

Canadian supplier or the foreign buyer; and to insure Canadian firms against loss of their investments abroad by reason of political actions. Direction of the affairs of the EDC is vested in a 12-member board. The head office is in Ottawa and district offices are located in Montreal, Toronto and Vancouver, with responsibility, respectively, in Quebec and eastern Canada, Ontario and western Canada.

Export credits insurance. EDC may insure Canadian exporters against non-payment when they grant credit to foreign buyers under contracts involving the following classes of export transactions: consumer goods sold on short-term credit usual for the particular trade, which normally ranges from documentary sight draft to a maximum of 180 days; capital goods such as heavy machinery sold on medium-term credit which may extend to a maximum of five years; services rendered to a foreign customer, such as design, engineering, construction, and technological and marketing services; treatment or servicing of goods for a foreign customer; photogrammetric and geophysical surveys, etc. EDC may also insure the payment of "invisible" exports such as the sale or licensing to a foreign customer of any right in a patent, trademark or copyright, advertising fees, fees to auditors, consultants, etc. To assist him in financing for exports, a policy-holder may request EDC to assign the proceeds of any losses payable under a policy to a bank or other agent providing financing in respect of export sales. An exporter may assign an individual bill or he may make a blanket assignment of all his foreign accounts receivable.

The main risks covered under an EDC policy are: insolvency of the foreign buyer; failure of the buyer to pay to the exporter within six months after due date the gross invoice value of goods which he has duly accepted; repudiation by the buyer which does not result from a breach of contract by the exporter and where proceedings against the buyer would serve no useful purpose; blockage of funds or transfer difficulties which prevent the Canadian exporter from receiving payment; war or revolution in the buyer's country; cancellation or non-renewal of an export permit and the imposition of restrictions on the export of goods not previously subject to restriction; and any other cause outside the control of both the exporter and the buyer which arises from events occurring outside Canada and continental United States of America, e.g. the cancellation of an import licence or the imposition of import restrictions on goods not previously subject to licence or restriction.

Export finance. EDC also makes long-term loans to foreign borrowers at internationally competitive interest rates or guarantees private loans to foreign borrowers to finance the purchase of Canadian capital equipment and services when extended credit terms are required and when commercial financing is not available. In addition, where international competition so requires, EDC may guarantee local cost financing provided by the private sector, or may finance directly up to the value of the down payment made on the goods and services exported from Canada in respect of a financed project.

While the following list is not exclusive, capital equipment and services, by industry, eligible for export financing include — 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 one for which extended credit terms (beyond five years) are necessary and justifiable. 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%, and 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. All goods and services financed must normally be exported from Canada.