

Simplified Foreign Buyer Financing

At Export Development Canada (EDC), the door to exporting options is always open with new markets to explore and new opportunities to seize. Smaller exporters often come across U.S. or foreign buyers that request term financing. These exporters often miss these opportunities because they are unable to meet their buyers' financing needs. To address this problem, EDC has developed a buyer loan solution called Simplified Foreign Buyer Financing (SBF), specifically for small- and medium-sized Canadian exporters.

HIGHLIGHTS

- EDC provides a small, term loan to the exporter's foreign buyer (up to or less than US\$100,000) in support of a specific export contract.
- A 15% down payment from the buyer to the exporter is typically required.
- The loan can be for up to 85% of the contract value and may be issued all at once or in installments.
- The loan will generally be unsecured with no recourse to the exporter.
- Along with the loan interest rate the only other fee is a US\$500 documentation fee (payable by the buyer to EDC).
- The approval process is fast and simple.
- Support is available for capital and non-capital goods and services sold under an export contract as long as the goods and services meet EDC's environment and Canadian Benefits criteria.

HOW SBF WORKS

- The exporter provides EDC with the export contract and credit information on its foreign buyer.
- EDC completes its credit review and approval process.
- Once approved, EDC issues a loan agreement to the buyer and alerts the exporter.
- Payment to the exporter is usually triggered by EDC's receipt of a buyer-approved invoice.
- EDC is responsible for collecting payment from the buyer and administering the loan.

KEY BENEFITS

Simplified Foreign Buyer Financing can help both the Canadian exporter and the foreign buyer.

1. Extended payment terms

It gives Canadian exporters the ability to offer extended payment terms on specific export contracts to their foreign buyer.

2. Encourages companies to buy Canadian

Foreign buyers can purchase Canadian-made or sourced goods and services more often.

3. Cash sale for you

The funds are disbursed directly to the exporter for the goods or services according to the loan agreement and the terms of the contract.

› FIND OUT MORE

Call us today at **1-800-368-6664** or visit www.edc.ca to get more details on how to apply for Simplified Foreign Buyer Financing.

Ce document est également disponible en français.