

in Canada. It provides insurance, guarantees, long-term loans and services necessary for exporters and investors to compete in international markets. EDC does not subsidize exporters or investors. Canadian firms compete in foreign markets on the normal commercial basis of price, quality, delivery and service.

EDC is sensitive to the needs of the smaller exporter. There is no minimum value of export business required to qualify for support. EDC will consider, within limits, tailoring programs to meet specific needs of exporters who show high potential for growth. Canadian content is a requirement for EDC support which generally only insures or finances goods which are manufactured in Canada and the services of Canadians. Some minor exceptions can be accommodated in the overall product or package. All persons carrying on business in Canada are eligible to benefit by EDC services, which are provided through five programs.

Export credits insurance is provided to exporters and guarantees are available to banks and other financing institutions that finance Canadian exporters. Insurance is issued on a co-insurance basis with EDC assuming up to 90% and the insured retaining 10% of the risk of non-payment by foreign buyers. Coverage includes commercial risks such as insolvency of, or default by, the buyer, and political risks such as exchange transfer difficulties, loss through war or rebellion, and cancellation of import licences.

There are two types of EDC policy. A whole turnover policy covers an exporter's short-term credit sales, up to 180 days, to all countries for one year. A specific contracts policy covers a specific capital goods or major services transaction made on credit terms up to five years.

Long-term export loans are available to finance the sale of Canadian capital equipment, and engineering, consulting and other technical services to foreign buyers. EDC also makes long-term loans to foreign buyers of Canadian capital goods and services, or guarantees bank loans to such buyers. Funds are disbursed directly to Canadian suppliers on behalf of the borrower, in effect providing the exporters with cash sales. Such loans have ranged from \$92,000 to multiples of millions. Besides, EDC establishes credit with certain countries where such arrangements will facilitate and stimulate the export of capital goods and services from Canada.

Some examples of sales of capital equipment and services that have been financed include, by industry: (power) conventional and nuclear power plants, electrification programs and transmission lines; (transportation) aircraft, airport projects, flight simulators, navigational equipment, ocean-going vessels, locomotives, rolling stock, subway systems and integrated pipelines; (communications) equipment for telecommunications such as telephone systems, microwave facilities and earth satellite stations; (service) services related to appraisal and development of natural resources, primary and secondary industry projects, and public utilities projects; (other capital goods) equipment for wood, pulp and paper, chemical, mining, construction and metallurgical projects. Under certain conditions, long-term loans and guarantees would be available for airport terminals and hotels. Financing may be provided for services when opportunities exist for associated supply of equipment.

Foreign investment guarantees. EDC offers insurance against loss of Canadian investments abroad through political action, and the risks of inconvertibility, expropriation, war or revolution. Investments may vary from that of an investor acquiring the right to share in the assets and profits of a business carried on in a foreign country, to that of an investor lending money to a person in a foreign country to establish a business there. The contract is available for up to 15 years. EDC requires the investor to carry part of the risk, normally 15%.

Only new investments qualify for this insurance but there is flexibility as to the type. The major criterion for coverage is that the proposed Canadian investment benefit both Canada and the host country. Benefits to Canada include royalties, salaries for Canadian personnel serving abroad, and proceeds from continuing sales of replacement parts, components and raw materials. Benefits to the host country include expansion of employment, gains in production techniques and skills, and a higher standard of living.