



**GE**

**Kirby Anderson**

Policy Leader – Energy Infrastructure

GE Energy Australia & New Zealand  
Level 18  
127 Creek Street  
BRISBANE QLD 4000

07 3001 4339

[kirby.anderson@ge.com](mailto:kirby.anderson@ge.com)

**April 9, 2012**

Australia's Export Credit Arrangements  
Productivity Commission  
Locked Bag 2 Collins Street East  
Melbourne VIC 8003

Email [exportcredit@pc.gov.au](mailto:exportcredit@pc.gov.au)

**RE: Australia's Export Credit Arrangements – Productivity Commission Draft Report**

As a major Australian employer, technology and finance provider, project developer and investor, General Electric (GE) welcomes the opportunity to provide comment on the Productivity Commission's Inquiry into Australia's Export Credit Arrangements Interim Report.

GE notes the Commission's Inquiry has a strong focus on the role of the Export Finance and Insurance Corporation (EFIC), but it has also been requested to -

*"consider any other matter that may be relevant to the provision of export credit arrangements in Australia.... [and] consider, where relevant, the evolution in policies of export credit agencies internationally, including EFIC's interaction with other export credit agencies, credit insurers and multilateral agencies; developments in relevant international agreements including the OECD and the WTO; and EFIC's implementation of OECD commitments on export credits".*

GE's comments on the Interim Report will concentrate on these parts of the reference to the Productivity Commission.

As a global company, GE works with a range of export credit agencies (ECAs) on behalf of customers and partners.

The role of ECAs, in total, to provide liquidity during the recent financial crisis has been critical. However, GE would argue the performance and impact of ECAs in this role varied.

The ECAs of the United States (Ex-Im Bank), Canada (EDC) and Japan (JBIC) were well-positioned to react to the liquidity crisis as their ECAs could provide direct funding alongside their guarantees, whereas the European ECAs such as Coface, Euler Hermes, EC GD and Atradius were not.

As Table 10.2 on page 210 of the Interim Report summaries, the key product offerings of Ex-Im, EDC and JBIC included loans, insurance, and bonds and guarantees, while Coface, Euler Hermes and Atradius did not provide loans.

EFIC provides loans as well as insurance, bonds and guarantees; and GE would reinforce the importance of a direct lending program or coordination of a liquidity program with bank lenders.

GE disputes the Interim Report draft findings that -

*(5.2) "The decline in the provision of trade finance during the global was primarily due to lower demand for traded products. As such, government policy aimed at addressing the decline through the provision of export finance and insurance would not have been successful"; and*

*(6.2) "EFIC is likely to be crowding out private sector provision of export finance and insurance".*

GE also believes, contrary to the Interim Report, that EFIC has a legitimate role to play in the promotion of onshore resource projects.

The Report draft recommendation (10.1) that -

*"EFIC's support for onshore resource projects should cease, as there is no clear market failure affecting access to finance for these projects".*

GE believes EFIC should be permitted to be a lender for such projects and accept counter guarantees from other ECAs.

The continued development of Australia's resource project pipeline, with the availability of sufficient finance, skills and infrastructure, are critical to the nation's economic performance, productivity and international competitiveness.

In addition, GE believes EFIC's role in export promotion, as a well-managed and transparent source, to leverage shortfall in other sources of finance. GE would encourage EFIC to continue to have a domestic lending tool available to support exporters.

**Kirby Anderson**

Policy Leader – Energy Infrastructure  
(Australia & New Zealand)  
GE Energy