



Lumonics have been mainly multinational and large Mexican companies. They all either finance the purchases from their own resources or arrange financing with American financial institutions.

EDC - Many Services To Suit Your Special Needs

However, Escobar always brings the existence of these Canadian sources to the attention of his customers. One of the best sources he mentions is the Export Development Corporation. "Mexico," says the Corporation in its 1992 Annual Report, "is a significant market for EDC's customers. In fact, in 1992 EDC supported more than 50 percent of all visible Canadian merchandise exports destined for Mexico."

Even a commercial banker noted: "EDC is an important vehicle to provide financing for the sale of Canadian goods and services to Mexico."

According to Financial Services Officer Doug Ward, EDC is able to select from its wide range of services to provide a custom-made arrangement to suit the needs of a client. The services fit into two broad categories: insurance and financing.

In 1992, Mexico became EDC's fourth-largest insurance market as volume doubled to \$324 million. The Corporation's credit insurance would protect your cash flow in case of payment default. Often, your bank will accept EDC credit insurance as collateral for lines of credit. The Corporation can provide you with export-credit, bulk-agriculture and documentary-credit insurance.

EDC can also facilitate the purchase of capital goods by providing your customer with medium- and long-term credit. A Corporation brochure announces: "For most capital goods, EDC will generally finance up to 85 percent of the Canadian supply in an export transaction."

Your Mexican customer gains access to Canadian financing through one of a dozen lines of credit EDC has established



In 1992, there were
net capital flows of
US\$23 billion:
that's money in search
of good projects.

with Mexican organizations. At their peak, these lines had a total value of well over \$800 million.

Most of these lines are with banks. However, there are also two with PEMEX, the state-owned oil company. Through one line, GH Bettis Ltd. of Edmonton, Alberta, sold US\$281 750 worth of gas hydraulic operators to PEMEX.

An EDC line of credit with Banco Nacional de Mexico provided a loan of \$1.4 million to Cementos Tolteca, S.A. de C.V. to purchase DC electric motors, related spare parts and services from General Electric Canada Inc. of Peterborough, Ontario.

EDC financing has many advantages for you and your customer. One is the option of fixed-rate financing with repayment periods varying from 2 to 8 1/2 years. Applications to use the lines of credit with Mexican institutions are processed with particular speed and ease because the terms and conditions are pre-established. An EDC document, *For Canadian Exporters: Lines of Credit in Mexico*, outlines the steps you need to take.

First, contact an EDC official in one of the EDC offices conveniently located across Canada. They will need some financial and technical data about your company and, if available, a copy of the draft commercial contract.

A Mexican bank holding an EDC line of credit will check into your partner's bona fides then send EDC an application for financing. Loans vary from US\$50 000 to US\$5 million. "We'll analyze the appli-

cation and the transaction," says the EDC document, "and together with the bank we'll quickly indicate whether the deal can be financed by EDC."

A draft disbursement order is then sent by EDC to the bank. "You will be paid once you have sent to EDC all documentation outlined in the disbursement order. EDC pays you directly on behalf of the Mexican bank."

Your customers are also likely to appreciate the easy flow of this arrangement. Even more, they will like the interest rates. With service charges added by the local Mexican bank, the rate to your customer could be as much as 15 percent, but this is significantly lower than local rates.

Federal and provincial officials, when approached by businesses about the sale of capital goods to Mexico, believe, as one puts it, that "the best advice we can give them is to go to EDC and their Canadian bank." No wonder.

Experienced private-sector leaders, both users and non-users of EDC's funding, recommend it highly. "Use EDC," says Brent Raddysh, General Manager of the Regina-based Sweeprite Mfg. Inc., "It is a very knowledgeable organization when you are talking foreign receivables."

Ontario-based Husky Injection Molding Systems Ltd. of Bolton has relied heavily on EDC. Husky's Commercial Manager Jim Wilson notes: "They've been very competitive and extremely helpful to a lot of our customers down there. We would have had a lot of difficulties ... had it not been for the EDC."

Interestingly, even Canadian commercial banks sometimes refer clients to EDC. Although both want to do business in Mexico, their complementary interests often make them partners rather than competitors. For example, a commercial bank often provides backing for the 15 percent down payment on a deal while EDC takes care of the other 85 percent.