agreements. Only new investments in countries receptive to foreign interests are accepted by EDC. The major criterion is that the investment maximizes the benefits to Canada and to the host country.

Investments may be in the form of cash, contribution in kind, or the issuing of a guarantee to another party investing in another country. The investment may be made directly in a foreign enterprise, or indirectly through a related company based in Canada, the host country, or even a third country.

Coverage under a guarantee can have a term of up to 15 years. It can be cancelled only by the investor, and not by EDC, as long as the conditions of the contract are maintained. The investor may elect to insure for one or more of the political risks and need cover only assets actually at risk.

The program calls for the investor to carry a percentage of the liability; the remainder is borne by EDC. This co-insurance requirement is extended to all contracts regardless of investor or country. The normal co-insurance to be carried by the investor is 15%.

**Maximum liabilities.** To implement its objective of promoting Canadian exports through insurance, loans and guarantees, EDC has authority to undertake maximum financial liabilities of almost $9 billion on a roll-over basis.

The ceiling for liabilities under contracts of export credits, insurance, guarantees and surety issued at EDC's risk is $2.5 billion. In addition, insurance and guarantees may be given at government risk when, having regard to any one transaction, the amount or term is considered to be excessive for EDC. A separate fund of $1.0 billion maximum outstanding liability is provided for this.

Financing long-term and, in exceptional cases, medium-term credit for major export sales of capital equipment and services may total $5,100 million. Within the overall ceiling, there are two authorities. One is for lending by EDC for its own account on approval by the board of directors to a limit on outstanding liabilities of $4,250 million. The other is for lending for the account of the Canadian government to a limit of $850 million. The latter facility applies to large export transactions or to other special situations considered by the government to be in the national interest. A ceiling of $250 million for liabilities under the foreign investment insurance program is provided.

## Tariffs and trade agreements 18.4

### Canadian tariff structure 18.4.1

Information relating to rates of duty, value for duty and anti-dumping duty is available from the national revenue department, customs and excise, which administers the Customs Act, 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 four sets of tariff rates — British preferential, most-favoured-nation, general and general preferential.

British preferential tariff rates are applied to imported commodities from British Commonwealth 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 Commonwealth 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.

Most-favoured-nation rates are usually higher than the British preferential rates and lower than the general tariff rates. They are applied to commodities imported from countries with which Canada has trade agreements. These rates would apply to British countries when they are lower than the British preferential tariff rates. The most important trade agreement concerning the effective rates applied to goods imported from countries entitled to most-favoured-nation rates is the General Agreement on Tariffs and Trade (GATT).

General tariff rates are applied to goods imported from the few countries with which Canada has not made trade agreements.