



**NEW ZEALAND
EXPORT CREDIT
OFFICE**

General Contract Bond Guarantee

**Export growth constrained by bonding requirements?
Lack of security hampering growth?**

The New Zealand Export Credit Office (NZECO) General Contract Bond Guarantee is a guarantee to an exporter’s bank which enables the bank to issue a bond in situations where the exporter has a security shortfall. This allows exporters to take up additional or larger contracts with overseas buyers who require a contract bond as financial assurance for honouring its contractual obligations.

Key Benefits for Exporters

- Opportunity for exporters to secure additional or larger contracts with overseas buyers
- Extension of an exporter’s bank bonding lines without requiring additional security
- Can free up working capital.

NZECO can also offer unfair calling of the bond insurance direct to the exporter.

Types of bonds covered

- Bid Bond*
- Advanced Payment Bond/Performance Bond
- Warranty, Maintenance, and/or Retention Bonds*

** These bonds are conditional on there also being an advance payment and/ or performance bond requirement linked to the same contract – refer www.nzeco.govt.nz for further information*

Key product Features

- **Eligibility**
 - Applies to the situation where the exporter’s bank is unable to issue the bond due to a lack of sufficient security.
 - Exporters must be able to show NZECO that it has the managerial, technical and financial capabilities to perform the export contract that the bonds are tied to.
 - The exported goods/ services must have at least 30% value-add in NZ.
 - Exporters must sign a separate recourse agreement with NZECO.
- **Transactional Basis** – the contract bond guarantee is related to a specific transaction and is not an over-arching bonding facility.
- **Cost** – an initial \$1,000 application fee. Upon approval, NZECO will charge an upfront premium, which will reflect the risk assessed by NZECO.

To apply:

Exporter:

- Exporter needs finance for new bond

Bank*:

- Bank unable to provide bond
- Bank and exporter submit application to NZECO

NZECO:

- Assess exporter’s performance capabilities
- Decision, acceptance, letter of offer

Exporter:

- Exporter/bank accept offer
- Premium paid to NZECO

NZECO:

- Guarantee issued to bank

Bank:

- Bank issue bond required for contract

** For a list of participating banks visit: www.nzeco.govt.nz/product/contractbond*

For a list of participating banks, further information and application forms visit: www.nzeco.govt.nz | 04-917-6938

The New Zealand Export Credit Office (NZECO) provides financial guarantee products for New Zealand exporters. Our products help these exporters manage risk and capitalise on trade opportunities around the globe. As well as working directly with exporters, we work closely with commercial financiers in New Zealand and offshore to support and improve the competitiveness of New Zealand exporters. NZECO is currently located in the Treasury and obligations to third parties are guaranteed by the New Zealand Government.