

Consortium Insurance

Consortium Insurance protects members of an exporting consortium against the rightful call of a performance instrument where the other member or members of the consortium are unable to pay their shares, or are otherwise unable to perform.

Surety Bond Insurance

Surety Bond Insurance insures a domestic surety company providing a performance bond to a foreign buyer on behalf of a Canadian exporter.

2. Guarantees

EDC can issue policies to banks issuing performance and bid securities, under the following headings.

Specific Transaction Guarantees

Specific Transaction Guarantees provide unconditional cover to banks or other financial institutions on non-recourse supplier financing. The capital goods or services sale must be insured by EDC.

Performance Security Guarantees

Performance Security Guarantees provide unconditional cover to banks or other financial institutions against a call of a security instrument, usually in the form of an Irrevocable Letter of Credit or Guarantee, that is issued to a foreign buyer on behalf of a Canadian exporter as security for performance.

Bid Bond Guarantees

Bid Bond Guarantees provide unconditional cover to banks or other financial institutions against a call on a bond, usually in the form of an Irrevocable Letter of Credit or Guarantee, that is issued to a potential foreign buyer on behalf of a Canadian exporter as security for bids.

3. Export Financing

EDC provides export financing at both fixed and floating rates of interest to foreign buyers of Canadian capital goods, equipment and services. EDC can also extend credit directly to Canadian firms which purchase Canadian goods for use or lease outside Canada. Funds are disbursed directly by EDC to Canadian exporters on behalf of the borrower, in effect providing the exporter with a cash sale. EDC now offers four financing services.

Direct Loan

This 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.

Allocation Under a Line of Credit

A line of credit is a special version of a loan whereby a foreign borrower, usually a financial institution, agrees to borrow from EDC for a variety of transactions for which neither the exporter(s) nor the buyer(s) have been determined. An allocation occurs when a 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 other forms of disbursement arrangements.

Note Purchase

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 more complex transactions, EDC and the exporter sign a Note Purchase Agreement in which the terms and conditions of the financing are established. In the case of straightforward transactions, either the Simplified Note Purchase or the Forfeiting facilities may be appropriate. Where these two facilities differ is in the security required. If the buyer is an internationally recognized good credit risk or is backed by a government guarantee for loan repayment, 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 Forfeiting facility would apply.

Loan Guarantees

Loan Guarantees are issued to banks and financial institutions providing loans to buyers of Canadian capital goods, equipment and services.

Flexibility of Services

EDC services are flexible and can be custom-tailored to the requirements of exporters. In order to use EDC services to the best advantage, firms are encouraged to consult EDC and their bankers about credit and financing considerations at the earliest possible date when they are developing their plans.

Confidentiality

In order to respect the confidence in which it receives information from exporters and others, and to avoid doing anything that could assist an exporter's competitors, both foreign and domestic, it is EDC's policy to refrain until the sales arrangements are final from even indicating even that it has been approached concerning a transaction. EDC makes public its participation in lending transactions only when a financing agreement is signed, and, in export credit and foreign insurance cases, only on request and when the exporter consents to the release of information.

For more detailed information on EDC facilities, you should direct enquiries to:

Head Office

Export Development Corporation
151 O'Connor Street
P.O. Box 655
Ottawa, Ontario K1P 5T9
Tel.: (613) 598-2500
Telex: 053-4136

Quebec Region

Assistant Vice-President, Quebec Region
Export Development Corporation
800 Victoria Square, Suite 2724
P.O. Box 124
Tour de la Bourse Postal Station
Montreal, Quebec H4Z 1C3
Tel.: (514) 878-1881
Telex: 05-25618
Facsimile: (514) 876-2840

Atlantic Region

Manager, Atlantic Region
Export Development Corporation
Toronto-Dominion Bank Building, Suite 1401
1791 Barrington Street
Halifax, Nova Scotia B3J 2L1
Tel.: (902) 429-0426
Telex: 019-21502