

political and commercial risks. Political risks include war or revolution or foreign exchange blockages, and commercial risks include insolvency, default or repudiation. Global political insurance is also available, and is similar to global comprehensive but without the commercial coverage. Selective political insurance covers exports to specified countries for political risk. Global policies cover exports sold on short-term credit (usually not exceeding 180 days). Coverage is available from the date of contract or the date of shipment of goods, until payment is received. For exports sold on medium-term credit of one to five years, EDC provides specific transaction insurance which covers individual transactions.

In addition to the global policies and specific transaction insurance, EDC also offers a number of specialized policies, including policies that offer reduced administration for small businesses exporting to the US only (commercial risk coverage) or worldwide (commercial and political risk coverage); policies for large volume companies willing to take a greater share of the risk; policies that cover risks on sales of bulk agricultural products sold on 360-day credit; and policies that cover political risks for equipment used on foreign job sites. It also offers insurance that protects bid and performance instruments posted in export transactions, and foreign investment insurance that protects investors against expropriation, war or revolution, and inability to repatriate earnings. There are also policies that protect exporters supported by EDC loans during the pre-disbursement period, and sub-suppliers on EDC-supported transactions against non-payment resulting from developments involving the buyer or the exporter of record (the company that has the main contract). Members of an exporting consortium can get coverage against the call of a performance instrument due to the non-performance of another member or members of the consortium, and a domestic surety company can get coverage if it provides a performance bond to a foreign buyer on an exporter's behalf.

Guarantees are issued to banks making export loans, issuing bid and performance securities on behalf of an exporter, or purchasing notes given to an exporter by a foreign buyer in payment for capital goods or services. There is also a guarantee for banks that provides financing for exports of agricultural products sold on credit terms of up to three years when warranted by officially-supported international competition, and a short-term line of credit guarantee that provides coverage to banks and financial institutions extending lines

of credit to foreign banks, which in turn finance purchases of Canadian goods sold on short-term credit.

Export financing services are of essentially two types: loans made either directly to the buyer or through the purchase of promissory notes issued to the exporter by a foreign buyer; and guarantees of export loans provided by banks or other financial institutions. EDC financing is available for export transactions which would normally warrant medium- or long-term financing support.

EDC normally provides financing for up to 85% of the contract value. Funds are disbursed directly to the Canadian exporter on behalf of the foreign buyer, thus creating the equivalent of a cash sale for the exporter.

EDC's financing facilities include loans, lines of credit and note purchases. Specialized financing facilities are also available. Transactions eligible for specialized credit are those for which goods are purchased in Canada by a Canadian buyer who will lease such goods to another person for permanent use outside Canada or will use the goods himself on a permanent basis outside Canada.

EDC strives to be as flexible and responsive as possible to the financing needs of Canadian exporters. The amount and type of financing provided varies with a number of factors including competitive circumstances, the economic life of the goods and services to be exported, project cash flow, the characteristics of the borrower and the nature of the foreign market. EDC's financing services are available to any person or organization carrying on business in Canada provided EDC is satisfied with the technical and commercial competence of the exporter and the general credit-worthiness of the borrower.

EDC charges exposure and other fees on new financing transactions and seeks to achieve a system for Canadian exporters which is fair, simple and competitive.

An optimum of Canadian content in the exports EDC supports is a major goal, as the exports supported by EDC create jobs in Canada. EDC offers advice to exporters on how to meet and exceed Canadian content levels established for its services. The Canadian content level is determined at the time of application for export insurance or financing. Generally, goods and services should have a 60% Canadian content or better.

Information concerning EDC's services is available through EDC regional and district offices across Canada, or through EDC's head office in Ottawa.