

SECTION I

Business Opportunities for Canadian Exporters through Canadian Financing Institutions

A. CANADIAN CHARTERED BANKS

The domestically-owned Canadian chartered banks have developed a strong presence over many years in the field of international banking and are recognized as being among the world leaders. In 1981 and 1982, the ranks of these long-established banks were increased as more than 50 new foreign bank subsidiaries became licensed under the Bank Act to operate in Canada. The combined effect of the presence of these domestic and foreign banks in Canada gives Canadian exporters access to international banking expertise on a scale that is equal to that found in any other country. The foreign currency assets of the Canadian chartered banks in 1982 amounted to more than \$149 billion, representing about 43 per cent of their total assets.

The Canadian banks maintain more than 7,000 branches in Canada and nearly 300 abroad. Where they are not directly represented, they maintain functional correspondent relationships with more than 5,000 institutions virtually everywhere in the free world.

A wide variety of complex and specialized international and foreign exchange services are provided by the banks' specially trained staffs in every province. The following are among the services available to exporters:

- the provision of buyer or supplier financing in Canadian dollars or in foreign currencies;
- the preparation of reports and advice on the credit status of buyers and potential buyers in foreign countries;
- the handling of commercial letters of credit and the negotiation of drafts drawn under letters of credit on foreign or Canadian banks;
- the provision of reports or counsel on market conditions, sales and investment prospects, import and exchange regulations and plant locations;
- the collection and discounting of time and sight drafts drawn on foreign importers;
- the handling of foreign remittances and transfers; and
- liaison with federal and provincial government organizations, as well as with foreign financial corporations, in their various assistance programs for exporters.

For detailed information and answers to specific questions, the chartered bank of your choice should be consulted.

B. THE EXPORT DEVELOPMENT CORPORATION (EDC)

The Export Development Corporation is a Canadian Crown Corporation that provides financial services to Canadian exporters and foreign buyers in order to facilitate and develop export trade. It does this through a wide range of insurance, guarantee and financial services not normally provided by the private sector.

1. Credit Insurance

Canadian firms of any size can insure their export sales against non-payment by foreign buyers. EDC normally assumes 90 per cent of the commercial and political risks involving insolvency or default by the buyer as well as

blockage of funds, war or rebellion, cancellation of import licenses and the like in a foreign country, and cancellation of export permits in Canada.

Almost any kind of transaction involving the export of goods, services or technology may be insured if Canadian content and EDC criteria are met. Insurance is available to cover sales of general commodities and services normally made on short-credit terms of up to 180 days, and capital goods and services made on medium-term credit, usually of up to five years.

In order to facilitate the exporter's banking arrangements, EDC will agree to pay any proceeds payable under an exporter's policy to a bank or other financial organization.

If a bank or other financial institution will agree to purchase an insured foreign receivable from an exporter with recourse limited to post-maturity interest, and to amounts which EDC has not covered under the policy because of loss related to events within the exporter's control, EDC is prepared to agree to the assignment of the exporter's rights and obligations under the policy to that financial institution.

The credit insurance services available are as follows:

Global Comprehensive Insurance

Global Comprehensive Insurance provides cover against both commercial and political risks inherent in an export transaction offering short-term credit.

Global Political Insurance

Global Political Insurance provides cover against specified political risks inherent in an export transaction. An exporter is required to insure all export sales unless excluded by EDC.

Selective Political Insurance

Selective Political Insurance provides cover against specified political risks inherent in an export transaction. An exporter may select certain countries for which he wants cover, but all export sales to buyers in the selected countries must be insured.

Specific Transaction Insurance

Specific Transaction Insurance provides cover until payment is received by the exporter for individual transactions involving capital goods and services either from the effective date of contract or from the date of the shipment of goods.

Other types of insurance available are as follows:

Loan Pre-Disbursement Insurance

Loan Pre-Disbursement Insurance provides cover for the production risk from the effective date of financing until disbursements are made under the loan agreement.

Foreign Investment Insurance

Foreign Investment Insurance provides cover for periods of up to 15 years or more against three broad categories of political risks: inconvertibility or the inability to repatriate earnings or capital; expropriation; and war and revolution.

Performance Security Insurance

Performance Security Insurance provides cover for the exporter against a wrongful call by a foreign buyer of an Irrevocable Letter of Credit (ILC) or letter of guarantee provided by the exporter's bank on behalf of the exporter.