

EDC Sponsors APEC, Helps Exporters Make Inroads into Asia Pacific



June Domokos, EDC's vice-president, Asia, Africa & Middle East, discusses EDC's role in helping Canadian companies tap into the Asia Pacific marketplace.

What role is EDC playing as a major sponsor of APEC this year?

Sponsorship has provided EDC and some of our customers with access to a large number of ministers and senior business people from Asia Pacific. This provides a perfect venue for making new business contacts and addressing the key concerns of Canadian exporters with some of the most influential and knowledgeable people in the region.

EDC's participation in the 1997 APEC Trade, Environment, Transportation and Energy ministerials held in Canada, as well as its important role in the upcoming APEC SME Ministerial and Leaders' Meeting, will also raise EDC's profile on the international stage and promote a greater understanding of its policies and practices.

Finally, EDC is a key player in APEC discussions that involve co-operation among export credit agencies. Canada, through EDC, is playing a leading role in drawing together export credit agencies in support of small business and in support of structured financing and insurance.

What measures is EDC taking to support Canadian exporters selling to Asia Pacific?

EDC is taking three key steps to support this group of Canadian exporters. First, we provide country expertise that assists Canadian companies in successfully approaching Asia Pacific countries. To add depth to our knowledge of these markets and to build our contact network, we launched extended market visits to Asia Pacific this year, including a six-week visit to China in the spring. This fall, we are also launching extended visits to China as well as to India and Brazil. These visits are helping us advance specific Canadian initiatives by having personnel on-site to address exporters' questions. Also, meeting with

Canadian company representatives based in the markets allows us to better understand what they are doing and to get to know their foreign operations.

The second step EDC is taking is to position itself on the leading edge of innovation in the financing and insurance requirements of the Asia Pacific region. We are continually adapting and modifying our programs in Asia. For example, we've made key advances in the area of limited recourse financing. We were involved in the first limited recourse financing transaction for a pulp and paper project in Indonesia and are also involved in several limited recourse financing structures being done in the telecommunications sector in Asia for the first time. EDC has gained international recognition for its work in this area.

EDC's third step is to continue exploring ways of supporting SMEs exporting to Asia Pacific. For instance, we recently created the SME Financial Services team to handle their specific requirements. The team develops expedient, streamlined ways of putting together financing in challenging environments. EDC is developing new, short-form loan agreements and more efficient ways of doing note purchases. We are modifying them to meet the legal requirements of various markets.

What are the main challenges exporters face in selling to Asia Pacific, and the challenges EDC faces in supporting exporters?

The biggest challenge is the continuous and fast pace of change in Asia Pacific. While it is positive that the legal and regulatory environments of this area are constantly evolving, one must nevertheless keep abreast of all these developments. In many Asia Pacific countries, there are still shortfalls between what is required in structuring financing and the existing legal and regulatory base, particularly in emerging markets such as Vietnam. Structuring our financing within that type of business environment is a challenge.

Another challenge are the fast-developing capital markets in Asia Pacific. Countries in this region are quickly gaining enormous access to capital market funds, which means intense financial competition for export credit agencies. From a Canadian company perspective, EDC offers the advantage of focusing on increasing the Canadian benefits and Canadian content of a given project.

What points should Canadian exporters keep in mind when exporting to Asia Pacific?

Canadian companies should be aware that there are significant differences between exporting to Asia Pacific and, say, to the

United States, in terms of culture, business practices and what's meaningful in the market. Canadian exporters should also keep in mind that exporting challenges vary considerably from country to country in the Asia Pacific region. You must have knowledge specific to the particular Asia Pacific market you are dealing with.

For example, in some Asia Pacific markets, once you've signed a Memorandum of Understanding (MOU), it means you should proceed to start investing and developing the project opportunity. In other Asia Pacific markets, a signed MOU is simply an indication that you've had a business meeting.

Canadian exporters should take advantage of the various organizations that can help them, such as EDC, Canadian missions abroad and local International Trade Centres. The use of an agent or partner in a foreign market can also be an excellent investment, not just for contacts but also for their experience in dealing with local cultural and business practices. It takes time to learn these skills, and exporters need to have staying power. Also, they must ensure that the product or service they're selling is modified to meet the particular needs of a market. One cannot assume that selling in the Philippines will be exactly the same as selling in Vietnam.

There are many options for companies taking a first step into Asia Pacific markets — they can work through World Bank or Asian Development Bank projects or look into possibilities through the Canadian International Development Agency. These projects help exporters build contacts within a country that can lead to future sales or joint ventures.

Any final thoughts on selling to Asia Pacific?

The long-term market in Asia Pacific is certainly there. I encourage all Canadian companies, regardless of size, to start making inroads into Asia — it's the place we need to be in the next millennium. Finding your niche and building around it is essential to success.

