



Short-Term Trade Credit Guarantee

Assisting exporters to continue trade on payment terms, in the absence of private sector provision.

A Short-Term Trade Credit Guarantee from the New Zealand Export Credit Office (NZECO) is a trade credit insurance product enabling exporters and their banks to support usual repayment terms from offshore buyers for less than 360 days. NZECO will insure the exporter (or their bank) in the event their buyer subsequently fails to pay due to commercial or political events.

Eligibility

It is typically best suited to firms who:

- Have commercially sound export contracts with credit-worthy buyers in normally insurable countries;
- Have confirmed that the private sector has cancelled cover or is unable to provide insurance on reasonable terms or conditions; and
- Sell goods or services with a NZ value-added component of at least 30% (which can include profit).

Key Parameters

- Covers the risks of a buyer defaulting on repayments due to certain commercial events or political events in the buyer's country (up to 90%).
- Applications for cover will be assessed by the NZECO using its existing underwriting principles and criteria.
- Pricing for cover will reflect the risk and costs associated with each transaction.
- A facility of \$150 million has been established for this product.
- Your bank may be able to provide you up-front funding using the NZECO guarantee.
- Your bank can also use this guarantee for Letters of Credit, if they have reached their limits with the overseas bank.

How Do I Apply?

NZECO requires an application form to be completed by the exporter and/or its bank. Please approach us as early as possible to discuss your situation.

A typical short-term trade credit guaranteed transaction is outlined below:

NZECO Short-Term Trade Credit Guarantee (example)

