

*Export Credits Insurance*

Mr. STIRLING: May I make this point with the minister, as I warmly support the representations of the hon. member for Vancouver South. Both of us come from constituencies far removed from here; and if the minister can give his explanatory notes on the resolution stage, the people we represent here will have some opportunity of seeing what the thing is about before the bill is in their hands.

Mr. MacKINNON (Edmonton West): Mr. Chairman, the bill covered by this resolution provides the measure that was forecast in the speech from the throne for the purpose of establishing a system of export credits and of export credit insurance. The need for and the purposes of this bill should require very little explanation or justification.

Canada is now the third trading nation of the world. Our export trade is now running at a level considerably in excess of three billion dollars annually. This represents in value more than double the export trade we possessed at any time in the 20 years from 1919 to 1939.

As we approach, and later enter, the post-war period Canada is bound to experience a fall in exports of those kinds of goods that represent purely war-time trade, and every effort must be made, without delay, to see that the volume of our commercial exports increases as rapidly as possible. Every possible support must be given to the enterprise and sales efforts of Canadian exporters.

A considerable number of countries will emerge from this conflict with their financial resources greatly impaired. Particularly during the transition period from war to peace, trade with many countries is likely to be uncertain either because of unsettled internal conditions in those countries, or because of measures taken by them to control trade and exchange. As a result Canadian exporters would be quite justified in being hesitant to offer goods because of the risks involved or because private financial institutions are reluctant to grant the necessary credit facilities. In this way valuable and inherently sound export business may be lost at a time when it may be imperative to develop overseas markets for the output of our greatly expanded productive capacity.

The present measure is intended to meet this situation in two ways. First, it provides the authority to set up an Export Credit Insurance Corporation. Before the war some form of export credit insurance was made available to their exporters by governments in many countries. Our information indicates that there were some 18 or more countries which operated export credit insurance

schemes of one type or another. The essence of export credit insurance is that the exporter enters into an export sales contract with an importer in another country and is able to insure himself on a premium basis in respect of the payment risks that are involved. The Export Credit Insurance Corporation that is to be set up in Canada is intended to develop for the assistance of Canadian exporters an insurance business of this kind, and it is the intention that it shall operate on a self-sustaining basis, but that it shall be essentially non-profit-making. After careful consideration it has been decided that the credit insurance business can best be handled by placing the enterprise and responsibility in the hands of the corporation, rather than a board or other form of administration that would be merely a part of one of the government departments.

Mr. GREEN: This is to be a government corporation?

Mr. MacKINNON (Edmonton West): Yes. Secondly, the bill empowers the governor in council, on the recommendation of the Minister of Finance and with the concurrence of the Minister of Trade and Commerce, to give direct credit assistance to the governments of other countries or their agencies for the purpose of facilitating Canadian export trade. The establishment of the Export Credit Insurance Corporation alone is not sufficient to meet the circumstances with which we will be faced. The insurance scheme will assist trade with countries where the importers already have funds with which to make purchases in Canada, but it will probably be the case in many countries that not only will the importers be stripped of their financial resources but, as I have already mentioned, the governments themselves of these countries will emerge from the war period with their financial resources greatly impaired. It is with that condition in mind that it is considered essential to have the power to extend direct credit assistance by loans, guarantees, or by the other methods provided in the bill to enable the governments of other countries or their accepted agencies to place orders with Canadian exporters.

This second part of the bill—under which the provision of direct credit assistance is authorized—is intended to apply only for a three-year period, as it is expected that the main need for direct credits will arise during the unsettled conditions of the transitional post-war years. As conditions become more stabilized greater dependence could be placed upon the export credit insurance provisions alone to provide the main means of maintain-