- The credit terms. Open account terms providing for payment 90 days from delivery will be more expensive, whereas L/C terms are less so.
- The buyer's standing and country. Not surprisingly, large, established customers operating in stable countries are less risky than small or financially troubled companies.
- The exporter's own standing. Exporters who are able to demonstrate prudent credit granting practices and the ability to deliver under their commercial contracts lessen the risk for the insurer.
- The type of goods being exported. Specialty items with little salvage value pose more risk to the insurer than off-the-shelf items, which can be readily sold to other buyers.

EXPORT DEVELOPMENT CORPORATION (EDC)

The largest export credit insurer in Canada is the EDC. The EDC is wholly owned by the Government of Canada and promotes Canadian exports through the provision of export credit insurance and export financing facilities. The EDC insures a wide range of Canadian exports including raw materials, commodities, semi-processed goods, consumer goods, and services. The Corporation offers short- and medium-term insurance, performance-related guarantees, and foreign investment insurance to meet the varying needs of exporters.

EDC regulations specify that a certain percentage of the goods or services being insured must originate in Canada and conform to Canadian content requirements. Canadian content is comprised of the value of Canadian exports minus the costs of the goods and services imported into Canada for incorporation into those goods that are then exported from Canada. As part of its mandate to support Canadian exports, EDC requires that the highest practical level of Canadian content be achieved. By insisting on higher levels of Canadian content, EDC aims to ensure that Canadian sources of supply are considered for the export contract.

To comply with EDC's Canadian content requirements, exporters must complete a Canadian Content Report. It breaks down the export contract into Canadian and non-Canadian portions for selling costs, materials, direct labour, shipping, other costs (including overhead), and profit to determine the actual percentage of Canadian-sourced costs to total Canadian exports. This is called the Canadian Content Ratio. This Ratio is normally required to exceed 60 percent in order to qualify for EDC insurance.