

EDC risk policies enthuse exporters to U.S. marketplace

Two types of USA commercial risk policies, introduced just a little more than a year ago by the Export Development Corporation (EDC), are being enthusiastically received by Canadian exporters to the United States, the EDC reports.

To date, says the EDC, more than 250 Canadian companies have taken out the risk policies which involve potential exports of some \$300 million.

Introduced Oct. 1, 1985 and designed to protect Canadian exports to the United States, one policy is available for small businesses; the other for high-volume exporters who want a deductible feature.

Already, says the EDC, it has issued 230 small business policies that are expected to result in an export volume of some \$175 million and 23 deductible policies involving potential exports of an additional \$175 million.

One of the main features of the small business policy, say EDC officials, is its simplicity. It can be issued to an exporter by an EDC representative on the spot on the exporter's first call.

This policy also contains a credit rating table which, when used with a credit rating issued by an acceptable credit rating agency, eliminates the need for the exporter to call EDC for approval.

The deductible policy, on the other hand, gives an exporter the option of self-insuring a portion of his risk. Most companies interested in this type of insurance, say EDC officials, can take their own credit decisions but are interested in insuring themselves against catastrophic losses.

While the United States, generally, is considered to be safe compared to markets in other parts of the world, the EDC reports that 52.7 per cent of its claim payments in 1985 were made on sales to this market.

Detailed information on these popular policies is available from any of EDC's regional offices or from the head office at 151 O'Connor St., Box 655, Ottawa K1P 5T9. Tel: (613) 598-2500. ★

Correction

The photo on page 6 of our last issue, Vol. 4, No. 20, incorrectly identified a person as Hugh Mah, President of International Geosystems of Vancouver. The correct identity is Arthur S. Hara, Chairman of the Board, Mitsubishi Canada Ltd., Vancouver.

Cracking China takes teamwork

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said Carney, China, among other countries, has been chosen as a priority market. And the reason is simple. China is Canada's fifth largest export market in the world.

Statistics show that, in 1985, Canadian exports to that country totalled \$1.3 billion. In that year alone, Canadian sales of manufactured end products increased by 500 per cent to \$150 million.

More important, however, is the fact that, of all the competitive countries seeking a place in the Chinese market, Canada is its fifth largest supplier.

"That's impressive," said Carney, "but we can do better."

And that's where the "tools" enter the picture. They include:

- the opening of a Consulate General in Shanghai;
- doubling of the trade staff at the Embassy in Beijing;
- the provision of concessional financing for projects in China (more than \$1 billion on a blended basis with the Export Development Corp. is available through this new mechanism);

'Teamwork is an essential ingredient'

opment Corp. is available through this new mechanism);

- increasing the Canadian International Development Agency (CIDA) budget for China to \$200 million over the next five years, a move which will enable CIDA to expand its program into the transportation and communications fields;
- the negotiation of a new and innovative technology co-operation program that will give Canadian firms "a head start" on priority projects in China; and
- the introduction the first of this month of a double taxation agreement with China.

Putting the tools in place was "necessary but not sufficient," said Carney. Teamwork is an essential ingredient (along with having the right technology and product and offering the best price and quality) for success.

"China sees Canada as one country," Carney elaborated. "By co-operation and co-ordination we can put forward the united front that achieves success and that will make us fourth or higher in China."

And just what is there to win in China? The country is no longer buying cars, refrigerators and radios.

What the country is doing, Carney said, is husbanding its funds to obtain the technology and equipment that a developing country needs (and Canada can supply) to produce food; to develop natural resources; to communicate; to move people and products; and to produce energy.

Knowing that such opportunities exist, the keys to breaking into this lucrative market, said Carney, are preparation, approach, perseverance and patience. In other words:

- Do your homework in advance. Contact the Canada-China Trade Council or External Affairs. Don't waste time and money on poorly defined "exploratory missions!"
- Try to understand in advance the inter-relationship of Chinese organizations of interest to you.
- Find out where the decision-making authority is.
- Use all the contacts you can. City and provincial "twinning" links have proven very helpful.
- Be willing, eager, to include existing Chinese capabilities and components in your bid. China is a huge country with extensive technical skills and they should be used.
- Be ready to make available some technology transfer and training. The Chinese are in a hurry to develop.

These keys, said Carney, have proved successful tools for a number of Canadian companies and consortia, many of them now working in China, some on the world's largest hydroelectric project; others in the transportation and communications fields; and still others in power; energy; agriculture; forestry; port and mining developments; and railway and mass transit.

More information on Canada-China trade or on market opportunities in China is available from External Affairs' East Asia Trade Development Division (PNTE), tel: (613) 992-9332; or call Info Export. ★

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