INTERNATIONAL OPPORTUNITIES & THE CANADIAN SUPPLY CHAIN

Canada

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WHO IS EXPORT DEVELOPMENT CANADA?

- **A Canadian Crown Corporation whom:**
  - Aims to grow local businesses with knowledge and expertise
  - Partners with your existing relationships (Banks) to achieve financing
  - Mitigates the risk of doing business in new markets or within the Canadian Export Supply Chain
  - With the goal of Retention and Expansion for Canadian businesses

- **Exporter -** Direct Sales outside of Canada

- **Indirect Exporter –** Sales to a Canadian business whom goods/service are exports. (Oil & Gas, Mining, Forestry, Agriculture)

TAKING ON AN ADDITIONAL CONTRACT WILL PREVENT FURTHER EMPLOYEE CUTS

ONE UNPAID INVOICE CAN MEAN THE DIFFERENCE BETWEEN PROFIT AND LOSS

I DON'T KNOW HOW TO DO BUSINESS IN ANOTHER PROVINCE, WHY GLOBALLY?

KNOWLEDGE & RESEARCH



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KNOWLEDGE GIVES YOU CONFIDENCE

I. Premium Content	EDC now provides a **Premium Content Subscription** to high value market intelligence, economics reports, recorded webinars, etc.
II. Digital Tools and Services	**Digital Tools** are being developed to allow self-serve access to (for example) the Export Help knowledge base (Export Help Hub launched in December 2018), company risk assessments, trusted and vetted referrals, etc.
III. Export Help Group	Export Help is a micro advisory and navigation to trusted sources of information and referrals to SMEs and Government services. This is an analog version of a single window to the government and private sector trade ecosystem.

Hi Cindy,

It was so great to connect with you this week and learn more about you and your company, I am very excited to be working with you!

Below is some information that our Export Help team has prepared to help you with expanding your presence in the US:

Trade Commissioner Service (TCS)
The Trade Commissioner Service (TCS) assists Canadian companies doing business abroad. They can help with market intelligence, guidance on regulations, as well as providing qualified contacts such as potential partners in New York, Chicago and Silicon Valley.

- Contact **Ms. Petia Tchoukaleyska**, who covers the ICT sector in their Ontario office, at Ontario.TCS-SDC@international.gc.ca.
    - You can also reach out to the US teams directly: New York, Chicago, Palo Alto.
- The Trade Commissioners also organize **Canadian Technology Accelerators**, a five-month in-market program to support innovative Canadian companies with networking and building out their presence in their target markets. These take place in different locations including New York City and Silicon Valley.

Selling services to customers in the US

- Doing Business in the U.S. by EDC gives an overview of selling to the U.S. It provides regulatory tips, as well as regional market profiles.
- Exporting to the United States by the Trade Commissioner Service covers topics such as market entry. The following sections are of particular interest to companies that provide services and/or intangible goods (e.g. SaaS):
    - Market entry for service exports
    - Dealing with U.S. taxes - this mentions the US tax form, W-8BEN-E, which US clients may ask for (the purpose is to reduce withholding tax on your US-sourced income)

EXAMPLE – HIGH TOWER INSTRUMENTATION

- **A Canadian CCP based out of Red Deer**
  - Customer builds custom communication towers used in work sites for Oil & Gas work sites
  - Back in 2015, was a CAD 5M company whom serviced the oil patch in Northern Alberta
  - Also in 2015, was approached by companies in Vietnam, Israel, and Australia whom wanted to purchase his product
  - Now in 2019, is a CAD 2M company – to prevent further business downsize wants to learn how to sell to foreign markets

- **Previously an Indirect Exporter and now a Direct Exporter**

- **Negotiating open account terms with foreign buyers**

INSURANCE



Make sure you get paid

Our credit insurance protects you against an array of risks including customer bankruptcy or non-payment, contract cancellation, issues with currency conversion or transfer, and more.



Grow your business

Insuring your export sales allows you to offer more competitive payment terms to win contracts in international markets, without the risk.



Get access to more cash

With credit insurance protection, your bank will typically lend against your insured invoices for 90% of their value, significantly increasing your access to cash.



EDC SELECT CREDIT INSURANCE

Short-term coverage only when you need it

Ideal when:

- You're a new or occasional exporter
- You're exploring new markets and relationships with a few customers
- You need fast and simple coverage exclusively online
- You need to insure transactions less than $500,000

EDC PORTFOLIO CREDIT INSURANCE

Ongoing coverage for active exporters

Ideal when:

- You have consistent export sales
- You want to insure an unlimited number of customers
- You need flexible coverage with more policy options
- You need to cover pre-shipment costs in case of contract cancellation

Apply/Request a Quote:
https://www.edc.ca/en/solutions/insurance/credit-insurance.html

ACCESSING BANK FINANCING



EXAMPLE – ENVIROCON REMEDIATION SERVICES

- **A Canadian CCP based out of Edmonton**
  - Customer is a contractor to well-site remediation companies in Northern Alberta.
  - A CAD 5M company whom has won a CAD 30M contract, over 5 years – doubling their sales.
  - They require large capital investment 60 days prior to contract start, in order to purchase new equipment and hire more employees.
  - Only has CAD 700K in A/R (Margined at 75% is CAD 525K), but require CAD 1.0M Line of Credit to begin generating revenue.
  - New A/R won't be available for 30 days after contract begins.

- **An Indirect Exporter due to Oil & Gas supply chain**

- **Bank's won't provide a Line of Credit due to no asset security**

WHAT IS THE EXPORT GUARANTEE PROGRAM?

- It is a senior secured risk sharing tool used by your bank and EDC to help establish lending facilities or increase existing credit
- EDC looks to support your bank by enhancing their submission to their credit department by sharing in a monetary loss should there be a default on the loan
- Allows your bank to treat your international dealings as if it was here in Canada

TYPES OF LOANS THE EXPORT GUARANTEE CAN BE USED FOR:

- Operating Line Support:
  - Obtaining your first operating line
  - Increases in operating lines
  - Margined and unmargined lines
- Equipment purchases
- Support of pre-shipment cost (work in progress financing) associated with a signed contract(s)
- Foreign Inventory
- Financing your pre-filled and filed SR&ED claims

EXAMPLE – ENVIROCON REMEDIATION SERVICES

- **A new Line of Credit was approved for CAD 1.0M**
  - EDC worked with Envirocon's bank to approve the new CAD 1.0M line of credit
  - EDC provided a CAD 750K guarantee to the bank so Envirocon could utilize the entire line of credit
  - 60 days after the bid was won, and 30 days after the contract started, A/R had increased to CAD 1.1M (Margined at 75% is CAD 1.1M)
  - Bank pricing was lower due to the presence of a Federal Guarantee as security

- **Envirocon was approached by a company connected to the Kitimat LNG project for remediation of Natural Gas field sites**

- **Bid requirement is a 10% performance bond on the contract total of 15M (CAD 1.5M)**

BONDING



BONDING AND GUARANTEES

- **Issue letters of guarantee without putting up cash or credit to your bank as collateral**
- **We will provide a 100% guarantee to your bank for any bonds it posts on your behalf**
  - Contractual, regulatory and supplier guarantees
- **The Account Performance Security Guarantee is pre-approved, so you can go after new business knowing your bank will issue the guarantees your customers require**
- **Insurance available to protect you against wrongful calls**

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HOW DOES THIS HELP YOU?

- **Better Cashflow**
  - Minimize the capital you need to commit for the bank to issue guarantees on your behalf
- **Better Supplier Terms**
  - Provide a guarantee to your suppliers and negotiate more flexible terms as a result
- **Profit Margin Protection**
  - Cover your bonds at a predictable pre-set rate and factor the cost into your contract pricing from the outset
- **Pursue Opportunities**
  - Pre-approved support means you can go after new business knowing your bank will issue the guarantees your customers require

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LET'S TALK

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TAKE ON THE WORLD

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