


**GOVERNMENT RESPONSE TO THE STANDING COMMITTEE ON
FOREIGN AFFAIRS AND INTERNATIONAL TRADE (SCFAIT)**

Reviewing the

Export Development Act



Also available on our Web site:

<http://www.dfait-maeci.gc.ca/english/news/public.htm>

Produced by the Department of Foreign Affairs and International Trade



**GOVERNMENT RESPONSE TO THE STANDING COMMITTEE ON
FOREIGN AFFAIRS AND INTERNATIONAL TRADE (SCFAIT)**

Reviewing the

Export Development Act



Table of Contents

- Letter from the Minister for International Trade1**
- Mandate of the Export Development Corporation (EDC)**
 - Recommendation 13
 - Recommendation 24
 - Recommendation 34
- Changing EDC’s Mandate**
 - Recommendation 44
- EDC’s Activities**
 - a. Investment Ceiling**
 - Recommendation 55
 - b. Non-Project-Related Investments**
 - Recommendation 65
 - c. Joint Ventures with Banks**
 - Recommendation 76
 - d. Leasing**
 - Recommendation 86
 - e. Domestic Financing**
 - Recommendation 97
 - f. Contingent Liability Ceiling**
 - Recommendation 107
 - g. Domestic Credit Insurance**
 - Recommendation 117
 - h. Promoting EDC Credit Insurance Products in Bank Branches**
 - Recommendation 128
 - i. Withdrawal of EDC from Domestic Credit Insurance**
 - Recommendation 138
- Bank Participation in Medium-Term Financing**
 - Recommendation 149
- Increasing Canadian Capacity to Support Exports**
 - Recommendation 159
 - Recommendation 1610
 - Recommendation 1710
 - Recommendation 1810



Table of Contents (cont'd)

Supporting Services to Small- and Medium-Sized Enterprises (SMEs)	
Recommendation 19	11
Improving Transparency, Public Disclosure and Accountability	
Recommendation 20	11
Contributing to Environmentally Sustainable Development	
Recommendation 21	12
Enhancing Respect for Internationally-Recognized Human Rights	
Recommendation 22	14
Institutional Matters and Corporate Governance	
Recommendation 23	15

Letter from the Minister for International Trade

Mr. Bill Graham, M.P.
Chair
Standing Committee on Foreign Affairs
and International Trade
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Colleague:

On behalf of the Government I wish to express our appreciation to all members of the Standing Committee on Foreign Affairs and International Trade (SCFAIT), for their consideration of the legislation which sets out the mandate and business lines of Export Development Corporation (EDC). This review culminated in the tabling in Parliament of a report on December 16, 1999 entitled: *Exporting in the Canadian Interest: Reviewing the Export Development (ED) Act*.

The Government has noted the evident interest of numerous stakeholders in the review process as demonstrated by their participation in the Committee hearings of last fall. We are pleased that the Committee was also able to successfully build upon the extensive consultations undertaken by the firm of Gowling, Strathy & Henderson (Gowlings) in the preparation of their report on the ED Act, which was tabled in Parliament last July.

This country's participation in the tremendous growth in international trade over the last few years has significantly improved the economic well-being of all Canadians. The Government is cognizant of the fact that EDC has made a significant contribution towards the achievement of the record export sales registered by Canadian businesses during this period. The Corporation is well managed, highly valued by its clients and innovative in its development of new programs to meet emerging export opportunities.

We further note that EDC fulfils an important public policy role, especially with regard to supporting small- and medium-sized enterprises in overcoming the financial risks associated with selling into new foreign markets. In sum, EDC is a Canadian success story. Furthermore, the government recognizes that the Corporation has already taken measures, in the context of its most recent corporate plan, to address some of the more contentious issues raised during the ED Act review process.

The Committee's Report has been thoroughly reviewed and, for the most part, the Government is able to express its broad agreement with the Committee's recommendations. The Report provides informed and valuable direction to the Government. It is therefore my pleasure, pursuant to Standing Order 109 of the House of Commons, to submit the attached Response to the Committee's Report.

Sincerely,



Pierre S. Pettigrew



Mandate of the Export Development Corporation (EDC)

Recommendation 1

“While it may be difficult to achieve agreement on a definite formula which would satisfy everyone’s interests and concerns, the Committee suggests adding a provision to Section 10 of the *Export Development Act* to the following effect:

That in carrying out its mandate and exercising its powers, the Corporation shall give due regard to the benefits to Canada to be derived therefrom and to the commitments and obligations undertaken by Canada under international agreements.

The Committee’s bottom line in all of this is to see EDC continue to evolve as an effective agency dedicated to maximizing the potential of the Canadian exporting community, while giving particular attention to developing the export orientation of small and medium-sized enterprises, thereby contributing to Canada’s future prosperity for the benefit of all Canadians. As a commercially oriented entity, EDC must be able to offer needed high-quality services to Canadian exporters in a manner that is as timely and efficient as possible and that promotes private-sector competitiveness and innovation. At the same time, as a public institution wholly owned by the Government of Canada, EDC must operate, and be seen to be operating, within a policy and legislative framework that is transparent, publicly accountable, and meets reasonable standards of environmental and social responsibility consistent with Canadian values and Canada’s overall international objectives and obligations. We are confident that with these clear Parliamentary guidelines in place, with good will, appropriate direction, and sufficient efforts, all of these goals can be achieved, to the benefit of Canadian exporters and the Canadian public as a whole.”

Response:

As Canada’s official Export Credit Agency, EDC must meet the requirement to operate to the benefit of Canada and to abide by Canada’s international commitments. Accordingly, the Government agrees with the principle of this recommendation. As a practical matter however, further study is required to define benefits to Canada and to identify options for providing clarity, including legislative options, on a basis that would not lead to adverse consequences for exporters. Recommendations will be prepared for the consideration of Cabinet.

Recommendation 2

“The Committee fully endorses the first recommendation of the Gowlings Report, that Canada must be present and active in the major international forums.”

Response:

The Government agrees. Continuing Canadian participation in international forums related to trade finance is essential. Canada has been leading internationally to promote and strengthen disciplines governing official export credit support. This practice is consistent with EDC’s commercial principles, public policy mandate, and is in the best interests of Canadian exporters and investors.

Recommendation 3

“The Committee recommends that the Government and EDC attentively address the concern about changes to EDC’s institutional structure that would use subsidiaries or other means to distinguish between EDC activities under the Consensus and its other, market-based activities.”

Response:

The Government agrees that greater separation between these two activities is desirable, and will work with the Corporation to advance this objective.

Changing EDC’s Mandate

Recommendation 4

“The Committee does not support the changes to EDC’s mandate recommended in the Gowlings Report (i.e. restating EDC’s mandate to remove “directly and indirectly”), which could have unexpected and undesirable effects. The Committee is persuaded that EDC conducts its activities appropriately and that there is no need at present to amend the wording of its mandate.

The Committee recommends that at present the Government not implement Recommendation 2 of the Gowlings Report, that changes be made to EDC’s mandate.

Concerning Recommendation 3 of the Gowlings Report, that EDC should carry out its mandate with explicit reference to resulting economic benefits for Canada, the Committee’s first Recommendation already notes that this could be accomplished by adding a clause to section 10 of the Act.”

Response:

The Government supports the Committee’s conclusions, but notes that alternatives to Section 10 of the ED Act may need to be considered as well for economic benefits to Canada.

EDC's Activities

a. Investment Ceiling

Recommendation 5

“The Committee recommends that the Government address the concern about EDC’s investment ceiling for projects and find a more flexible way to update or change the ceiling.”

Response:

The Government supports the proposal for amendments to the EDC equity regulation to remove the \$10 million ceiling for project investments, and to calculate the 25 percent limit on a fully diluted basis for projects. The Government disagrees that the \$10 million ceiling for non-project equity should be changed. We do accept, however, that it as well should be subject to the 25% cap on a fully diluted basis.

b. Non-Project-Related Investments

Recommendation 6

“The Committee recommends that the Government attentively address the concerns raised by the recommendation contained in the Gowlings Report, that EDC investment other than in projects should be made only through a subsidiary.”

Response:

The Government notes the theme presented throughout the Review that EDC should retain all possible flexibility to help Canadian exporters. We also note that the Corporation has the authority to establish subsidiaries as appropriate to meet specific requirements or opportunities.

Different forms of equity may require different support mechanisms and tools, which must also be considered prior to any change in approach. While subsidiaries may be useful and would be considered following the normal course of approval by the Board and an Order in Council, EDC should retain the legal right to invest directly and should not be unduly constrained in addressing market opportunities.



c. Joint Ventures with Banks

Recommendation 7

“The Committee recommends that the Government, and particularly the Minister of Finance, consider the possibility of requesting an amendment to section 468 of the *Bank Act* so that banks are authorized to invest in joint ventures with EDC.”

Response:

The Government agrees with the intent of this recommendation but does not agree that an amendment to the *Bank Act* is necessary. The existing legislation allows Canadian banks to invest in joint ventures with EDC. Investments greater than or equal to 10 percent of the entity’s equity are subject to Ministerial approval. This approval requirement is part of the Minister of Finance’s oversight responsibilities for the banking system. The approval is normally quick and is not a cumbersome administrative burden. Therefore, the Government has concluded that no amendment to the *Bank Act* is necessary for this purpose.

d. Leasing

Recommendation 8

“The Committee considers that EDC should keep all possible flexibility in order to assist Canadian exporters, and that at present there is no need to set up a subsidiary. However, the Committee strongly encourages EDC to consider setting up a joint leasing venture with another financial institution that could meet its needs.”

Response:

EDC has the authority to consider this method of financing, and should retain the flexibility to respond to situations as market conditions warrant. The Government agrees with the Review’s suggestion that subsidiaries are not required in order to carry out the Corporation’s leasing and investment activities. However, EDC will be open to commercial joint leasing ventures with willing business partners to expand capacity (lending, insurance, leasing etc.) provided a viable business case can be made.

e. Domestic Financing

Recommendation 9

“The Committee recommends that at present the Government not amend EDC’s power to conduct domestic financing, but attentively monitor the transactions that EDC conducts or intends to conduct, and ensure that these transactions fall under EDC’s mandate.”

Response:

The Government agrees with the intent of this recommendation, but notes that a responsibility of the EDC Board of Directors under existing governance structures is to ensure that the Corporation’s activities are within its mandate. This is examined annually by the Auditor General. Furthermore, under the ED Act, domestic financing already requires the approval of the Minister for International Trade and the Minister of Finance. The Government will continue to monitor closely such transactions on this basis.

f. Contingent Liability Ceiling

Recommendation 10

“The Committee agrees with Recommendation 10 contained in the Gowlings Report, that the contingent liability ceiling should be raised. It could be raised by changing the amount of the contingent liability ceiling, or by setting the amount on the basis of EDC’s financial capacity.”

Response:

The Government agrees with SCFAIT’s suggestion that the ED Act should be amended to replace the current contingent liability limit with one that would grow with EDC’s financial capacity, as is the case with EDC’s borrowing limit.

g. Domestic Credit Insurance

Recommendation 11

“The Committee recommends that the Government not change the definition of the term “exporter” as suggested by the Gowlings Report, but that it continue to study the suggestion.”

Response:

The Government agrees that no change is necessary to the definition of exporter which underlies the current domestic insurance regulation. The Government will monitor the use of the Corporation’s domestic credits insurance program in the context of the ongoing development of the domestic market for such insurance products. EDC will be encouraged to continue efforts to develop capacity within the financial services sector.

h. Promoting EDC Credit Insurance Products in Bank Branches

Recommendation 12

“The Committee agrees with the Gowlings Report’s recommendation concerning the participation of the Canadian bank branch network in the promotion of EDC’s credit insurance products, and hopes that the Department of Finance will be able to study the question promptly so that it can request amendments to the *Bank Act* Regulations if required.”

Response:

The Government agrees that collaboration with the commercial banks in the sale of EDC’s export credit insurance would be desirable. No amendment to the *Bank Act* is necessary to authorize the promotion of export credit insurance by the banks.

i. Withdrawal of EDC from Domestic Credit Insurance

Recommendation 13

“The Committee is not persuaded that the Canadian economy would be better served if EDC were to withdraw from the field of domestic credit insurance.

Given that one of the goals of Canada’s trade policy is to develop capacity and expansion of Canadian enterprises, which includes enterprises active in the financial services sector, the Committee recommends that the issue of EDC’s involvement in short-term credit insurance be the subject of further consideration in five years’ time. The date scheduled for the next review of the Act, 2008, seems to be too far in the future.”

Response:

The Government agrees with this recommendation. EDC’s participation in domestic credit insurance has helped to develop the domestic market while providing considerable convenience to exporters. A very recent cooperative venture arranged by EDC with a private sector insurer will change EDC’s role in this market. The issue can be reviewed by Government as warranted, with recommendations made to the Minister for International Trade.

Bank Participation in Medium-Term Financing

Recommendation 14

“The Committee recommends that the Government give careful study to the question of setting up a new medium-term *Consensus* loan guarantee program that would have the backing of the banks, in order to reach a decision based on the best interest of Canadian exporters and the country as a whole.”

Response:

The Government shares SCFAIT and Gowlings’ concerns about the limited participation of Canadian banks in medium- and long-term export financing. Among G-7 countries none are more dependent on trade than Canada. Yet our commercial financial sector has a very limited role in medium-term export finance at present. As a result, the extensive domestic and international networks of Canada’s banks and substantial financial resources are not available to Canadian exporters for medium-term export financing. Since broader participation by Canadian lenders would diversify the sources of export financing which are available, and perhaps increase SME access to these services, the Government will study the proposal for a guarantee program for the banks.

Increasing Canadian Capacity to Support Exports

Recommendation 15

“The Committee agrees with Recommendation 15 of the Gowlings Report that the major Canadian pension funds should be authorized to participate in individual loans held by EDC or other international financial institutions such as the World Bank or the International Finance Corporation. Currently, any such investment is considered an investment in foreign property and is subject to the 20% limit. Amendments would have to be made to the *Income Tax Act* to eliminate this obstacle.”

Response:

The Government agrees and encourages EDC to take advantage of the modified foreign property classification rules under the Income Tax Regulations by working with Canadian pension funds with a view to securitize a portfolio of its loan assets.

Recommendation 16

“The Committee agrees with Recommendation 16 of the Gowlings Report which proposes the securitization of certain EDC loans. In financing medium- and long-term projects, EDC should have the option of converting these loans into marketable securities. For this to be possible, the Minister would have to introduce an amendment to EDC’s incorporating legislation.”

Response:

The ED Act allows the Corporation to put in place securitization structures which would have the effect of converting its loans into marketable securities. Accordingly, no legislative change is required for this purpose.

Recommendation 17

“The Committee agrees with Recommendation 17 of the Gowlings Report when it recommends that EDC develop a policy and program for sharing risk assessments that could be useful to private-sector Canadian financial institutions and to the Office of the Superintendent of Financial Institutions. The Committee also considers that the implementation of such a program could be done, at least partially, on a cost-recovery basis.”

Response:

The Government agrees with this recommendation and will encourage EDC to make market knowledge more widely available in order to encourage greater participation of Canadian business in exporting, foreign investment and trade finance.

The Corporation will develop a policy on the issue, perhaps on a cost-recovery basis.

Recommendation 18

“The Committee endorses the Gowlings Report’s recommendations on strengthening its international presence. EDC should proceed with its plan to station representatives in Mexico City and São Paulo. An amendment should be made to the *Export Development Act* so that EDC can establish offices abroad with the approval of the Minister, on terms and conditions established by the latter.”

Response:

While recognizing the desirability of strengthening EDC’s international presence the Government believes that EDC should continue to collocate its officers at embassies or consulates abroad in countries of interest. This would ensure optimal cooperation with DFAIT trade programs and the Trade Commissioner Service, and reflect the Government’s Team Canada philosophy on trade development. No amendment of the ED Act would be required for this purpose. Only in the situation where no official representation exists in EDC’s target location, would the Government consider the establishment of an office for EDC, and only then on the same conditions as collocation.

Supporting Services to Small- and Medium-Sized Enterprises (SMEs)

Recommendation 19

“The Committee strongly endorses the Gowlings Report’s recommendations and urges EDC to increase its efforts to provide accessible service to all potential SME exporters in all parts of Canada, paying particular attention to improving cooperation with other financial institutions and to developing the export-readiness and capacity of SMEs.”

Response:

The Government welcomes SCFAIT’s suggestions to improve service to SMEs. It is important that these companies receive our fullest cooperation and that all steps are considered that might improve their access to Government services. EDC will also study carefully the specific suggestions made by Gowlings and endorsed by SCFAIT, which include:

- streamlined documentation;
- concerns about product liability insurance;
- increase support for businesses in the service sector;
- greater cooperation with commercial lenders (dissemination of information through bank branches, training to bank staff in EDC’s trade finance products, sale of credit insurance through branches, sharing risk information with banks);
- improve cooperation with BDC;
- decentralize decisions on small transactions to regional offices;
- mobilize the non grain portion of the Agri-food Credit Facility Program.

A review will be undertaken by Government in three years of EDC’s progress on these points, and recommendations will be presented to the Minister for International Trade.

Improving Transparency, Public Disclosure and Accountability

Recommendation 20

“The Committee endorses the principle of improving mandatory disclosure of information that is relevant to public accountability along the lines recommended by the Gowlings Report, to that extent that all concerns which are necessary to protect commercial confidences can be met. As an operational next step, the Committee recommends that EDC submit its forthcoming disclosure framework for public consultation and comment prior to its finalization as corporate policy, and thereafter commission an independent review of its performance following a trial period of several years. In addition, the Committee urges EDC to explore the feasibility of establishing a post of ombudsman within its organization to handle accountability and framework compliance matters related to public access to information and appeals.”

Response:

The Government acknowledges that information EDC currently discloses is highly aggregated but notes that significant strides are being made by EDC to make more information public on its activities. The Government also notes that, in terms of the extent of disclosure, a distinction could be drawn between Canada Account and Corporate Account. The former tends to be higher-risk sovereign business which is taken as a direct liability of the Government, while the latter includes a much higher percentage of "market window" commercial transactions, where the need to protect confidentiality would be greater, and where the risk of loss remains with the Corporation itself.

The Government also agrees with the proposal that EDC consider creating the post of ombudsman to deal with accountability, compliance, and access to information. However, EDC's findings should be referred to both the Minister for International Trade and the Board of Directors. An independent review of the disclosure framework would be desirable, and perhaps could be referred to the Auditor General. A decision in this regard will be taken by the Minister for International Trade.

Contributing to Environmentally Sustainable Development

Recommendation 21

"The Committee accepts that EDC's environmentally-related plans are a good start but agrees with the Gowlings review that they are insufficient in themselves. In recommendation 1 of this Report, we suggested a general amendment to Section 10 of the *Export Development Act* which would add language requiring EDC to give due regard to "the commitments and obligations undertaken by Canada under international agreements." In our view, this would include internationally-affirmed principles of sustainable development and obligations under multilateral environmental agreements. If there is any doubt on that point, wording to this effect could be added to Section 2 (Interpretation) of the Act. We also see merit in adding language elsewhere in the Act which would impart statutory weight to EDC's environment review framework and establish some basis of environmental criteria on which to determine the eligibility of project proposals for EDC support.

While EDC may see measures as "redundant," in light of the perceived weaknesses in its present Environment Review Framework, we believe that EDC could further enhance its public credibility by conducting a formal consultation with stakeholders on the framework's performance after its first year of operation (i.e. in the spring of 2000). Thereafter, we also believe that independent public oversight – reporting to Parliament at regular intervals on EDC's performance in respect of the implementation of its Environmental Review Framework – would be enhanced by adding a provision to the *Auditor General Act* establishing the Office of the Commissioner of Environment and Sustainable Development as the Government's designated agent for that purpose.

In regard to disclosure and accountability issues, the Committee takes the view that disclosure of environmental impact assessments which allows sufficient time for preventive action – i.e., identification and mitigation of potential problems as early as possible in the course of the proposal approval process and the project cycle – should be the operating rule, subject only to any commercial confidentiality and viability requirements that the Government deems essential. In addressing this matter in its forthcoming public disclosure framework, we would urge EDC to carefully consider all of the arguments and relevant international experience. Finally, as we suggested in the previous section, EDC should explore the option of creating an ombudsman post within its organization to respond directly and in a timely fashion to public inquiries and appeals regarding sustainable development impacts.”

Response:

As a Crown Corporation, EDC is expected to reflect Canadian values on the environment in its activities overseas. The Government therefore will take immediate action to involve the Office of the Auditor General, which includes the Commissioner for Environment and Sustainable Development, to audit the adequacy of EDC’s environmental framework and EDC’s performance in implementing it when assessing specific projects. The terms of this engagement will be arranged on an interim basis by order in council.

Moreover, the Government also undertakes to give statutory authority to the environmental review process within the next twelve months and to confirm the ongoing oversight of the Auditor General of EDC’s performance. Options to be considered to serve this purpose are: the inclusion of the review framework in the *Export Development Act*; or a regulation for the Corporation under the Canadian Environmental Assessment Act. In its assessment of these alternatives, Government will be guided by the five year review of the *Canadian Environmental Assessment Act* now underway and continuing multilateral negotiations.

The Government agrees that environmental assessments should be made public early in the project financing approval process, subject to competitive and commercial considerations, and subject to further discussion in the context of the elaboration of EDC’s disclosure framework.

The Government agrees that EDC’s environmental framework should be subjected to further public assessment as soon as possible, and that public consultations should be undertaken on a regular basis thereafter to ensure that its evolving standards are understood.

Enhancing Respect for Internationally-Recognized Human Rights

Recommendation 22

“The Committee supports the general thrust of the Gowlings Report’s recommendations. In addition, the Committee’s first Recommendation to add a Section 10 provision to the *Export Development Act* enjoining EDC to give due regard to “the commitments and obligations undertaken by Canada under international agreements” would also extend to United Nations human rights instruments, the ILO’s 1998 Declaration on Fundamental Principles and Rights at Work, and other multilateral human rights accords to which Canada is a signatory. Similarly, our suggestion that EDC explore the establishment of an ombudsman post would obviously extend to the handling of public information and appeals related to relevant human rights conditions and to the manner in which their impact (in country risk and project-specific terms) is assessed by EDC in its countries of operation.

In regard to ethical business conduct requirements, the Committee sees merit in writing into the Act a general affirmation to the effect that EDC should endeavour to promote its better business standards wherever possible. However, we believe that the detailed application should be left to evolve through an ongoing elaboration of its Code of Business Ethics, Environmental Review Framework, and future public disclosure framework, learning from implementation experience through periodic public evaluations conducted in collaboration with DFAIT.”

Response:

The Government endorses the study of the creation of an ombudsman to handle accountability and compliance matters related to public access to information and appeals. The findings of this study should be referred to the Minister for International Trade and to the EDC Board.

The Government believes that trade provides a means whereby we are able to engage other countries on social and environmental issues. EDC therefore plays an important role in the furtherance of Canadian values on these issues. EDC also abides by Canada’s international obligations, including international human rights standards. Options to strengthen and clarify this and related responsibilities will be developed for the consideration of Cabinet in response to this and other recommendations. The matter of giving legislative authority to the promotion of business standards, however, is questioned since this is not a core competence of the Corporation. It might however be formally recognized as an objective through other means. For example, it could be referenced in the preamble to EDC’s code of ethics. EDC will be asked to study this suggestion.

DFAIT and EDC will establish an appropriate mechanism to strengthen existing communications to ensure a timely and systematic exchange of information and guidance from DFAIT on human rights developments in relevant countries. This would assist EDC with the development of a stronger country-based human rights framework within which the potential human rights impacts of a specific project can be assessed. Such an exchange of information will incorporate UN and ILO reporting on countries

where there are serious violations of international human rights law, including core labour standards. Further information relevant to EDC's assessment of specific projects will be made available by DFAIT through modalities to be developed with the Corporation.

With respect to ethical business conduct requirements, EDC should promote corporate social responsibility wherever possible. To that end, EDC will work with DFAIT to develop a set of materials on corporate social responsibility which can be disseminated to clients as well as be made available on its website.

The Government will also review its existing policy on debt forgiveness such that the EDC would share the cost of official debt rescheduling and write-offs which are negotiated by the Government as part of a multilateral arrangement to lessen the debt burden of specific highly-indebted borrowing nations. This action would ensure that EDC is accountable for the consequences of their lending to these countries.

Institutional Matters and Corporate Governance

Recommendation 23

“The Committee welcomes the general direction of the Gowlings Report's proposals in regard to administrative and corporate governance matters, as well as EDC's own initiative in this area. However, we take issue with the recommendation to drop the Auditor General of Canada as EDC's auditor subsequent to any change in its status as a Crown corporation under Schedule 3 of the *Financial Administration Act*. Indeed, we have suggested that the scope of the AG's office ought to be expanded in relation to EDC's mandate to include monitoring by the Commissioner of Environment and Sustainable Development of EDC's performance in implementing its Environmental Review Framework.”

Response:

The Government agrees that there may be merit to transferring the Corporation under the FAA, but is concerned about a number of possible consequences, including governance, oversight and taxation implications. The move would also set a precedent among financial crown corporations. Accordingly it has been decided to study further the suggestion.

The Government agrees with the participation of Industry Canada on EDC's Board of Directors, and will need to find the appropriate mechanism to do this.

The proposal to allow the Board to appoint the president, should be considered only as an amendment to the FAA rather than the ED Act. An amendment applicable only to EDC would undermine the general applicability of the FAA. Accordingly, it is not considered appropriate at this time.



Notes

A series of horizontal dotted lines for taking notes, spanning the width of the page below the 'Notes' header.