



NORTEL RESPONSE TO CONSULTATION ON ECGD SUPPORT FOR FOREIGN CONTENT

Should ECGD change its current policy on foreign content?

Yes. The current policy is too restrictive and does not recognise the commercial reality of multi-sourced contracts. Nortel believes that ECGD should embrace the more flexible practices adopted by other ECAs such as EDC. Due to EDC's seemingly more positive and flexible attitude, Nortel invariably approaches it for support in the first instance, even where our UK subsidiary is the contracting entity because the concern is that engaging with ECGD is likely to be too cumbersome. ECGD's current policy on foreign content is one hurdle that Nortel faces.

In general, how much foreign content should ECGD be willing to support?

Ideally, up to 90%. However, it may be better to take a 'UK benefit' or 'UK interest' approach rather than counting the origin of content.

Should ECGD's policy include the flexibility to support more or less foreign content for a particular credit contract?

Yes. Adopting a 'UK interest' approach would embed flexibility from the outset.

What factors should govern whether such flexibility is exercised in individual cases?

Where ECGD has significant capacity on a particular market, it should automatically be prepared to be more flexible. However, more flexibility should not necessarily be precluded just because cover is restricted.

Whilst Nortel accepts there should be some 'rules' in this area, it does not believe ECGD should be too prescriptive. A case by case approach would be best.

ECGD should also recognise that changes in sourcing can happen after guarantee issue and not seek to 'control' this in an overly bureaucratic manner. In other words, a degree of tolerance should be built in from the outset and there should be no need to amend documentation.

Should ECGD also simplify its policy?

Yes, as follows:

- No distinction should be made between EU and non-EU content.
- The limit on support for local content should be set at the maximum provided in the OECD Arrangement.

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