

Using Trade Finance Mechanisms

Export Development Corporation (EDC)

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 compete in more than 200 countries, including 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. Examples include 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, wrongful 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