

16 March 2012

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

Dear Sir

Re: Productivity Commission 2012, Australia's Export Credit Arrangement, Draft Report

EFIC provides a valuable service to assist the Australian private sector deliver on the significant pipeline of private and public infrastructure projects, which are currently at unprecedented levels. The ability to tender and execute the successful delivery of a large scale project requires Performance Bonds and Financial Bonds of many millions of dollars. In addition due to the scale of projects, the tenor of the bonding requirements is many more years than most financial institutions are willing to provide.

Further the ability to compete for an offshore infrastructure project requires similar bonding capabilities in countries where Australian corporates often do not have established banking relationships with local banks and therefore lack the capacity to offer the required onshore bonds, thereby restricting Australian corporates from competing in international markets.

EFIC provides an invaluable service to Australian corporates by supporting the political risk component of export finance, thereby expanding the opportunities of Australians to influence the region.

Finally it is worth noting that USA and Canada have some of the largest export support agencies in relation to financing, bonding requirements and political risk insurance. Without the assistance of EFIC, the competitive landscape will be further tilted against Australians winning international opportunities.

Yours sincerely,

Robert Bonaccorso
Chief Financial Officer
UGL Limited