industry practice. The project must be financially and economically sound, and the foreign buyer and the country to which the goods are shipped must be credit worthy. The transaction should also have the highest possible Canadian material/labour content and meet a minimum standard in this respect.

Interest and fees levied by EDC generally reflect the need to meet competition in particular cases, and to provide for operating expenses. As a general rule the rates amount to 0.05% over the cost of money to EDC. There is normally no charge to the Canadian exporter.

EDC seeks the maximum possible involvement of Canadian banks and other financial institutions. The goal is to provide internationally competitive financing. Instead of competing with private sector financial institutions, it works with them in a variety of ways. These include direct participation, down payment financing on behalf of foreign borrowers, pre-shipment financing, local cost financing beyond that available from EDC, and as paying agents for EDC in certain transactions.

Foreign investment guarantees. EDC may provide guarantees which protect Canadian businessmen investing abroad against loss due to the political events of expropriation, war or insurrection, or the inability to repatriate funds. The program covers almost any right that the Canadian investor might acquire in a foreign enterprise, including equity, loans, management contracts, royalty and licensing agreements. Only new projects in developing countries receptive to foreign interests are accepted by EDC.

Investments may be in the form of cash, contribution in kind, or the issuance 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 guarantee are maintained. The investor, however, has a wide range of flexibility in his selection of coverage, enabling him to cover only the assets actually at risk. He may insure also for one or more of the political events of expropriation, war and insurrection, or inconvertibility of funds.

The programs call 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%.

Details on how to apply for export credits insurance, long-term loans or foreign investment guarantees are available from the head office of the Export Development Corporation in Ottawa or its regional offices in Montreal, Toronto or Vancouver. When arranging for a long-term loan, the exporter should make a preliminary approach to find out whether a proposed transaction is eligible for financing. With foreign investment guarantees it is essential that an application be made to EDC before proceeding with an investment since only new investments qualify for EDC support.

Maximum liabilities. To implement its objective of promoting Canadian exports through insurance, loans, and guarantees, EDC has authority to undertake maximum financial liabilities of $6,850 million on a roll-over basis.

The ceiling for liabilities under contracts of export credits, insurance and guarantees issued at EDC's risk is $750 million. 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 $750 million maximum outstanding liability is provided for this.

Financing a 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, two authorities have been established, one for lending by EDC for its own account on approval by the EDC Board of Directors to a limit