



22 November, 2011

Export Credit Arrangements
Productivity Commission
LB₂ Collins Street East
Melbourne VIC 8003

Dear Sir / Madam

The Australian Trade Commission (Austrade) welcomes the opportunity to provide a contribution to the Productivity Commission's inquiry into Australia's Export Credit Arrangements. Austrade's submission will primarily address the Commission's Terms of Reference 7-9.

Austrade considers the Export Finance and Insurance Corporation (EFIC) plays a valuable role, particularly evident in current market conditions, in the provision of trade finance. The expertise and specialist knowledge of EFIC, which is not available in Austrade or other parts of government, is valuable in providing specialised financial and insurance services and products to assist Australian exporters.

Austrade also considers that EFIC plays a valuable role in developing and promoting the development of solutions that support Australian exporters in partnership with financial institutions.

About Austrade

Austrade is the Australian Government's international trade, education and investment promotion agency, operating as a statutory agency within the Foreign Affairs and Trade portfolio.

Austrade assists Australian businesses to succeed in trade and investment internationally, attracts productive foreign direct investment into Australia and promotes Australia's education sector internationally. Austrade has a network of offices in over 50 countries.

Our role is to advance Australia's international trade, education and investment interests by providing information, advice and services.

Specifically, we:

- Assist Australian enterprises to capture increased export and overseas investment opportunities, including through administration of the Export Market Development Grants (EMDG) scheme and TradeStart partner program;
- Attract productive foreign direct investment (FDI) into Australia, providing a range of advice and information to international investors and working closely with state governments to streamline investment facilitation;

- Promote the Australian education sector in international markets and assist Australian education and training providers with market information;
- Provide advice to the Australian Government on its trade and investment policy agenda; and
- Deliver Australian consular, passport and other government services in designated overseas locations.

In 2011, Austrade completed an organisational review to reshape its strategy, operating model and structure. The core elements of the new operating model are:

- A clearer rationale and purpose - predicated on addressing market failure and focussing resources where Austrade as a government agency can add the greatest value;
- A realigned international network – with a different focus in different markets reflecting the commercial potential as well as the nature and scale of impediments to business in those markets and the optimal role for Government;
- A service delivery model targeted to internationally ready firms, supported by simpler packaging and pricing of services;
- A focus on identifying and bringing tangible foreign business opportunities to Australian business;
- Sharper investment promotion, attraction, and facilitation priorities;
- A more open and contemporary approach to sharing Austrade information and insight, with new investment in online service delivery and information dissemination and strengthened collaboration with government and commercial service providers; and
- A commitment to strengthening organisational capability through simplifying the organisational structure, new initiatives to build workforce capacity and streamlining of corporate administration.

Austrade's unique value stems from the combination of its knowledge of, and connections in, international markets and its status as a government organisation.

Interaction between EFIC and Austrade

Austrade has interactions with EFIC in Australia and in a range of markets, which facilitate introductions to those markets and networks within countries. Austrade and EFIC have worked together in Australia on particular issues, for example in the development of specific products (e.g. *Navigator* – an online guide to trade finance for SMEs) and overseas on individual business opportunities (e.g. sales of fast ferries into Europe). If requested, Austrade can provide further specific examples of interactions between Austrade and EFIC across a range of Posts.

Austrade currently has an engagement plan in place with EFIC which seeks to:

- Connect EFIC's business development team with offshore posts, regions of interest and onshore domestic industry representatives;
- Include EFIC in relevant trade missions and briefing materials;
- Maintain and develop synergies around web content, general promotion and marketing including sponsorship of the Australian Export Awards;
- Cross promote with the Export Market Development Grants (EMDG) Scheme administered by Austrade; and
- Provide hot desk facilities for EFIC in selected offices in Australia.

Austrade regularly shares information with EFIC in relation to economic analysis, risk management perceptions, trade and investment research. EFIC has access to visits, web events and selected subscriptions such as the *Investor update*. Austrade and EMDG online and hard copy collateral carry references to, and details on, EFIC.

Conclusions

Austrade notes the expertise and status of EFIC in providing specialised financial and insurance services and products to assist Australian exporters, and in having a private-sector board with deep technical understanding of the commercial export finance industry.

Austrade considers that EFIC continues to offer services relevant to business. As an example, EFIC established the Navigator program in 2010 which is designed to assist SMEs access finance (addressing a commonly perceived difficulty for SMEs). EFIC's technical understanding of the operation of finance markets enables it to develop relevant service offerings to meet needs identified within the exporter community.

Yours faithfully

Laurie Smith
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International Operations, Austrade