NZECO - Supporting New Zealand’s Exporters

Helping New Zealand exporters grow and manage risk

MTANZ – 19 October 2016
What does NZECO do?

Help exporters and integral supply chain providers to:

- Manage payment risk;
- Secure sales;
- Access additional funding from their bank;

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“Complement not Compete”
NZECO Solutions – Risk on Sellers

Loan Guarantee

- Guarantee provided to NZ bank to enable exporter & suppliers to access additional funding/facilities.
- Assists funding of pre-shipment/pre-delivery costs
- Funding for leasing.
- The company must demonstrate managerial, technical & financial capabilities to deliver the contract & repay the loan.
- Maximum guarantee term: 5 years
- Trade managers need to be involved.
NZECO Solutions – Risk on Sellers

Contract Bond Guarantee

- NZECO guarantee to NZ Bank to support issuance of performance guarantees to overseas buyer and NZ exporters:
  - E.g. Bid bonds; advance payment bonds; performance bonds, warranty bonds.
  - Joint Application required between bank and business.
- For proven exporters and suppliers that lack sufficient security to provide the bond(s)
- Businesses must demonstrate managerial, technical & financial capabilities to perform contract
- Sectors supported: education services, hi-tech services, consultancy services, working boat-builds, telecommunications, software, specialised engineering, oil & gas.
NZECO Solutions – Risk on buyers

Short-term Trade Credit cover

- Insurance to cover buyer non-payment after invoicing on open account terms (e.g. 30–90 days)
- Up to 80%- 95% commercial & political risk cover
- Covered buyers in over 60 countries
- Can provide Top-Up cover with private insurers
- Letter of Credit 100% cover

Benefits:

- Mitigates repayment default for exporter and supplier.
- Enables exporter to develop new markets
- Exporter and supplier may access trade finance / advance cash flow from its bank
- Strengthens the exporters supply chain.
NZECO Solutions – Risk on buyers

Export Credit Guarantee

- Offer buyer extended repayment terms (>1 year)
- Covers risk of buyer default due to political / commercial events
- Ensure New Zealand companies are on a level playing field

Competitive advantage:

- Differentiate exporter’s offer from competitors
- Re-engage a buyer constrained by its domestic credit lines
- May be a cheaper option for foreign buyers where local debt relatively high
Case studies and examples

**NZECO Solution:** Working Capital  
**NZECO Product:** Loan Guarantee  
**Sector:** Wine/ICT

**NZECO Solution:** Secure Export Sale  
**NZECO Product:** Contract Bond  
**Sector:** ICT

**NZECO Solution:** Access Trade Finance  
**NZECO Product:** Short Term Trade Credit  
**Sector:** Manufacturing

**NZECO Solution:** Extended repayment  
**NZECO Product:** Export Credit Guarantee  
**Sector:** Manufacturing

**NZECO Solution:** Real time bus system  
**NZECO Product:** US Surety Bond  
**Sector:** ICT/Transport
Considerations

Exporter

- NZECO supports ‘proven’ Businesses to deliver export contracts.
- Assess **financial, managerial** and **technical** capability.
- Our ability to support depends on financial information available, including the bank’s credit memo, cashflows & financial statements.

Buyer

- NZECO supports credit worthy overseas and domestic buyers in support of ultimate export contract.
- Assess **financial** capacity of buyers to pay exporter/supplier.
- Our ability to support depends on financial information available online, from the buyer or from credit rating agencies.
Contact us

Assisting exporters and suppliers to:

- Manage payment risk
- Secure additional sales
- Access additional finance

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www.nzeco.govt.nz

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