

We would like to comment and dispute certain findings of the Productivity Commission with regards to EFIC.

1. Background of Aircraft Support Industries (ASI).
2. History of EFIC co-operation with Aircraft Support Industries
3. Benefits of EFIC support
4. Particular findings of Productivity Commission and our view on them

1. Aircraft Support Industries is a Sydney based private company specializing in the design and construction of aircraft maintenance facilities globally. The company has been in operation for 25 years and has constructed over 80 facilities worldwide. More information can be found on the website [www.asiglobal.net](http://www.asiglobal.net).
2. EFIC has consistently supported ASI on a variety of overseas projects providing performance guarantees for projects in Jordan, UAE, Singapore and Vietnam. EFIC is currently reviewing its support for ASI's project in Russia. We have been very pleased and impressed with the professionalism of EFIC during all transaction cycles.
3. EFIC has been instrumental in ASI's success in overseas markets where Australian exporters often face unfair competitive disadvantage when, while customers like Australian product there are other foreign companies that enjoy zero percent financing from their governments and when winning projects are tied to government financial aid (this is the case particularly with Chinese exporters). EFIC's support has allowed ASI to have a more even playing field in bidding for international projects. The result has not only supported jobs at ASI but also has had a flow on effect on our Australian subcontractors.
4. The findings of The Productivity Commission that SME should qualify for EFIC support should not have revenue in excess of 25 million dollars in our view is deeply flawed. ASI is employing only 16 people in Australia but due to the nature of construction business the revenue can potentially be larger than the prescribed ceiling. That does not change the fact that ASI is a small company with limited profits and resources and would not be able to get adequate financing from commercial lending institutions without EFIC support. We believe that the Productivity Commission's definition of SME should have a more detailed review to allow such factors as industry type, profit size and number of people employed. Otherwise it would unfairly disqualify companies like ASI from EFIC support when ASI is a SME by all reasonable measures. Also ASI business is very highly specialized and a level of specialization seems to be neglected in The Commission findings.

The Commission's recommendation that EFIC should be able to support a company only 3 times is illogical, this figure seems unjustified and we would be interested to know what this figure is based on. EFIC should be able to support an Australian enterprise when it benefits the Australian economy and jobs and is not based on artificially made up number of transactions.

The commission's recommendation that EFIC should be only limited to providing guarantees and not project financing is ill advised. Project financing is often essential and instrumental

to securing projects overseas and reduces Australia exporters' competitive disadvantage in foreign markets.

The commission statement that "promoting exports per se will generally only shift domestic resources (labour and capital) away from more profitable activities and potentially drive down prices of the exports (benefiting foreign buyers) " is in our view misconceived and applies a very broad brush and generic view on the business. ASI's business activities are mainly overseas because the Australian aviation market is too small to support it and applying domestic resources to the project can only benefit Australia and has absolutely no detrimental impact on Australia's economy. If The Commission report is accepted it would unfairly disadvantage Australia exporters, limit the ability to innovate and put Australian jobs at risk.