

approved by the EDC in advance. In most cases, the rates, terms and disbursement procedures have been established, with the result that the transaction moves more quickly than with a conventional loan. From the standpoint of the buyer, a line of credit establishes a procedure and sets terms that allow him to conclude the financing with a minimum of time and resources.

The third type of financing service, forfaiting, is a new service, announced last June, under which the EDC purchases promissory notes issued to Canadian exporters by their buyers. The notes must be guaranteed by a bank acceptable to the EDC and endorsed over to the EDC on a non-recourse basis. On an exceptional basis, the EDC may agree to waive security. This would occur if the buyer was a first-class, unquestionable, internationally-recognized credit risk. The advantages of forfaiting to the exporter are that it provides simple, fixed-rate financing at commercial terms for small- and medium-sized transactions for credit periods of from two to five years. Furthermore, the debt can be extinguished in the buyer's own country, since the notes that evidence the debt are payable in his domicile.

Finally, there are loan guarantees, which the EDC provides to a bank or other financial institution that wishes to provide a loan to a buyer of Canadian capital goods and services, but does not wish to assume the credit risk associated with the transaction.

The EDC is unique among export credit organizations in that its interest rates are not posted and it does not disclose rates on individual transactions after they have been completed.

The EDC believes in a flexible, negotiated approach to each individual transaction because it knows that effective financial competitiveness is more than just a matter of interest rates. Several other factors can be equally or more important to a buyer. These include: repayment terms realistically tailored to the cash flow; the availability of downpayment, construction period, progress payment, and local cost financing; a choice of currency for the financing; documentation that can accommodate a buyer's special circumstances; financial packaging, including syndication and lines of credit, which take the burden of financial organization off the borrower; and a capacity by the EDC and the exporter to interrelate interest rates, fees and the price of goods (to provide a presentation and a package which is custom tailored to the special interests of the buyer).

The EDC knows that, on large capital projects, often repayment terms appropriate to cash flow are more crucial in the buyer's decision-making process

than interest rates. The EDC is willing to extend, within commercially reasonable bounds, terms that the buyer can accommodate in his cash flow. This ability has contributed to success on large developments in two of the countries of the ASEAN group.

For projects, the buyer's requirements go beyond financing for capital goods and services. He needs a full range of downpayment, construction period and local cost financing that must come from several sources. Many buyers are receptive to a comprehensive proposal made in a skilled merchant banking fashion. The EDC frequently works with a wide range of commercial financing institutions to build these packages and they have been effective in several instances. A notable example is the CANDU nuclear power project in the Republic of Korea, where the EDC package included financing from the EDC, commercial banks, and the British — all in one contract. Another example is a purchase in 1980 by Philippines Airlines Inc. in which the EDC tied together, in one contract, financing from the EDC, the banks, and the Export-Import Bank of the United States.

A variation on this theme is parallel financing between the EDC and the Canadian International Development Agency (CIDA). Where appropriate, parallel financing can be used with good effect.

Another area which the EDC plans to explore is the development of relations with the multilateral financing organizations such as the World Bank group, the Asian Development Bank and the Inter-American Development Bank. These development banks have vast pipelines of business and the EDC intends to develop closer relations with these organizations.

The timing is quite propitious for such an initiative. The multilateral banks are under pressure, like all international financing institutions, to extend their available resources. The EDC understands from recent discussions that they are more open than ever before to including co-financing participation with the EDC. A recent example of the EDC participating with a multilateral financing organization is the Bukit Asam project in Indonesia, which the EDC, CIDA, and the World Bank are financing.

Another example of using flexibility is the EDC's ability to loan in various currencies. Most of the EDC's competitors are limited to providing financing in their own currencies. The EDC, however, raises its funds in the international capital markets. Therefore, it can offer buyers the option of financing in a fundable currency applicable to their needs.

An important ingredient in any transaction involving the EDC and a

buyer is early consultation. Because the EDC employs the flexible, negotiated approach to loans it must have consultations with the buyer and all other parties to the transaction before it can tell the buyer the rates and terms it will be offering. An early contact with the EDC is not an imposition on the corporation. It is exactly the opposite. It is an opportunity for the EDC to begin the process that must take place before it can quote.

The business that Canadian companies are winning with EDC support in Asia include equipment and services in power generation, both nuclear and thermal; telecommunications; transportation, including ships, aircraft and flight simulators; resource development for minerals and forest products; cement plants; port development; petroleum exploration; petrochemical plants; and light manufacturing development.

The EDC sees the large increase in its financing with the ASEAN nations last year as a harbinger of even greater co-operative efforts between Canada and the ASEAN nations in the years to come.

Further information on EDC's financing services is available from Canadian Trade Commissioners in ASEAN capitals (see p. 16) or from the Assistant Vice-President, Asia Division, Export Development Corporation, Ottawa.

ASEAN Film-makers Talk Global TV Series

THE University of Malaya recently held an ASEAN-wide seminar to discuss an international television project called Agenda for a Small Planet.

Financial assistance for the project was given by the International Development Research Centre (IDRC), a Canadian public corporation established to support research designed to adapt science and technology to the specific needs of developing countries. It was conducted under the aegis of the Department of Public Information of the United Nations in co-operation with the Canadian International Development Agency (CIDA) and the World-View International Foundation in Sri Lanka.

The objectives of the seminar in Kuala Lumpur were to critically assess documentary films that had already been made, to propose themes for future films to ASEAN film-makers, and encourage them to portray Third World views of development issues to television audiences throughout the world. It brought together key personnel from the print and electronic media, development workers, and experts in social, cultural, and economic development.

The final outcome of this successful