The EDC's global insurance is a one-year renewable policy covering export sales with credit terms up to 180 days. Coverage is for up to 90 per cent of loss due to non-payment by foreign buyers for commercial and/or political risk.

Commercial risk includes buyer insolvency, default and refusal to accept goods (for other than a reason of commercial dispute). Political risk covers blockage or transfer of funds from abroad, war or revolution, import/export permit cancellation and, in some cases, termination of contract. Global insurance assists the exporter in three ways. It provides protection against non-payment of receivables, frees up working capital and allows for more attractive competitive payment terms which can increase sales.

For medium terms (one to five years), the EDC offers specific transaction insurance. It covers capital goods and services for basically the same risks as above. This insurance, coupled with a Specific Transaction Guarantee, can be used to finance (with bank assistance) the sales of capital goods on one- to five-year terms.

The EDC offers long-term (over five years) fixed rate financing in the form of buyer credit direct loans and lines of credit. The EDC, in effect, provides the exporter with cash sales.

Where possible, loans are offered jointly with the commercial banks. The EDC will provide financing where the term of the loan is beyond commercially acceptable terms to the banks. The banks will provide down payment and local cost financing.

Lines of credit with public agencies and private banks in many countries provide the exporter with a cash sale. The EDC lends to the foreign bank or public agency which, in turn, lends the money to the foreign buyer.

The EDC also provides note purchase (or forfaiting), a technique for arranging medium-term export financing. The EDC, in its own right, can purchase trade obligations, usually on one to five years. The exporter receives immediate cash by discounting promissory notes on a non-recourse basis.

The EDC also delivers surety insurance which provides bid and performance bonds, surety insurance and guarantees to Canadian exporters.

Performance bonds are used when the buyer is uncertain of the seller's ability to deliver as contracted. The seller is required to put up a percentage of the contract as a show of good faith. If the seller fails to meet the terms of the contract, the importer can draw on these deposits. This coverage is referred to as Performance Security Insurance (P.S.I.).