

TABLE 74.—UNITED STATES: GEOGRAPHICAL DISTRIBUTION OF BANK GUARANTEES, CUMULATIVE AS OF
JUNE 30, 1965

[In thousands of dollars]

Area	Authorized	Canceled	To be issued	Issued	Outstanding
Africa.....	51,806.0	15,361.1	9,358.6	27,086.3	18,323.8
Asia.....	621,307.3	60,471.2	114,921.4	445,914.7	169,489.9
Canada.....	688.9	30.6	213.7	444.6	197.3
Europe.....	157,424.7	34,306.1	57,810.3	65,308.3	27,643.6
Latin America.....	259,665.7	114,710.7	51,115.2	93,839.8	54,082.2
Oceania.....	16,241.6	5,716.9	5,819.5	4,705.2	2,149.0
Total.....	1,107,134.4	230,596.6	239,238.7	637,298.9	271,885.8

CANADA

INSTITUTIONAL FRAMEWORK

48. In Canada, suppliers of capital goods finance their medium-term export credits (credits of between one and five years) with the commercial banks (chartered banks) which may refinance them with the Export Finance Corporation of Canada, Ltd. (EFC). However, at present practically all export credit transactions involving capital goods are carried out on a long-term basis through buyers' credits provided by the Export Credits Insurance Corporation (ECIC).

49. The chartered banks, which are organized under federal charter in accordance with the provisions of the Bank Act, are the Royal Bank of Canada, the Canadian Imperial Bank of Commerce, the Bank of Montreal, the Bank of Nova Scotia, the Toronto Dominion Bank, the Banque canadienne nationale, the Provincial Bank of Canada and the Mercantile Bank of Canada. In addition to about 5,600 branches in Canada, these banks have more than 200 branches or agencies in about thirty foreign countries.

Export Finance Corporation

50. The Export Finance Corporation of Canada, Ltd., which was incorporated by a special Act of Parliament in 1959, is wholly owned by the chartered banks and started operations in April 1961. Its primary purpose is to refinance medium-term suppliers' credits and "to ensure that the cost of financing medium-term paper compares favourably with costs in other countries".¹ The EFC is in fact a medium-term export credit rediscounting agency for the chartered banks.

51. The EFC is administered by a sixteen-member Board of Directors, composed of two representatives from each of the eight chartered banks. The President and Vice-President of the Board are elected by its members from among themselves. The EFC's day-to-day operations are handled by a General Manager, assisted by a Deputy General Manager and a Secretary-Treasurer, all of whom are appointed by the Board of Directors from outside the Board. The management, which was initially authorized by the Board of Directors to rediscount at any time from any chartered bank an amount up to the equivalent of ten times that bank's participation in the EFC's capital, is now authorized to discount a larger amount, provided that it reports periodically to the Board for its official approval.

52. The EFC's authorized capital stock consists of 10 million shares of the par value of Can \$5 each, of which 2 million have been issued and fully paid. The chartered banks' subscription to the EFC's capital stock is proportionate to the percentage of deposits in Canadian dollars held by each chartered bank in relation to the total deposits in Canadian dollars held by the eight chartered banks as a whole at the time of the EFC's establishment. The bulk of the EFC's refinancing resources are derived largely from borrowing on the short-term money market in Canada and the United States, which is less expensive than the medium-term money market. Since the EFC's refinancing operations are carried out on a medium-term basis, it is continually selling its own notes to investment dealers and financial institutions, including its own shareholders, the chartered banks. The security for the EFC's notes consists of its capital re-

¹ Export Finance Corporation of Canada Ltd., *Annual Report, Year ended 30th April 1962* (Toronto), section entitled President's report, May 31, 1962.