credit terms of up to three years when arranged by international competition.

- Loan Guarantees provide cover to banks and financial institutions providing loans to buyers of Canadian capital goods and services.

- Short-Term Line of Credit Guarantees provide cover to banks and financial institutions extending lines of credit to foreign banks, which in turn finance purchases of Canadian goods sold on short-term credit.

Export Financing

EDC provides export financing for up to 85 percent of the contract value, at both fixed and floating rates of interest, to foreign buyers of Canadian capital goods, equipment, and service. Funds are disbursed directly by EDC to Canadian exporters on behalf of the borrower, in effect providing the exporter with a cash sale. EDC offers seven financing facilities:

- A Loan is a financing agreement in respect of a transaction where the terms of the financing have been agreed upon and the funds are disbursed under a Disbursement Procedures Agreement signed by the borrower/buyer, the exporter, and EDC.

- A Multiple Disbursement Agreement Loan is a financing agreement where a buyer of a project (who normally will also be the borrower) requires, for planning purposes, that the terms of the financing be determined at an early stage and remain fixed during the life of the project. Normally, there will be several exporters of record under the project and therefore several Disbursement Procedures Agreements linked with the loan.

- A Line of Credit is a special version of a loan whereby a foreign borrower, usually a bank or a financial institution, agrees to borrow from EDC for a multiplicity of transactions for which neither the exporter(s) nor the buyer(s) may have yet been determined. An allocation occurs when the transaction, the buyer, and the exporter have been identified and approved for financing under the Line of Credit. A Line of Credit may require several Disbursement Procedures Agreements, Disbursement Orders or some other form of disbursement arrangement.

- The Note Purchase Program consists of three facilities, each involving the purchase by EDC (usually on a non-recourse basis) of promissory notes issued by foreign buyers to Canadian exporters for the purchase of Canadian goods and services. In the case of straightforward transactions, either a Simplified Note Purchase or Forfaithing may be appropriate. These two facilities differ as to the security required. If the buyer is an internationally-recognized good credit risk or where a sovereign risk is present, the Simplified Note Purchase facility may be appropriate. If the credit risk is greater than that described above, a first-class bank guarantee would be required and the Forfaithing facility would apply.