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Canada

Agricultural Situation

Export Development Corporation Reports Increase in Service of 11% for First Half of Year 2001

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Report Highlights:

More Canadian exporting companies used Export Development Corporation (EDC) trade finance services in the first half of 2001 to do business in more countries, compared to the same period a year ago, according to mid-year report. More than 5,200 companies used EDC services in the first half of this year, an 11% increase over the same period a year ago. EDC customers sold or invested in 166 countries and territories during the first half of this year, an increase from 158 a year ago. Business done in developing or emerging markets accounted for more than \$5.6 billion of EDC's business volume, an increase of 12% from the same period a year ago.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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MORE COMPANIES USING EDC INSURANCE AND FINANCING: EDC MID-YEAR RESULTS

The following is based on a October release from the Export Development Corporation (EDC), soon to be known as "Export Development Canada." Please note that all values are assumed to be in Canadian currency unless otherwise noted.

More Canadian exporting companies used Export Development Corporation (EDC) trade finance services in the first half of 2001 to do business in more countries, compared to the same period a year ago, according to mid-year results just recently released.

More than 5,200 companies used EDC services in the first half of this year, an 11% increase over the same period a year ago. EDC customers sold or invested in 166 countries and territories during the first half of this year, an increase from 158 a year ago. And business done in developing or emerging markets accounted for more than \$5.6 billion of EDC's business volume, an increase of 12% from the same period a year ago.

"After record-breaking export trade results in 2000, the global economic slowdown is having an impact this year," says A. Ian Gillespie, EDC president and CEO. "But EDC is very encouraged by both the higher number of exporting companies who are turning to EDC to help manage their risks and grow their business as well as the increased trade being done in emerging and developing markets."

For the first six months of the year, \$20.5 billion in sales and foreign investments of Canadian exporting companies were completed with EDC trade finance services, a 10% decrease from the same period a year ago. Net income was \$102 million for the period ending June 30, compared to \$110 million reported for the same period last year.

The number of smaller businesses using EDC services in the first six months of 2001 rose 12% from the same period a year ago to a record 4,727 and the value of their exports grew 11% to \$3.96 billion from \$3.58 billion. Smaller firms account for nearly 90% of EDC's customer base.

EDC short-term financial services, such as account receivables insurance that protect against the risk of non-payment, were used by more than 4,100 exporting companies who concluded \$12.7 billion in export sales in the first half of the year. This represents a 14% decrease in volume over the same period a year ago.

Nearly \$7.8 billion in medium- and long-term financial services, such as loans and guarantees, were provided to 346 customers in the first half of this year, a 3% decrease in volume from the same period last year.

About the EDC

The EDC is a Canadian financial institution devoted exclusively to providing trade finance services to support Canadian exporters and investors in some 200 markets, 130 of which are in developing markets, but also involve greater risk. The EDC helps Canadian exporters assess the long-term potential and manage the increased complexity and risk. The EDC's mandate is to act as a bridge between the support provided by commercial banks and what exporters need to succeed in export markets. EDC does this in a number of ways such as providing export credit insurance, which protects customers against events outside of their control such as a buyer refusal to pay. This insurance is also used by the exporter to free up working capital with their banks because the bank is confident the exporter will collect payment either from the buyer or the EDC.

EDC's financial services include credit insurance, bonding and guarantees, political risk insurance, direct loans to buyers and lines of credit in other countries to encourage buyers to 'buy Canadian.' The EDC also provides limited recourse financing arrangements, and joint ventures for projects involving long-term leasing arrangements and equity participation.

The EDC has developed a number of programs, many in partnership with other financial institutions, to service these companies' particular needs. For example, EDC joined forces with Montcap Financial and Accord Business Credit Inc., to launch ExportEase. With this service, exporters can concentrate on developing business leads while we provide administration and risk management support such as collections and cash management.

In 2000, Canadian business concluded \$45.4 billion in export and domestic sales and investments in markets using EDC trade financing services. Without the EDC's deal-structuring capabilities, many of these deals would not have been possible. Nearly 90% of EDC customers are smaller companies.

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