Foreign Exchange Facility Guarantee

At Export Development Canada (EDC), the door to exporting options is always open with new markets to explore and new opportunities to seize. EDC has the products and services that can help to free up your working capital so that you can take on more export contracts. One of EDC's products is the Foreign Exchange Facility Guarantee (FXG).

MANAGE YOUR FORWARD CONTRACT COLLATERAL

If you are affected by the ongoing fluctuations in the Canadian dollar, chances are you've considered going to your financial institution to secure a foreign exchange contract to lock in an exchange rate. Unfortunately, financial institutions may require that you provide collateral of up to 15% of the forward contract's total value.

FREE UP MONEY TO DO MORE BUSINESS

This means that if you want to buy foreign exchange contracts worth $1 million, for example, you may have to provide $150,000 in collateral to your financial institution. That's money you could be using to do more business. On foreign exchange contracts of up to three years in duration, EDC can help by providing a FXG to your financial institution, which can be used to replace your collateral requirement.

MANAGE YOUR CASH FLOW

The FXG can also help you manage your cash flow and protect your balance sheet because you'll be able to accurately budget up-front costs associated with your export contracts. For example, if you get paid in U.S. dollars, and pay your suppliers in Canadian dollars, you won't have to worry about your margins falling due to currency fluctuations because your exchange rates are locked in through the foreign exchange contract.

OTHER WORKING CAPITAL SOLUTIONS

We have a number of working capital solutions that can help you meet the challenges of exporting – everything from insurance, which protects you against non-payment by your buyer, to guarantees and surety bonds that are often required by foreign buyers to ensure that you can perform under your contract.

KEY BENEFITS

Make the FXG a key component of your working capital strategy.

1. Free up your working capital
Replace your financial institution's collateral requirement on foreign exchange contracts.

2. Better manage your cash flow and protect your balance sheet
With FXG you can accurately budget your revenues and costs in Canadian dollars.

3. Pay your suppliers upfront
Don't worry about losing money because your exchange rates are locked in through the foreign exchange contract.

4. Take on more export business
Additional access to working capital means you can take on more business.

FIND OUT MORE

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

Ce document est également disponible en français.

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