



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;

Risk on Buyers	Risk on New Zealand Companies
Trade Credit Insurance	General Contract Bond
Export Credit Guarantee	Loan Guarantee

“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.



EXPORT CREDIT
OFFICE

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: Extended repayment

NZECO Product: Export Credit Guarantee

Sector: Manufacturing



NZECO Solution: Access Trade Finance

NZECO Product: Short Term Trade Credit

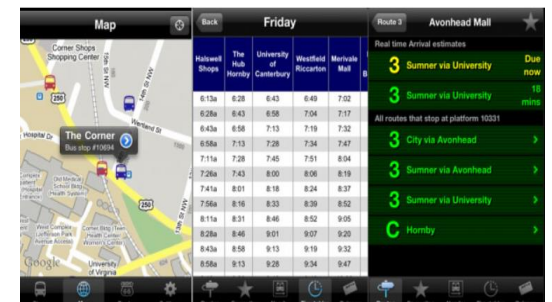
Sector: Manufacturing



NZECO Solution: Secure Export Sale

NZECO Product: Contract Bond

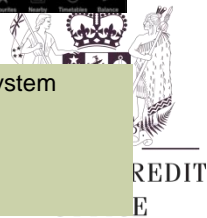
Sector: ICT



NZECO Solution: Real time bus system

NZECO Product: US Surety Bond

Sector: ICT/Transport



CREDIT
E

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

(04) 917 6060

www.nzeco.govt.nz

Register for our bi-monthly newsletter