

In a separate, parallel, initiative the Canadian Commercial Corporation is developing a Progress Payment Program which will provide pre-shipment financing to exporters.

Medium Term Export Financing

A closer partnership between EDC and Canadian banks/financial institutions in the provision of medium-term financing in support of Canadian exporters, and particularly SME's, was seen as essential for two reasons. First, EDC has a finite appetite for risk in developing country markets, and a risk-sharing approach was seen as a key means of encouraging banks to put more of their resources into developing country markets, thereby increasing Canada's overall capacity to support trade in those markets. Secondly, Canada's banks have a very extensive domestic branch network and existing relationships with virtually all of Canada's small exporters and are, consequently, well positioned to provide additional support to a large number of existing and potential smaller exporters.

Two proposed Frameworks were developed: 1. The SME Risk-Sharing Framework targeted at exporters with annual export sales of less than \$10.0 million; and, 2. The General Risk-Sharing Framework, in support of all larger exporters.

To date, several banks have indicated an interest in pursuing an agreement on an SME Risk-Sharing Framework. This represents significant progress in the process of increasing export financing support. Discussions on a General Risk-Sharing Framework are continuing.

Bank Initiatives

Banks and financial institutions have been adopting numerous internal measures to increase awareness of exporting and to enhance financial support to exporters. Substantial resources are being committed to training and the publication of educational materials for both bankers and customers.