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NORTHERN TELECOM LANDS MAJOR CONTRACT IN CHINA WITH SUPPORT OF EDC FINANCING

Minister of Industry, Science and Technology and Minister for International Trade, the Honourable Michael H. Wilson, announced today that the Government of Canada, working through the Export Development Corporation (EDC), will support the supply of digital equipment by Northern Telecom Canada Limited (NTCL). The transaction will be financed with a loan to China of up to US\$42.2 million.

NTCL will supply, to five Chinese provinces, equipment that includes digital microwave systems and radios, and digital switching systems. Northern Telecom, based in Mississauga, Ontario, is a leading global supplier of fully digital telecommunications systems. This transaction will create approximately 1,110 person-years of employment in Canada.

This transaction has been reviewed under, and complies fully with, the Canadian government guidelines regarding trade with China announced in June 1989. The project preserves existing links established by the exporter in the past, and includes a training component that offers direct, people-to-people exchanges. The telecommunications equipment and services to be exported are clearly directed towards civilian domestic needs.

The transaction is being financed under a line of credit between EDC and the Bank of China. EDC lends the funds to the Bank of China, which in turn lends them to 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 of Industry, Science and Technology and Minister for International Trade.

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