

Export Financing

Export Development Corporation

Export Development Corporation (EDC) is a unique financial institution that has been helping Canadian businesses grow and prosper through exports and international investment since 1944. EDC's sophisticated trade finance solutions can help exporters to compete in more than 200 countries, even in higher-risk and emerging markets.

EDC has considerable experience in supporting Canadian exporters and investors in the China market. Since 1979, more than 250 Canadian contracts have been supported involving over \$5 billion of Canadian goods and services. An array of EDC insurance, financing, guarantee and bonding programs is available to support Canadian firms in penetrating or expanding their businesses in China.

Export Insurance Services

EDC's insurance services include:

- ♦ insurance for sales on short- and medium-term credit;
- ♦ bid/performance-related insurance and guarantees;
- ♦ surety bond support;
- ♦ equipment (political risk) insurance; and
- ♦ foreign investment insurance.

EDC insurance policies protect exporters against various losses due to commercial and political risks, such as:

- ♦ buyer insolvency;
- ♦ default on payments;
- ♦ repudiation of goods;
- ♦ contract termination;
- ♦ foreign exchange conversion and transfer payment difficulties;
- ♦ war, revolution or insurrection preventing payment;
- ♦ cancellation of government import or export permits;

- ♦ unjustified calls on bid/performance letters of guarantee; and
- ♦ inability to repatriate capital or equipment due to political problems.

Export Financing Services

EDC's financing services include:

- ♦ lines of credit with foreign banks or agencies worldwide;
- ♦ note purchasing arrangements;
- ♦ direct buyer loans; and
- ♦ project risk financing packages.

EDC's financing services enable Canadian exporters to provide their customers with flexible medium- or long-term financing. Support is provided for the sale of capital equipment and services, with repayment terms generally extending up to 10 years, depending on the nature of the product or service. Under EDC financing arrangements, EDC disburses funds directly to the Canadian exporter. All transactions financed must meet EDC's normal criteria relating to Canadian benefits, the exporter's technical and financial capability, and the creditworthiness of the borrower/country.

Opening Doors for SMEs

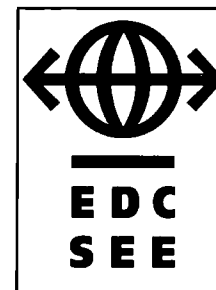
Thousands of SMEs rely on EDC's support. Some of the ways in which EDC is helping SMEs increase their export business in China include:

- ♦ Emerging Exporters Team, which focusses exclusively on helping smaller exporters manage the risks associated with exporting. Exporters can reach a team member by calling 1-800-850-9626. These small-business specialists can put insurance coverage in place on the spot, and can approve sales to foreign buyers.
- ♦ SME Financial Services Team, which co-ordinates all EDC initiatives aimed at SME capital goods and services exporters.
- ♦ NORTHSTAR Trade Finance Inc., which, through a partnership with EDC, helps Canada's SMEs to boost their competitive edge. It provides medium-term loans (i.e. one- to five-year terms) ranging from \$100 000 to \$5 million to buyers of Canadian exports. These loans do

not require repayment guarantees from the exporter, since EDC insurance protects NORTHSTAR against buyer non-payment. China has been a primary focus of NORTHSTAR's operations in recent years. Exporters can contact NORTHSTAR at 1-800-663-9288 or visit its Web site (<http://www.northstar.ca>).

As the Chinese market continues to evolve, EDC is familiarizing itself with issues related to transactions involving new risk (non-sovereign) structures, as well as the dynamic new Chinese entities involved. All creditors, including EDC, are struggling with some of the issues behind new risk transactions in China. However, EDC is well-positioned to consider providing support for credit-worthy joint venture projects, as well as for projects involving corporate risk, commercial bank risk and project financing/limited recourse structures.

As part of its approach to addressing new risks, EDC now has an ongoing presence in China, and thus will gain enhanced market intelligence on issues relating to new risk transactions. Furthermore, EDC's business teams and financing and insurance specialists closely follow developments in the China market, helping EDC to underwrite new risks in support of Canadian exporters and investors.



For more information about EDC support for doing business in China, contact an EDC office near you:
telephone: 1-800-850-9626,
fax: (613) 598-6697, or
e-mail: export@edc-see.ca.
EDC's website is
<http://www.edc.ca>

Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) is a Crown corporation established in 1946 to assist Canadians in selling their products and services to other countries. CCC acts as an international trade facilitator and prime contractor, and offers a wide range of contracting services. CCC can help your company do business by assisting in contract negotiations to complete sales on better terms with

fewer risks. By participating as a prime contractor in an export sale, CCC provides a foreign buyer with a commitment, backed by the Canadian government, that you will meet the conditions of the contract.

CCC, through the Progress Payment Program (PPP), can also help SME exporters who are experiencing working capital difficulties stemming from their inability to get advance payments from foreign buyers. PPP matches CCC's expertise in evaluating contracting risks and the commercial lending capabilities of Canadian financial institutions. When CCC backs a SME's export transaction through PPP, the participating financial institution provides pre-shipment financing for the sale beyond the company's normal line of credit. Once the PPP line of credit is in place, CCC verifies the work performed under the terms of the contract, and the exporter can access the progress payments accordingly.

For more information about CCC, contact:

Canadian Commercial Corporation
Tel: (613) 996-0034 or 1-800-748-8191
Fax: (613) 995-2121 or 947-3903
E-mail: info@ccc.ca
Web site: <http://www.ccc.ca>

Industrial Co-operation Program — Canadian International Development Agency (CIDA-INC)

CIDA's Industrial Co-operation Program (CIDA-INC) has been active in China since 1982, encouraging the Canadian private sector to establish long-term business relationships with developing country partners. If you are considering investing in China through a joint venture arrangement or as sole owner of a new firm, CIDA-INC can share in the costs at the feasibility study stage, and can contribute to the costs of the project's developmental components of the at the implementation stage, in such areas as training and environmental/social impact enhancement.

CIDA-INC reduces the risks to Canadian firms by sharing the costs of their projects. Sectors that have had the largest interest from Canadian firms are energy, water and sanitation, agriculture, transport and communications.