



## Challenges of International Trade October 2018

# About EDC

- ▶ Canada's Export Credit Agency
- ▶ Crown corporation wholly owned by Government of Canada
- ▶ Financially self-sustaining
- ▶ Operates on commercial principles



- Challenges:
  - Risk of non-payment
  - Competition
  - Inadequate margining
  
- Solution ?
  - ARI- Accounts Receivables Insurance

## ➤ Challenge

- Lack of working capital

## ➤ Solution?

- Export Guarantee Program. Working capital guarantees for:
  - Operating line, including SaaS facilities
  - Contract specific facility
  - Multiple contracts revolving facility
  - SRED filings
  - Foreign subsidiaries and acquisitions

- A consulting firm in the life sciences sector
  - Global footprint with over 300 projects
  - A frequent exporter with typical contract size of over \$100,000
  
- Challenges:
  - Multiple export contracts
  - Need working capital upfront to mobilise resources
  - Operating facility fully utilised
  
- Solution:
  - Canadian Bank and EDC partner to set up a \$ 500,000 Multiple Export Contract    Revolving facility with a 75% EGP from EDC
  - Canadian Bank margins up to a 100% of the cost of completion of the export contract

- A digital marketing software company
  - Moving away from professional services to SaaS based revenue;
  
- Challenges:
  - Un-profitable during the business model transition but required additional working capital support
  
- Solution:
  - Canadian Bank and EDC partner to set up a \$ 500,000 SRED facility with 75% EDC-EGP
  - Canadian Bank margins up to 50% on the accrued SRED and 75% on the filed SRED

## ➤ Challenge

- Collateral for bonds

## ➤ Solution ?

- EDC Account Performance Security Guarantee for :
  - Bid Bonds
  - Performance Bonds
  - Advance Payment Bonds
  - Warranty Bonds

- Exporter signed a \$500,000 contract in the Middle East
  - Requirement of 15% Performance Bond
  
- Challenges:
  - Bank needs collateral worth \$75,000
  - Bank to carve out security from Operating facility
  - Affects working capital availability
  
- Solution:
  - Canadian Bank and EDC partner set up a \$500,000 bonding facility
  - Each bond is guaranteed 100% by EDC. Operating line untouched and unaffected
  - Bonding facility can be used for Bid Bonds, Performance Bonds etc to support multiple export contracts



- ▶ <https://edc.trade/nanometrics-success-story/>