

## Coverage for Higher Risk markets extended

*To complement its drive to provide more flexible financing, the Corporation is also getting more aggressive in a number of higher risk, non-traditional emerging markets, according to Keith Milloy, EDC's Chief Underwriter, Short-Term Insurance.*

In the fall of 1996, for example, EDC announced an additional \$1.5 billion in new export financing to support sales of Canadian goods and services to 50 higher risk emerging markets worldwide. This brings the total amount of financing available for emerging markets to more than \$5 billion.

EDC has also adopted a far more flexible position on insuring transactions in higher risk markets. In supporting exporters that do business in Lebanon and Egypt, for example, EDC has been restricted to providing coverage on transactions supported by Irrevocable

Letters of Credit; now it supports open account transactions.

"Our customers are increasingly doing business in these markets using open account terms, which puts their foreign receivables at great risk," Milloy explains. "It was critical that EDC be willing to support exports to

### Strong financial performance supports new risk approach

these markets on an open account basis."

This initiative is made possible,

Milloy adds, by EDC's continuing strong business performance. Net income for the first half of 1996 more than doubled to \$60 million from \$29 million a year earlier. Business volume (the total dollar value of exports supported by EDC) was \$10.8 billion, up 25 per cent from the first six months of 1995.

Capital was augmented by an additional \$50 million of equity provided early in the year, bringing total shareholders' equity to more than \$1.2 billion, including \$322 million in retained earnings.

## Sectoral Approach Delivers Focussed, Customized Service

Over the past year, EDC has established seven cross-product, full-service teams devoted to specific industry and market sectors, complementing the Corporation's geographic and product expertise. These teams target specific industry sectors such as industrial equipment (which includes the oil and gas sector), information technology, forestry, transportation, base and semi-manufactured goods, engineering and professional services, and financial institutions. An eighth team, the Emerging Exporters Team, serves the needs of smaller exporters with annual export sales of less than \$1 million.

"Although our customers have long recognized EDC's strong

foreign market expertise, they have also told us we needed to develop a thorough understanding of their business sector and the competitive challenges they face," Labbé says. "This was the major driving force behind our decision to restructure along sectoral lines."

Other reasons included the need to streamline service to customers, respond more quickly to insurance and credit applications, increase EDC's capacity to manage risk and provide strengthened support to smaller exporters.

The teams are based at EDC's head office in Ottawa with business development managers located at the Corpor-

ation's seven regional offices in Vancouver, Winnipeg, Calgary, Toronto, London, Montreal and Halifax.

"Because EDC is often called upon to provide financing to the exporter's buyer, these teams are also developing in-depth sectoral expertise in foreign markets, complementing their domestic knowledge," Labbé adds. This knowledge helps exporters better understand the risks and opportunities they face.

"These teams have greater autonomy to generate financing solutions for customers across all product lines and to make quicker decisions than was possible in the past," Labbé says.