

A working capital guarantee program and an expansion in the delivery network for foreign credit insurance are two new programs recently introduced on a trial basis in the U.S. These programs are directed at assisting small and medium-sized business, and could be considered for adoption by EDC.

EDC could also consider increasing its volume of small and medium-sized business by introducing export lines of credit for small businesses (EDC is already discussing this issue with the banks), broadening its delivery systems for guarantees and insurance, and giving small and medium-sized businesses special treatment through increased flexibility in processing their applications. Lower fees and rates have also been mentioned. However, past experience would indicate that once such financial preferences are accorded one group (e.g. first-time exporters or small and medium-sized business), these privileges quickly would become the norm for all exporters.

While it may be helpful for EDC to introduce new programs aimed at small and medium-sized business in an attempt to broaden its client base, it may also be useful to further increase the involvement of the private sector in export financing. In particular, it will be important to explore the extent to which Canadian bankers could broaden the base of Canadian exporters through greater involvement in medium- and long-term export financing. However, bank involvement would require some subsidy arrangement to allow them to compete with EDC. On the insurance side, it may be helpful to increase involvement of the private sector through participation in EDC's current and future portfolio risk and in the delivery of insurance services, thereby widening EDC's distribution network.

## B) PRIVATE SECTOR EXPORT INSURANCE

### The Challenge

What can be done to increase private sector involvement in export insurance activities?

### Background

In recent years Canadian insurance brokers have broadened their focus to an extent that they may now be in a position to deliver most of the insurance and guarantee programs in EDC's inventory, at competitive rates. There is an important gap in private sector capability (war or insurrection risks) but there would appear to be other cases where greater private sector involvement could be considered.