Export Credits Insurance Corporation.—Administered by a board of directors, including the Deputy Minister of Trade and Commerce, the Deputy Minister of Finance and the Governor of the Bank of Canada, the Export Credits Insurance Corporation insures exporters against credits losses involved in the export or an agreement for the export of goods. Policies are issued on a yearly basis, covering exporters' sales to all countries and protecting them against certain risks of loss involved in foreign trade. The main risks covered by Export Credits Insurance Policies include: insolvency or protracted default on the part of the buyer; exchange restrictions in the buyer's country preventing the transfer of funds to Canada; cancellation of an import licence or the imposition of restrictions on the importation of goods not previously subject to restrictions; the occurrence of war between the buyer's country and Canada, or of war, revolution, etc., in the buyer's country; and additional transport or insurance charges occasioned by interruption or diversion of voyage outside Canada or continental United States.

The insurance is available under two main classifications: (1) general commodities, (2) capital goods. Coverage for general commodities can be procured by exporters under two types of Policies: (1) the Contracts Policy, which insures an exporter against loss from the time he books the order until payment is received; or (2) the Shipments Policy, obtainable at lower rates of premium, and which covers the exporter from the time of shipment until payment is received. Insurance of capital goods offers protection to exporters of such commodities as plant equipment, heavy machinery, etc., which are subject to extended credit for longer periods than is customary for general commodities. Specific policies are issued for transactions involving capital goods, but the general terms and conditions are the same as those applicable to policies for general commodities.

The Corporation insures exporters under all policies up to 85 p.c. of the contract price, or gross invoice value of shipments. This co-insurance plan also operates in the distribution of recoveries obtained after payment of a loss, and these recoveries are shared by the Corporation and the exporter in the proportion of 85 p.c. and 15 p.c., respectively.

Loans to Britain and to Foreign Governments.—The United Kingdom Financial Agreement Act approved the financial agreement signed on Mar. 6, 1946, between the Government of Canada and the Government of the United Kingdom. Under this agreement the Government of Canada extended to the United Kingdom a credit of $1,250,000,000 to facilitate purchases of goods and services in Canada and to assist the United Kingdom to meet transitional post-war deficits in its current balance of payments, to maintain adequate reserves of gold and dollars; and to assume the obligations of multilateral trade.

Part II of the Export Credits Insurance Act, 1944, as amended, enables the Governor in Council, on the recommendation of the Minister of Finance and the Minister of Trade and Commerce to authorize the Minister of Finance to enter into agreements with foreign governments or their agencies, at their request (a) to provide them with credits to enable them or any person ordinarily resident in such country to pay the cost of Canadian-produced goods or the cost of Canadian services, or (b) to purchase or guarantee securities issued by them for the purpose of making such payments, or (c) to guarantee obligations undertaken or guaranteed by such government or agency under contracts to purchase Canadian goods and services, if such action is deemed advisable for the purpose of facilitating and developing trade or any branch of trade between Canada and any other country.