manufactures goods to particular specifications, or goods which are so marked or stamped that they are of no value except to the original buyer. EDC normally covers a maximum of 90% of the amount of the loss with the exporter required to retain the remaining 10%.

Aid in financing. To assist him in export financing, a policy-holder may ask 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. He may assign an individual bill or he may make a blanket assignment of all his foreign accounts receivable. As a further aid, EDC may issue 100% unconditional guarantees to chartered banks or other financial institutions agreeing to provide non-recourse supplier financing. Such guarantees are usually issued for insured sales of capital goods. EDC may also issue 100% unconditional guarantees to banks or other financial institutions agreeing to finance the manufacturing period of an insurable medium-term export credit sale.

Surety and related insurance. EDC recently introduced a surety and related insurance package for performance-type bonds. It may insure: the exporter against wrongful call of a performance bond up to 90%; a bank which issues such a guarantee to a foreign buyer on behalf of a Canadian exporter up to 100%; and a domestic surety company providing a performance bond to a foreign buyer or a back-up bond to a foreign surety company providing a bond to a foreign buyer. It may also insure against non-performance by one or more members of a limited liability consortium.

Long-term export loans. EDC makes loans to foreign purchasers of Canadian capital equipment and technical services, or guarantees private loans to such purchasers, at interest rates as internationally competitive as possible. Such loans are made when extended credit terms are required and when financing is not available through normal commercial sources. In most cases, the loans are made in conjunction with Canadian chartered banks or other financial institutions.

Some examples of capital equipment and services eligible for export financing by EDC include: conventional and nuclear power plants, electrification programs and transmission lines; equipment such as ships, aircraft, locomotives and rolling stock; equipment for telephone systems, microwave facilities and earth satellite stations as well as for wood, pulp and paper, chemical, mining, construction and metallurgical projects. Financing may be provided for service contracts related to appraisal and development of natural resources, primary and secondary industry projects and public utilities projects.

EDC loans are generally made to meet the requirements of specific transactions, usually on application made by the Canadian exporter who has developed the business on behalf of the foreign borrower. Under appropriate circumstances, EDC will arrange lines of credit to foreign countries. Such arrangements provide a general framework for future commercial dealings and serve to alert both the Canadian export community and potential buyers in a recipient country to the possibilities of doing business.

An export transaction financed or guaranteed must be one which justifies repayment terms normally in excess of five years. Repayment schedules vary according to industry practice. The project must be commercially viable as well as offer adequate security for the loan. The transaction must have the highest possible Canadian material and labour content and meet a minimum standard in this respect. Interest and fees levied by EDC generally reflect the need to meet those offered by foreign competition.

EDC generally provides loans up to 85-90% of the cost of the Canadian equipment, supplies and services. Canadian chartered banks and other financial institutions usually participate with EDC by taking 30-40% of the EDC loan. In addition, they often provide funds for down payment, pre-shipment, and local cost financing. They usually participate with EDC on a last-in-first-out basis and at their own risk.

Foreign investment guarantees. EDC can 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 foreign investment guarantee can cover almost any right that the Canadian investor might acquire in a foreign enterprise, including equity, loans, management contracts, royalty and licensing