such exports compared with the last decade was higher than that of any other industrialized country.

[Mr. Moores.]

One of the features of the government's efforts to promote exports has been and will continue to be the Export Development Corporation. I should like to deal specifically with the provisions of this bill as they affect the corporation. As hon. members will recall, the Export Development Corporation was established during the first session of this Parliament and the relevant legislation was proclaimed on October 1, 1969.

Bill C-184, which had its first reading on November 9, contains amendments based on a year's experience of that legislation. No change in principle is contemplated, simply an extension of those provisions and an enlargement of the powers contained therein. It will be recalled that the act established the corporation as a successor to the Export Credits Insurance Corporation. The new corporation assumed all the property rights, obligations and liabilities of the former corporation. The purpose of the old and the new institutions is generally similar. The new corporation was given considerably greater power than was the former body. Among the changes introduced were those according greater autonomy, providing for a board of directors of 12, eight of whom were to be public servants, four of them persons not employed in the government service; increased ceilings for export credits insurance, increased ceilings for foreign lending, and an entirely new feature, namely, insurance to cover certain risks of investment by Canadians in foreign countries.

The new institution has been operating with such success that it is straining the limits of the ceilings and the capital resources which have been granted. That is why it is necessary to further amend the act, to further increase the ceiling levels and to make other minor changes. The purpose is to ensure that the facilities available to Canadian exporters are equal to those offered the exporters of any other country with whom they have to compete. Every major exporting country has made some provision to do the sort of work the Export Development Corporation is doing. There is provision to insure credit risks and support long term lending and to provide guarantees to protect foreign investments. In most countries these facilities are provided by separate and distinct institutions. In Canada, however, a businessman can go to one institution, one office, and get all these services through the same department.

The exercise of EDC's operation is intimately connected with the operations of the Canadian banking community. In addition to protecting the Canadian exporter, credit insurance facilities have greatly improved the ability of exporters to arrange financing with the banks in the case of sales involving short term credit, that is, credit for less than 180 days. Where longer term credit is needed, arrangements are made for repayment over a five-year period. In the case of long term lending, the corporation normally operates when the period of credit is beyond the normal range of the commercial banks. It is increasingly the case, however, that EDC guarantees the banks against loss, enabling the banks to provide the long term money. Long term financing is intended for capital goods and services which according to internationally accepted practice justify this kind of credit. The basic premise of the corporation's operations is that the