



news release

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LINE OF CREDIT WITH MEXICO

The Honourable Marc Lalonde, Minister of Finance, and the Honourable Gerald Regan, Minister of State (International Trade), announced today that the Government of Canada, through the Export Development Corporation will provide loan guarantees to a group of eight Canadian banks for a Cdn \$100 million line of credit with Mexico to provide short-term financing of Canadian exports.

The Mexican Government has welcomed Canada's decision to open this line of credit which is part of a broader program by which various Canadian agencies will provide U.S. \$150 million in export credits to Mexico during 1983. The additional monies would be provided through Canadian Wheat Board credits and the corporate facilities of the Export Development Corporation.

The program of financing assistance to Mexico was developed in response to an appeal by the IMF to Mexico's major trading partners to provide assistance to Mexico to ensure a continued flow of goods and services throughout the year.

The consortium of Canadian banks consists of the Bank of Montreal, the Royal Bank of Canada, the Bank of Nova Scotia, the Canadian Imperial Bank of Commerce, the Toronto Dominion Bank, the National Bank of Canada, the Continental Bank of Canada and the Bank of British Columbia. The facility is being coordinated by the Bank of Montreal. The banks have signed a documentary credit agreement with Nafinsa (The Mexican National Development Bank) and BNCE - Banco Nacional de Comercio Exterior (The Mexican National Bank for Foreign Trade), under which Mexican importers may borrow up to Cdn \$100 million to purchase Canadian goods during 1983. The Export Development Corporation will guarantee repayment of principal and interest to the Canadian banks under Section 27 of the Export Development Act, which provides for government account guarantees.

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This line of credit will permit Mexican importers to maintain purchases from Canada and will assist Mexico to sustain economic and industrial momentum during a period of particular economic difficulty. It is envisaged that Mexico will purchase spare parts, industrial raw materials and certain agricultural products which would otherwise not be covered by normal financing programs.

Mexico is an important trading partner for Canada, and Canada has devoted a great deal of attention to the long-term development of trade and industrial relations. This line of credit will make it possible for this development to continue, and will ensure that Mexico has access to essential imports of basic products needed to sustain economic activity during a period of difficult economic and financial adjustment.

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