

Euler Hermes supports investment in rail infrastructure in Switzerland

WALLISELLEN – March 27, 2014 – Euler Hermes foresees an increase in demand for bonding and guarantees for public transport projects in Switzerland over the coming years. Investment in the construction of railway lines and equipment is expected to increase substantially following approval in February 2014 of the so-called FAIF (“Financement et aménagement de l’infrastructure ferroviaire”) rail infrastructure financing and development plan.

“The companies involved in these projects will seek to optimize the generation of revenue while protecting their balance sheets and cash flows against unforeseen events”, says Stefan Ruf, CEO of Euler Hermes Switzerland. “Like the companies we supported during the construction of the New Railway Link through the Alps (NRLA), finance directors will want to improve their profitability, lighten their bank credit lines and optimize their cash. A solution with bonding cover gives the principal greater security if the contractor fails to fulfill some contractual obligations and greater protection in the event of any dispute”.

In the area of infrastructure projects, failure to comply with certain clauses in the contracts, particularly payment terms, can have serious consequences for companies’ financial situations, thereby limiting their capacity to respond to other projects. Euler Hermes expects a new pattern to emerge in the Swiss rail infrastructure sector and notes a shift in demand for bonds and guarantees from the banking sector in favor of bonding insurers.

As the leading global credit insurer, Euler Hermes has long experience worldwide in major infrastructure projects.

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The over 50 employees of Euler Hermes Switzerland are based in Zurich, Lausanne and Lugano.
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