While it is not exclusive, the following capital equipment and services, by industry, are eligible for export financing. Power industry: conventional and nuclear power plants, electrification programs and transmission lines, etc.; transportation industry: aircraft, airport projects, flight simulators, navigational equipment, ocean-going vessels, locomotives, rolling stock, subway systems, integrated pipelines, etc.; communications industry: equipment for telecommunications such as telephone systems, microwave facilities, earth satellite stations, etc.; other capital goods industries: equipment for wood, pulp and paper, chemical, mining, construction and metallurgical projects, etc.; under certain conditions long-term loans and guarantees would be available for airport terminals and hotels; and services: services related to appraisal and development (but not feasibility studies) of natural resources and primary and secondary industry projects. EDC may make loans to foreign national development banks for re-lending to importers in their respective countries to enable them to buy Canadian capital goods.

A transaction must be of substantial value ($1 million or more) for which extended credit terms (beyond five years) are necessary and justifiable; exceptions may be considered in special circumstances, e.g. to enable a Canadian supplier to participate in the field of his specialization in development projects abroad being financed mainly by foreign lenders. The project must be financially and economically sound and the foreign buyer and the country to which the goods are shipped must be creditworthy. The transaction must have a Canadian material/labour content of not less than 80%, it must provide employment and industrial benefits for Canada, as well as give promise of future markets for Canadian exports in the country or geographical area concerned, and all goods and services financed must normally be exported from Canada.

Foreign investment insurance. EDC offers insurance against certain political risks of loss of Canadian investments abroad. Investments may vary from that of the investor acquiring the right to share in the assets of a business carried on in a foreign country to that of the investor lending money to a person in a foreign country for the purpose of establishing a business in that country.

Only new investments made in developing countries qualify for foreign investment insurance but the Export Development Act allows considerable flexibility as to the type. Coverage cannot be extended to existing investments. Before a policy is issued, the Minister of Industry, Trade and Commerce must be assured that the interests of EDC in insured investments will be protected. In addition, the government of the recipient country must signify its approval of the investment by the particular investor.

The program offers facilities covering three broad political risks: inconvertibility, or inability to repatriate earnings or capital; expropriation; and insurrection, revolution or war. The investor can elect to take out a policy covering any, or all, or any combination of the three political risks; coverage is restricted to a maximum of 15 years. Any person, including private companies, government agencies, partnerships and organizations, carrying on business or other activities in Canada, and wishing to insure a new investment, should approach EDC as early as possible in the planning stages of the investment for an opinion as to the eligibility of the proposed investment for foreign investment insurance.

18.4 Tariffs and trade agreements

18.4.1 Canadian tariff structure

Information relating to rates of duty, value for duty and anti-dumping duty is available from the Department of National Revenue, Customs and Excise, which administers the Customs Act, the Customs Tariff and the Anti-dumping Act. Details of the organization and functions of the Tariff Board will be found in Appendix 1.

The Canadian tariff consists, in the main, of three sets of tariff rates — British preferential, most-favoured-nation, and general.

British preferential tariff rates are, with some exceptions, the lowest rates. They are applied to imported commodities from British countries, with the exception of Hong Kong, when conveyed without trans-shipment from a port of any British country enjoying the benefits of the British preferential tariff into a port of Canada. Some Commonwealth countries have trade agreements with Canada that provide for rates of duty, on certain specified goods, lower than the British preferential rates.