

EDC is now proceeding to implement a product test for this new facility with two Canadian banks - the Bank of Montreal and the Royal Bank of Canada. Further details will be forthcoming as the planning for the product test progresses.

In addition, various initiatives throughout government are going forward to help address these financing gaps. One example is the Canadian Commercial Corporation's Progress Payment Program which will be piloted with a number of banks and is expected to result in easier access to pre-shipment financing. In addition, the Federal Business Development Bank is currently piloting a working capital for exporters program through ten of its branches.

MEDIUM TERM RISK SHARING

The Objective

Frequently, the availability of export finance to the foreign buyer is a critical component in a Canadian company's export sale package. The financing package is often a key factor along with the commercial aspects such as product quality, delivery, price, etc., - factors which are evaluated by a potential foreign buyer when making a purchase decision.

EDC has the appetite for medium term risk in developing country markets, but not the distribution network within Canada to easily provide effective services to existing and potential smaller exporters. Banks and financial institutions have the distribution network and, in addition, have resources which could be added to EDC's to augment Canada's capacity to support capital goods exporters. The objective was to bring these two together in a closer working relationship.

EDC is Canada's official export credit agency. Therefore, it plays a key role in providing export finance support. The banks of course, are the principal private sector participants in export finance. A closer working relationship between the banks and EDC was seen as the cornerstone to increase overall export financing support to exporters.