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## EDC SUPPORTS SALE OF MILL BY CANADIAN CONSORTIUM TO CHINA

International Trade Minister John C. Crosbie announced today that the Government of Canada, working through the Export Development Corporation (EDC), will lend up to \$37.5 million to China in support of the sale by Canadian Industrial Consortium Inc. (CIC), of supplies and services for the construction of a pulp and paper mill.

The transaction has been reviewed under and complies fully with the Canadian government guidelines regarding trade with China announced June 30, 1989. The project preserves existing links established by CIC over the past three years and includes a training component that offers direct, people-to-people exchanges. The mill production is clearly directed towards civilian domestic needs.

The transaction will generate 1,020 person-years of employment in Canada.

CIC of Kirkland, Québec, will supply equipment and basic engineering services for the pulp and paper mill to be set up at Ya'an, Sichuan province.

CIC is a consortium of Canadian pulp and paper equipment designers and builders formed by Ingersoll-Rand Canada Inc., Dillingham Construction Ltd. and Société de développement industriel du Québec.

EDC lends the funds to the Bank of China, which in turn lends them to Chinese buyers. In this case the buyer is the China National Technical Import and Export Corporation, a state-owned agency that participates in commercial negotiations and acts as purchaser of record for Chinese end-users.

EDC is Canada's official export credit agency, responsible for providing export credit insurance, loans, guarantees, and other financial services to promote Canadian export trade. EDC reports to Parliament through the Minister for International Trade.

- 30 -

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