

CONCESSIONAL EXPORT FINANCE FOR CAPITAL GOODS

(Statement by the Acting Prime Minister, Minister for Overseas Trade and Minister for National Resources, the Rt. Hon. J D Anthony, M.P.)

I am pleased to announce new funding arrangements for the operation of the Export Finance and Insurance Corporation's (EFIC's) export finance facility which should enhance the opportunities of Australian exporters of capital goods and associated services to win additional business.

To date, funds for the facility have been provided on concessional terms from the Budget, as long term loans to EFIC. These funds have been blended with loans provided by the trading banks at commercial rates of interest to yield an overall concessional rate of interest designed to match the terms being offered by overseas competitors.

In accordance with its overriding objectives of achieving Budget savings and restoring initiative in appropriate areas to the private sector, the Government took up with the trading banks the possibility of the banks widening their involvement in the funding of the finance facility on a continuing basis.

The talks with the banks were positive and constructive. The banks have indicated their willingness to provide up to \$100m to EFIC to cover possible new export finance business undertaken by EFIC, as well as supporting some \$50m of existing export tenders. This represents a sizeable growth in the facility and will, I am sure, be welcome news to Australian capital goods exporters.

Under the new arrangements, the funds provided by the banks will be by way of direct loans to EFIC at commercial rates of interest. The Government in turn will provide to EFIC a subsidy from the Budget to enable the Corporation to on-lend the funds at internationally competitive rates of interest.

The revised arrangements will result in significant savings to the Budget while enabling EFIC to provide concessional finance in support of Australian capital goods exports as appropriate at an increased level. The new arrangements should make a major contribution towards the continued growth of capital goods exports from Australia and thereby assist the long-term development of this important sector of Australian industry.

The export finance facility has been instrumental in obtaining firm business of the order of \$30m over the last 12 months and implementation of these new arrangements will clear the way for consideration of export finance applications involving the provision of concessional finance amounting to some \$50m.

Canberra, A.C.T.

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