

AUSTRALIAN
ADVANCED
MANUFACTURING
COUNCIL



January 12, 2017

Submission to:

Senate Foreign Affairs, Defence and Trade Legislation Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Re: Inquiry into the provisions of the Export Finance and Insurance Corporation Amendment (Support for Commonwealth Entities) Bill 2016

The Australian Advanced Manufacturing Council strongly supports the changes proposed.

The proposed amendments will open up Efic's financial expertise to wider Commonwealth entities and companies, and importantly from an advanced manufacturing perspective, will support the changing nature of global business and Australia's international business growth.

We submit that these changes are essential to enabling Efic to more effectively fulfil its purpose of helping Australian businesses achieve export success.

More than 80 per cent of world trade occurs within the global value chains of Multinational companies.¹ This means that some of the greatest opportunities for growth for Australian companies may come from gaining access to these global value chains.

The Bill will ensure Efic is able to support a wider range of innovative Australian small to medium sized enterprises (SMEs) to grow internationally.

The proposed amendments remove limitations in the Efic Act to more appropriately focus on the actual benefits flowing back to Australia. This is to be applauded.

¹ http://unctad.org/en/PublicationsLibrary/unctad_oecd_wto_2013d1_en.pdf

The Bill includes two key changes to the Export Finance and Incorporation (Efic) Act 1991.

- i. The first amendment will enable Commonwealth departments and agencies to benefit from Efic's financing expertise. This will unlock Efic's ability to provide assistance in the operation and administration of financing programs when required and subject to Ministerial approval.
- ii. The second amendment will benefit Australian SMEs, by extending the existing Efic Act definition of 'Australian export trade' for guarantees to Efic loans. This will allow Efic to provide loans to a larger pool of SMEs, including companies that may not necessarily produce goods wholly or substantially in Australia, companies wishing to invest overseas and so on.

About the Australian Advanced Manufacturing Council

Formed in 2013, the Australian Advanced Manufacturing Council (AAMC) is a CEO-led private sector initiative pursuing Australian success in advanced manufacturing. The AAMC brings together industry leadership to drive innovation success and resilience in the Australian economy.

The AAMC includes: Agilent Technologies, ANCA Group, Australian Industry Group, Austal, Boeing Australia, NZ & South Pacific, Breseight Group, Cochlear, Cook Medical, CSL, Dow Chemical Australia and NZ, GE Australia, Korvest, Marand, Northrop Grumman, PPG Australia and NZ, ResMed, Quickstep, Siemens, as well as research members, CSIRO and Swinburne University.

For further information please contact:

Jennifer Conley
Executive Director
AAMC