

EDC Sponsors SME Business Forum

EDC is a major sponsor of the APEC SME (Small and Medium-sized Enterprises) Business Forum & Exposition — one of EDC's numerous initiatives aimed at supporting smaller exporters.

Running September 17-18 in Ottawa, the SME Business Forum features seminars and workshops on public policy issues that are relevant to SMEs operating in the international arena.

EDC's Vice-President, Emerging Exporters Team, John Hutchison, will moderate a key session at the Business Forum entitled *How to Minimize Your Financial Risk to Export with Confidence*. The session, which runs September 18 from 10:30 a.m. to noon, reviews the credit risks associated with exporting. Panel representatives include Bancomext — Mexico's official export credit agency (ECA); EFIC (Export Finance Insurance Corporation) — Australia's ECA; and Industrial Combustion Equipment Manufacturing Inc. (ICE), a SME exporter (and EDC customer) experienced in selling to APEC markets.

The session will:

- review the credit risks associated with exporting;
- explore how credit insurance, foreign buyer financing and bonding enable companies to minimize risks and export with confidence; and
- outline effective payment strategies.



Excerpts from an address by the Honourable Sergio Marchi, Canadian Minister for International Trade, on the Occasion of the Northstar Trade Finance Luncheon.

"When you consider that most new jobs in Canada are created by smaller businesses, it is clear that we need to get more of them exploring new markets... We need to transform our trading culture to harness the potential of the full spectrum of Canadian enterprises... That is why it is critical that we provide small and medium-sized companies with the tools that they need to succeed — the tools that will help them expand their business into new markets without jeopardizing their bottom line... We must continue to work together — to help reach our goal of doubling the number of active exporters by the year 2000. It is clear that we can do more and do it better, and this is something I am committed to achieving."

ECAs' Efforts Signal Positive APEC Policy Initiatives

EDC is part of a working group of APEC export credit agencies (ECAs) formed earlier this year to support small and medium-sized enterprises (SMEs), and infrastructure development in APEC economies.

The working group will convene in Ottawa September 15-16, to explore key issues affecting their smaller business customers. These include awareness of services and products, co-operation with commercial lenders and inconsistencies in lending practices to SME exporters. Paper burden, turnaround time, the need for ongoing advice and training, and the special difficulties of services exporters will also be addressed.

The group will deliver a report to the APEC SME Ministers' Meeting taking place in Ottawa, September 17-18, on joint actions that could help resolve these issues and increase support to SME customers.

"SME exporters are the backbone of each customer base," says John Hutchison, vice president, EDC's Emerging Exporters Team. "Finding ways to better support this key customer segment is a priority of ECAs."

Catalysts for Infrastructure Projects

Estimates show that infrastructure requirements in APEC economies could be as high as \$2 trillion over the next decade. Lenders, investors and insurers all want a piece of that action. The key to attracting private capital, say many experts, is ensuring projects are financially sound.

"There's clearly a role here for export credit agencies (ECAs)," says Eric Siegel, senior vice-president of EDC's Medium-and-Long-Term Financial Services. "We can apply our risk assessment and risk management expertise and act as catalysts who leverage private capital flows into infrastructure projects."



Canada 1997

EDC has been actively working with other APEC ECAs to redefine their role in the area of infrastructure finance. EDC is now eager to pursue risk-sharing arrangements with ECA counterparts in APEC economies. A total of 14 of the 18 APEC economies have ECAs.

"We are already contemplating projects which may require risk-sharing arrangements with various APEC region ECAs," reports EDC's Vice-President of Project Finance, John Balint. "At the end of the day, it's signed deals that make a difference to both Canadian exporters and the overall infrastructure development needs of APEC economies."

Helping Smaller Exporters Access Asia Pacific

Joe Ng Engineering Limited has been providing professional engineering services to both public and private sectors around the world since 1980. While the company has been successful in China, among other markets, President Joe Ng is the first to admit that exporting to Asia Pacific can be challenging.

"Selling to Asia Pacific requires a good deal of planning, organization and developing key business contacts," says Mr. Ng.

However, for Joe Ng Ltd., as for many other SMEs, exporting to Asia Pacific also has its rewards. "It may take a while to establish a relationship with Asian buyers," says Mr. Ng, "but once you have, your relationship will probably last a long time."

Mr. Ng says his company has been very active in the Asian market thanks, in part, to EDC's financing and insurance services. Since 1987, EDC has helped the company minimize any financial surprises in exporting to this region.

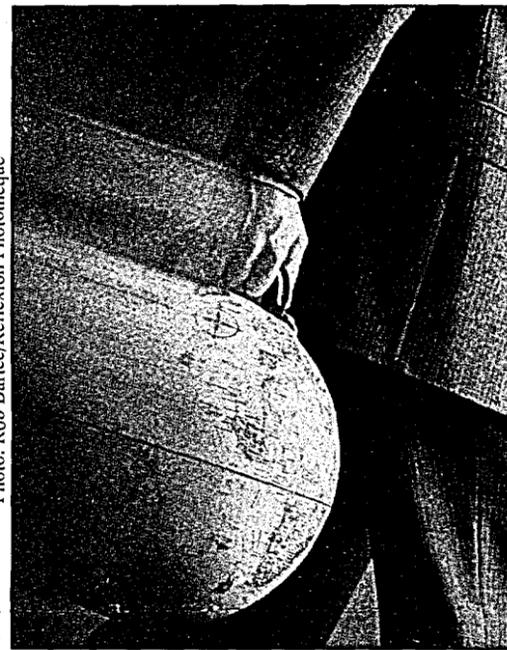


Photo: Rob Barthe/Réflexion Photothèque

"EDC is the only financial institution that can provide our customers with long-term financing at competitive rates," says Mr. Ng. "Also, its full range of insurance services protects us if we aren't paid."

Joe Ng Engineering is one of some 75 000 Canadian SMEs that export. Of those companies, some 2 500 are EDC customers, including 267 that export to Asia.

"It is in our national interest to encourage more SMEs to export and grow, not least because they are leading the way in job creation," says Kurt Rufelds, director, EDC's Emerging Exporters Team. "Indeed, of the \$22 billion in support EDC provided to customers in 1996, \$3.8 billion was directed at SMEs."

Mr. Rufelds notes that Asia Pacific can be an important market for SMEs. He also points out that selling to this region can be a daunting challenge. "A lot of smaller exporters believe they simply can't afford the upfront costs to enter this market," he says. "However, we see even the smallest businesses exporting to Asia every day of the week — both small and large amounts."

"We encourage SMEs to target the Asia Pacific marketplace, but they must find niches, without spreading themselves too thin," says June Domokos, EDC's Vice-President, Asia, Africa & Middle East. "It takes a lot of time and staying power to export to this part of the world — you have to visit the market several times before you can make the sale, so that takes quite an investment upfront. But SMEs that can find their niche there can achieve success."

EDC's Emerging Exporters Team is working with smaller exporters to help them access the Asia Pacific market. "There is no company too small to export, and there is no exporter too small for EDC," says Mr. Rufelds. "We're here to support SMEs in any way we can."