

Export Guarantee Program

One of the most difficult obstacles facing smaller Canadian companies is financing their international sales contracts. In response, Export Development Canada (EDC) can provide a risk-sharing guarantee to your financial institution which can, in turn, give them the confidence they need to provide you with access to more working capital and term financing.

SUPPORT THAT HELPS YOU EXECUTE THE CONTRACT

With the Export Guarantee Program we can provide your financial institution with guarantees on loans to:

- finance your work in progress and inventory related to a specific or multiple export contracts;
- finance ongoing export-related working capital needs;
- finance the purchase of equipment or other expenses related to export activities;
- provide support for those looking to expand their business by making business investments outside Canada;
- finance foreign-domiciled inventory. Among other requirements, this type of inventory must consist of finished goods for which the exporter has unencumbered legal title;
- free up your working capital by using the security of your foreign receivables and an EDC guarantee to your financial institution to increase your operating line of credit; and
- obtain financing related to your federal and provincial Research and Development Tax Credits (R&D) as well as your Interactive Digital Media Tax Credits.

The value of the guarantee can vary depending on the credit strength of your company as well as the quality of the security package. The guaranteed amount is typically 75 per cent of the amount of the loan provided by your financial institution. However higher guarantee coverage is possible, as outlined below.

EGP coverage can vary from:

- up to 75 per cent for guaranteed amounts greater than \$500,000 and up to \$10 million
- up to 90 per cent for guaranteed amounts up to and including \$500,000
- up to 100 per cent for loans where Canadian companies are making direct investments abroad or are looking to set up an operating line for their foreign subsidiary

KEY BENEFITS

The Export Guarantee Program can help you finance your international sales.

1. Increase working capital

Guarantee provides access to working capital and term financing.

2. Build financial capacity

EGP gives you the financial capacity to complete and perform the contract.

3. Free up line of credit

When you have a guarantee in place, your existing operating line is not affected and remains available for day-to-day operations.

4. Boost sales

Access to more capital means an opportunity to increase sales and profits in international markets.

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EXPORTER ELIGIBILITY

- small- and medium-sized Canadian companies in most sectors;
- you must have, or be able to obtain credit arrangements with your financial institution; and
- your financial institution must indicate their willingness to participate in the deal.

GOODS AND SERVICES ELIGIBILITY

Support is available for goods and services sold under an export contract as long as the goods and services meet EDC's environmental and Canadian Benefits policies.

NEXT STEPS

Eligible exporters should contact their own financial institution and EDC Account Manager to pursue support under this program. EDC and the financial institution will work together to assist you.

WHAT ARE THE COSTS?

Costs are based on the associated risks, the duration of the contract and the amount of financing required.

› FIND OUT MORE

To learn more about EDC's bonding solutions, visit www.edc.ca/bondingform.

Ce document est également disponible en français.