berneunion

YEARBOOK
2015

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Contacts

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Thomas Krings


Jan Vassard


Karin Apelman

Berne Union 2015

PRESIDENT
Daniel Riordan
Chief Executive Officer of Zurich Global Corporate in North America

Dan Riordan joined Zurich North America in 1997 to establish and manage the global political risk and trade credit business. Before his current post, Dan also led a combined international surety, credit, and political risk group and served as president of Zurich's specialty products unit. Prior to joining Zurich, Dan was a senior executive managing Overseas Private Investment Corporation's (OPIC) portfolio of long-term investments in developing countries. Dan has been active in the Berne Union over the course of his career, serving as vice-chairman and chairman of the Investment Insurance Committee and as vice-president in 2011.

VICE PRESIDENT
Michal Ron
Head of International Relations and Network, SACE, Italy

With extensive experience in the world of structured project finance and export credit, Michal is currently heading SACE's international relations and network. Her responsibilities include international relations, overseas network and political credit recovery. She manages all activities related to the OECD, European commission and Paris Club with a track history of €9 billion ($10.1 billion) in sovereign recoveries over the last four years. More recently, she has steered the expansion of SACE's international network through SACE's presence in nine overseas locations (Hong Kong, Sao Paolo, Johannesburg, Nairobi, Moscow, Istanbul, Bucharest, Mumbai and Mexico City) and a MENA Office, currently scheduled to open in 2015. Before SACE, she spent 10 years at MCC SpA (head of oil, gas and petrochemicals, structured finance) and seven years with HSBC (London, Madrid, Milan).

Short Term Committee

CHAIR
Thomas Krings
Regional Director Risk, Member of the Board of Management Euler Hermes AG, Germany

Thomas Krings was born 1968 in Hamburg. He studied at Business Academy Hamburg, and graduated in business administration. In 1994 Thomas started working for Euler Hermes Kreditversicherungs-AG as assistant to the board. After various positions, he has now worked for more than 10 years in the export and project financing business line. He headed the export risk underwriting unit until 2008, followed by commercial controlling and product development. Since 2010 Thomas has been regional director of risk for the DACH region and member of the board of Euler Hermes AG since 2014.

VICE CHAIR
Jan Vassard
Deputy CEO, EKF, Denmark

Medium/Long Term Committee

CHAIR
Karin Apelman
Director General, EKN Sweden

Karin Apelman joined EKN, the Swedish Government's ECA, in 2002, as a member of the board of directors, and later served as second vice-chairman from 2006-2007. She was appointed director general in 2007. Karin is a member of the Swedish Radiation Safety Authority's financing delegation (SSM) since 2009, a member of the board of directors of Swedavia since 2010, and a member of the Advisory Council at The Legal, Financial and Administrative Services Agency (Kammarkollegiet) since January 2011. Karin was the chief financial officer at LFV Swedish Airports and Air Navigation Services from 2001-2007.

VICE CHAIR
Jing Fenglei
Chief Representative of London Representative office, Sinosure, China

Investment Insurance Committee

CHAIR
Vinco David
Senior Manager, Atradius Dutch State Business, The Netherlands

Vinco David has a 29 year long international experience in credit and investment insurance. He is currently a member of the management team of Atradius Dutch State Business NV, the export credit agency of the Netherlands. His responsibilities include international relations, reinsurance, product development, market development, communication and corporate responsibility. Previously Vinco held positions at the Berne Union Secretariat and the Netherlands Ministry of Finance.

VICE CHAIR
Jim Thomas
Executive Vice President and Managing Director, Zurich Credit and Political Risk

Prague Club

CHAIR
Karim Nasrallah
Managing Director, LCI, Lebanon

Karm Nasrallah is the founder and managing director of the Lebanese Credit Insurer (LCI). LCI is the first private independent credit insurance company in Lebanon and the Middle East. Through his different ventures, Karim has been involved for more than 20 years in all aspects of credit management, ranging from credit insurance and factoring to credit information and debt collection, in the Levant and the Middle East regions. Since December 2013, Karim has been the chairman of the Prague Club, part of the Berne Union. The Prague Club is an association of new and maturing insurers of export credit and investment which supports its members in developing their activities.

Berne Union Secretariat

Kai Preugschat
Secretary General
Kai Preugschat joined the Berne Union as the organisation's Secretary General in August 2014, based in London. Until then Kai was UniCredit Group's deputy global head of export finance. He also chaired the ICC's steering committee for its medium /long-term Trade Register.

Previously Kai co-headed the underwriting and risk management division of Germany's official export credit agency, Euler Hermes. Before that, he managed the Export Finance Bank-project (EFB) in Singapore, sponsored by ANZ Banking Group. From 2004 to 2008 Kai was with KfW IPEX-Bank. Between 1986 and 2004 he held various managerial roles for ANZ, Bayerische LB and Hypo-Bank.

Abbey Sturrock
Director
Abbey Sturrock joined the Berne Union in February 2013, as the assistant director. Before joining the Berne Union, from 2005 Abbey worked for Export Development Canada (EDC) – Canada's export credit agency. She initially worked within the mining, infrastructure development and services team as a political risk insurance underwriter for several years, and in 2012 moved to EDC's contract insurance and bonding team.

Laszlo Varnai, *Assistant Director*

Massimo Sarti, *Data Manager*

Ella Szukielowicz-Lindon
Business Support Manager

Jihong Jeong, *Secondee, K-sure*

Pu Yu, *Secondee, Sinosure*

Yushin An, *Secondee, K-sure*

Irene López, *Secondee, CESCE*


Jing Fenglei


Vinco David


Jim Thomas


Karim Nasrallah


Kai Preugschat


Abbey Sturrock

Management Committee Members

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EH GERMANY	EGAP	MIGA	NEXI
SINOSURE	SLECIC	US EXIM BANK	ZURICH

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INTRODUCTION

A changing Berne Union for a new and volatile world

Berne Union president and CEO of Zurich Corporate North America, Daniel Riordan, reviews the risks facing insurers in 2015 and highlights how the Berne Union is adapting to help its members

This report, as an annual review, presents the occasion to reflect on the many surprises, challenges, opportunities, and achievements that have emerged over the course of the last year. As an association of over 80 international members representing an even more diversified industry, that list is long and varied. 2015 to date has been no exception, both for the Berne Union as an organisation and also for each member.

The global economy continues to fluctuate with historical shifts in balance, difficulty in sustaining economic growth, and increasing volatility due to heightened interconnectivity of previously isolated risks. As experts in their respective fields, our members continue to evolve to meet the needs of their ever-changing customers and stakeholders. The Berne Union in parallel is also transitioning to be the insightful resource for members, industry practitioners, governments, and the public alike.

At the time of writing, the Chinese yuan has stabilised after the tumult of August 2015. Puerto Rico has presented to US Congress its debt restructuring plan, and US Exim Bank remains in a state of limbo. OPEC officials expect prices to remain below $60 per barrel of Brent crude at least into the second quarter of 2016, and the USA's US Energy Information Administration (EIA) expects the gap in oil output and consumption to grow in the near term. The spotlight on credit, geopolitical and investment hazards for companies of all sizes has never been brighter and the use of insurance is no longer a tool only to mitigate risks, but rather also a vehicle to support global expansion, to optimise financing of strategic initiatives, and to capture stakeholder value. When considered also alongside the dynamic between banks, export credit agencies, and the growing insurance market capacity, the case is made for continued strong competition from traditional players and new entrants in the sector.


Dan Riordan

For Berne Union members through the first half of 2015, this has translated into a consistently growing demand, due to a

The use of insurance is no longer a tool only to mitigate risks, but rather also a vehicle to support global expansion, to optimise financing of strategic initiatives, and to capture stakeholder value.

combination of greater risk awareness of exporters and investors coupled with a slower closing rate in particular for capital goods and infrastructure contracts.

The medium to long-term export credit agencies (MLT) have recorded a markedly lower new business volume of $59.5 billion, a decrease of 20% when compared to the first half of 2014. It is likely too early to draw conclusions about a general trend as far as the MLT decrease year over year due to the timing of reported deals typically being realised in the second half of the year. In contrast, new cover provided amounting to $49.8 billion by Investment Insurers (INV) remained in line with levels observed during the first half of 2014.

What started several years ago as a goodwill conversation between Berne Union officials and the IFC, this year developed into a capacity building effort with an emphasis into financing for the African banking sector.

Nevertheless this noticeable reduction should be considered as a strong reminder that the continued market volatilities may indeed result into a slowdown for some sectors.

While short-term trade credit insurance (ST) does not report its actual turnover except for the full year, overall country limit commitments are now just under $1 trillion, a reduction in excess of 13% when compared to the first half of 2014. 2014 ST turnover ultimately rose when compared to 2013 despite an initial round of limit cuts. Competition from excess bank liquidity may have a stronger impact in 2015 than years past. While rationing of commitments has continued throughout a number of mature and saturated OECD markets, the largest single country limit reduction was observed for Russia, a cut in excess of 50%.

As evidenced by the mixed business results describe above, it is largely too soon to tell just how this phase of post-global financial crisis recovery will continue, though the Berne Union and Prague Club continue to find ways to serve its members and to use the extensive knowledge of its membership to the benefit of the industry. Many examples of this have taken place throughout 2015, and some are highlighted below.

What started several years ago as a goodwill conversation between Berne Union officials and the IFC, this year developed into a capacity building effort with an emphasis into financing for the African banking sector. This element is a final facet of a focused collaboration with the World Bank that has also touched on industry trends such as climate finance and local currency financing, each work stream with noticeable progress seen in terms of new transactions and cooperation amongst ECAs, IFIs, and exporters.

In a topic not unrelated to underscoring the benefits of ECA-backed loans for banks, the Berne Union continues its efforts in evaluating and understanding how to serve the SME sector that is so critical in economies, emerged and developing alike. The instability in global economies continues to put a damper on economic growth expectations; and, accessibility to credit and financing for SMEs is a recurrent consequence in 2015. Potential solutions available for small- or medium-sized enterprises are being piloted and tested by Berne Union and Prague Club members and are as diverse as the local economies served, from technological applications to bespoke propositions and claims management tools. The constant across the public sector is the

The medium to long-term export credit agencies (MLT) have recorded a markedly lower new business volume of $59.5 billion, a decrease of 20% when compared to the first half of 2014.

desire on all parties to reinvigorate the contribution of these SMEs to pre-2009 levels and beyond.

While innovations and trends will keep export credits, capital financing and risk mitigation products relevant and applicable, there exists also a need to create a balance between the fundamentals of the business and leveraging new opportunities and frontiers. This year, the ongoing consultation between the Berne Union and the WTO resulted in two distinct instances of crossover between their mission and the institutional knowledge contained within the Berne Union. Specifically, this was noted in the benefits and limitations of the banks' ability to appreciate credit relief as an answer to Basel III regulations.

The world is becoming more interconnected and, as a result, more accessible today than in the past. Each of us is being challenged to do more, to work smarter, and to reach new heights. As such, over the last two years the Berne Union has gone far into cultivating a culture of accountability, transparency, and a high calibre of performance.

The leadership added a rigour to the medium to long-term strategic planning for the association, ultimately to provide high level of service and value to its members, and to attract attention of prospective members. The Secretariat has gained clarity and realised efficiency from the addition of annual performance management and career development tools, positioning the Berne Union as an employer of choice for industry colleagues.

In 2006 the Berne Union drafted and adopted a set of guiding principles that would reflect the values of the association, agreed to by 39 diverse member companies. Two years ago, we introduced a community element during the annual meeting programme of Berne Union and Prague Club. Members have contributed their time and enthusiasm over the span of four meetings to learn about the communities visited during meetings and to touch the mission of organisations serving those locales.

The focus remains on enabling collaboration amongst members and the industry at large. As this function solidifies, so will the reliance upon the business data collected and analysed by the Berne Union.

Each subsequent effort brings new interest and engagement from delegates and it is my hope that this initiative will grow as a fibre of the Berne Union's institutional values. Further, in 2013 the Berne Union and Prague Club also greatly increased their collaboration to break down siloes that previously made connections between members isolated and cumbersome. This has enriched exchange between the groups and continues to strengthen the voice of the Berne Union as a collective representative for trade and export finance.

In parallel, strides continue towards improving and increasing communication on all facets. The focus remains on enabling collaboration amongst members and the industry at large. As this function solidifies, so will the reliance upon the business data collected and analysed by the Berne Union. There are vast insights to be drawn from the data and it is to our collective advantage to build a world class capability, in complement of the anecdotal expertise of the members of the leading association for trade credit and investment insurers. ■

While innovations and trends will keep export credits, capital financing and risk mitigation products relevant and applicable, there exists also a need to create a balance between the fundamentals of the business and leveraging new opportunities and frontiers.

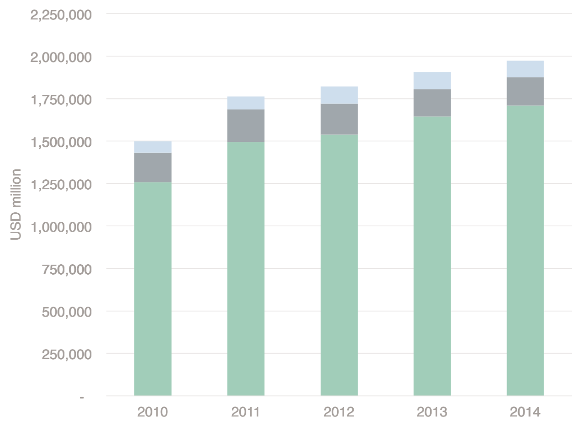
2

Data and Statistics

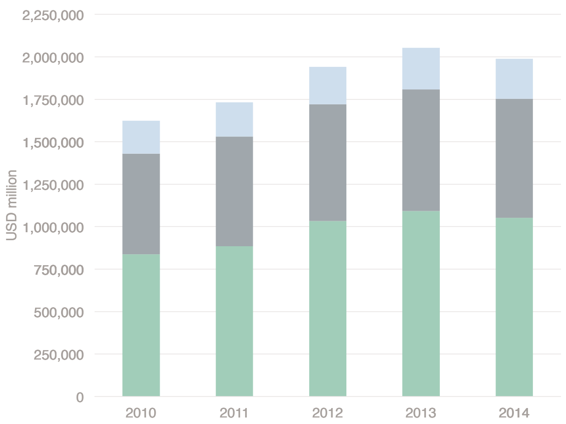
Berne Union: Totals

Key
- INV – Investment Insurance
- MLT – Medium/Long Term Export Credit Insurance
- ST – Short Term Export Credit Insurance

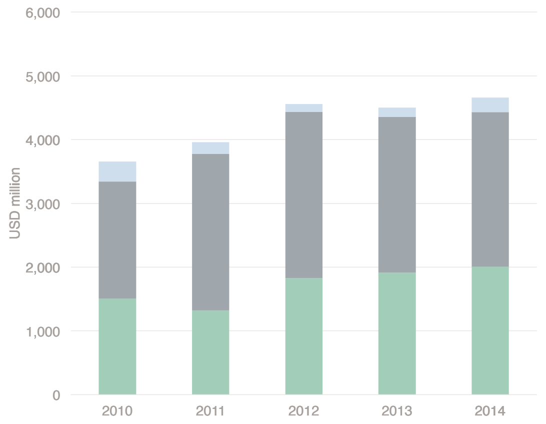
New Business – during each year



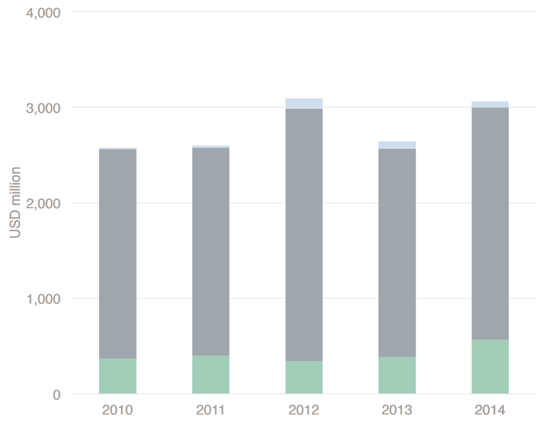
Exposure – at year end



Claims Paid – during each year

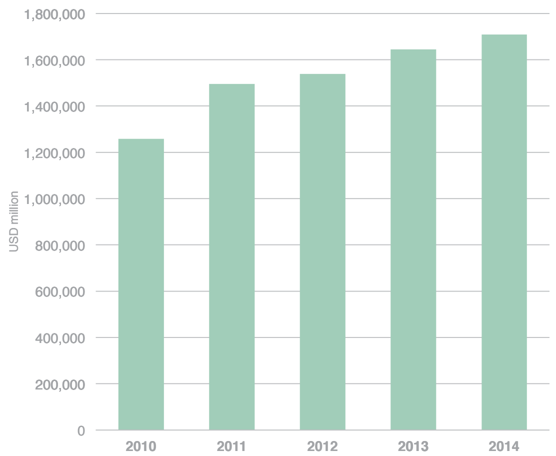


Recoveries – during each year

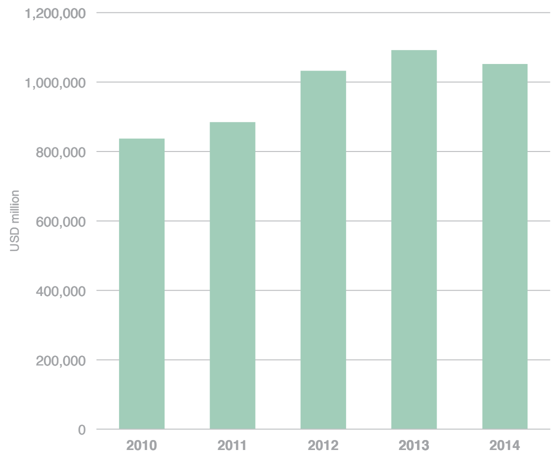


Berne Union: Short-Term Export Credit Insurance

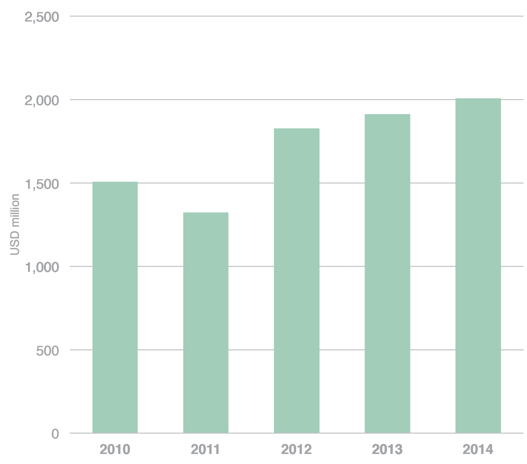
ST New Business – insured during each year



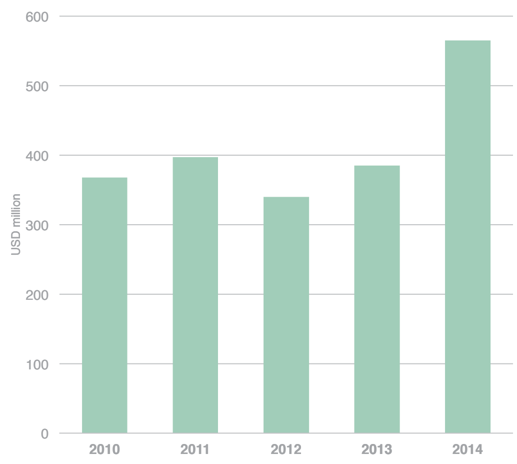
ST Credit limits – at year end



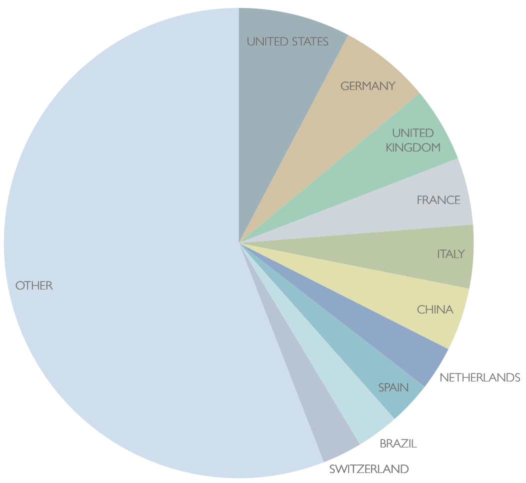
ST Claims Paid – during each year



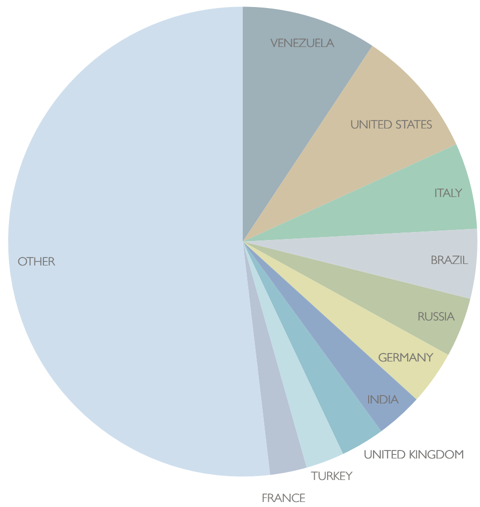
ST Recoveries – during each year



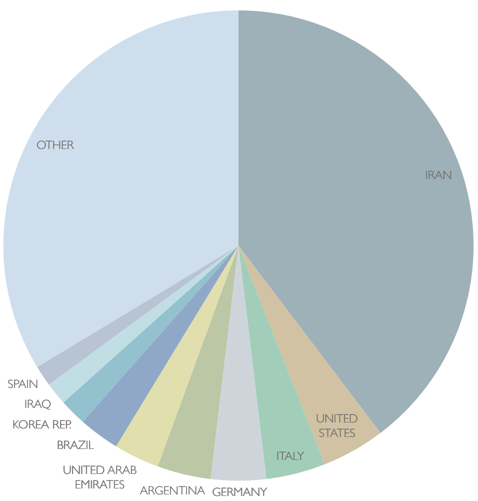
ST Credit limits 2014: Top 10 countries



ST Claims Paid 2014: Top 10 countries

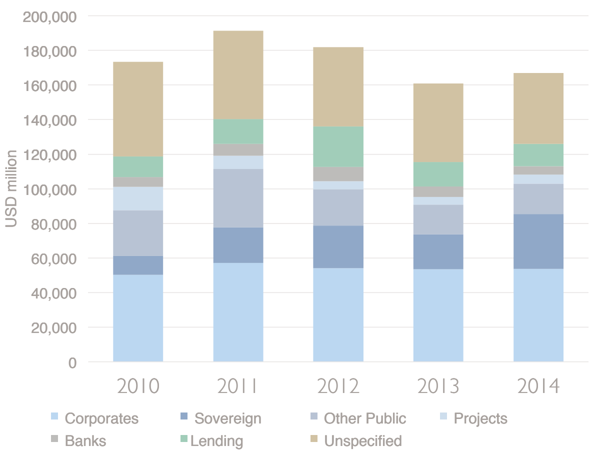


ST Recoveries 2014: Top 10 countries

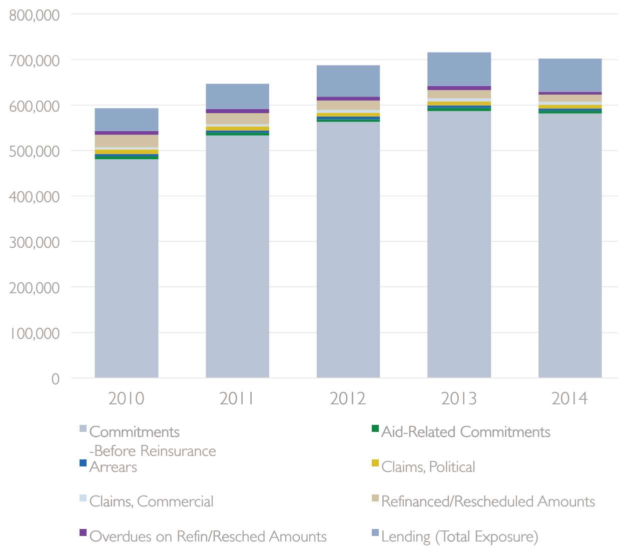


Berne Union: Medium/Long-Term Export Credit Insurance and Lending

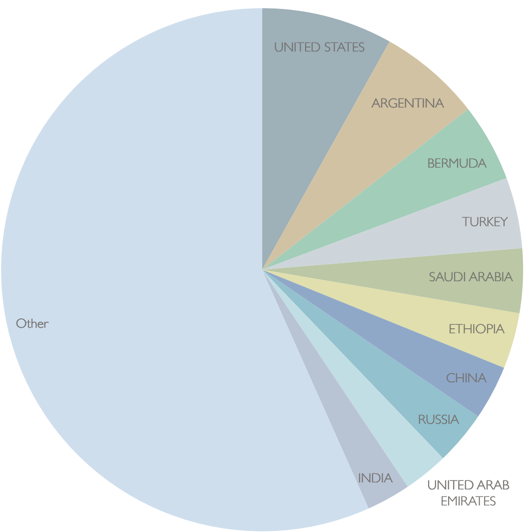
MLT New Business – insured during each year



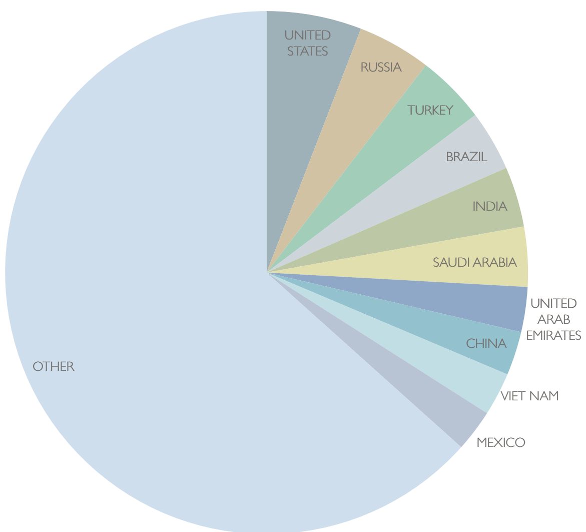
MLT Exposure – at year end



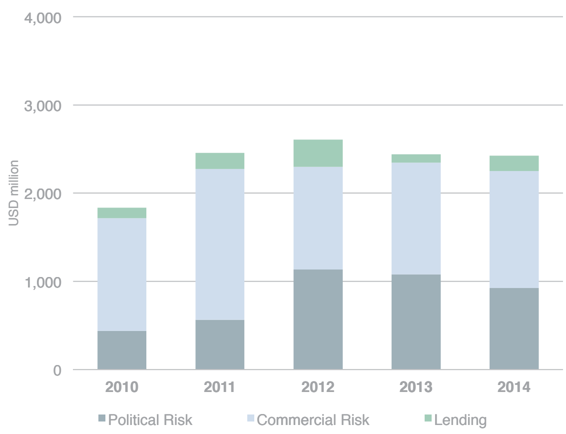
MLT New Business 2014: Top 10 countries



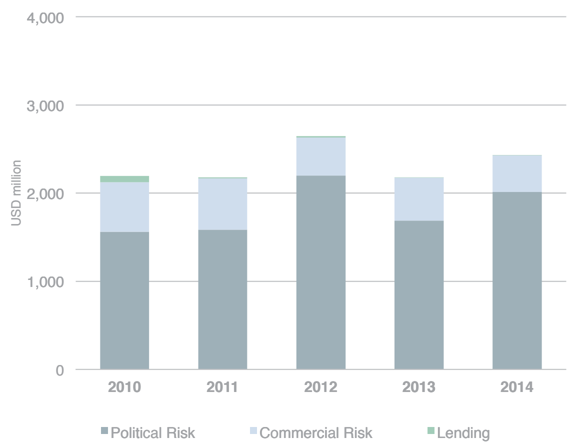
MLT Exposure 2014: Top 10 countries



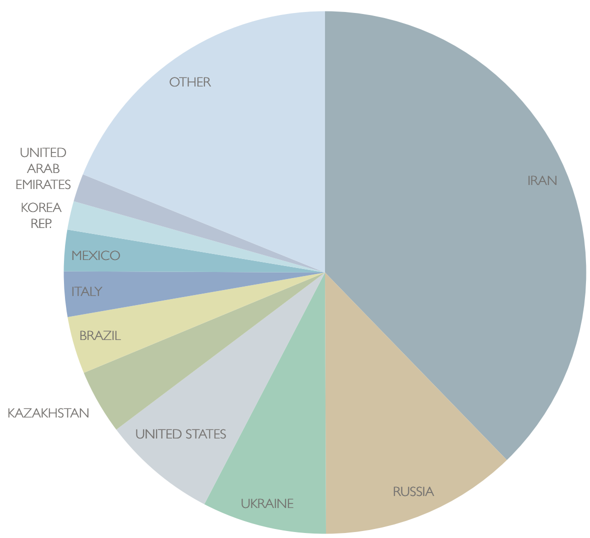
MLT Claims Paid – during each year



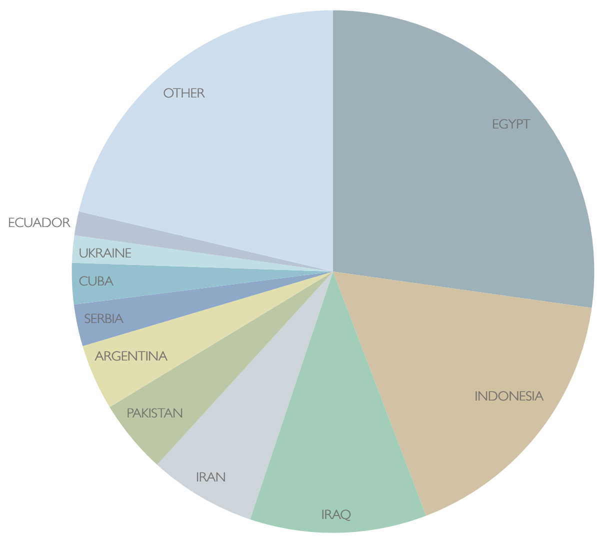
MLT Recoveries – during each year



MLT Claims Paid 2014: Top 10 countries

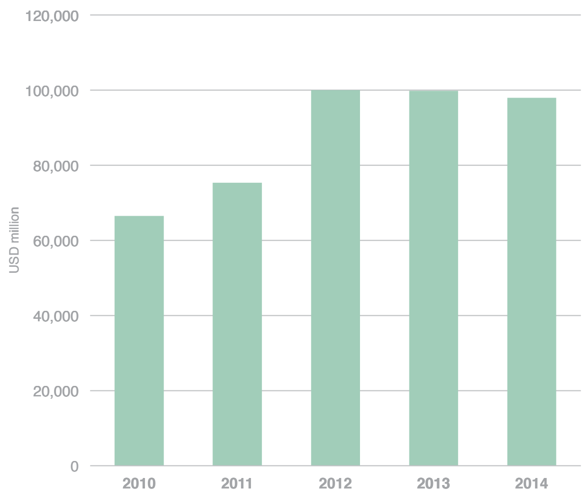


MLT Recoveries 2014: Top 10 countries

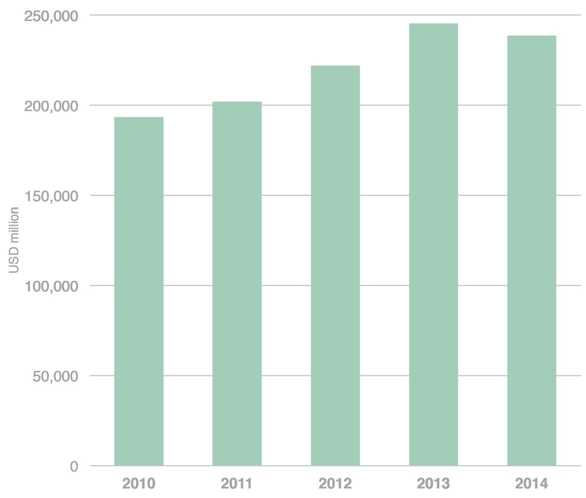


Berne Union: Investment Insurance

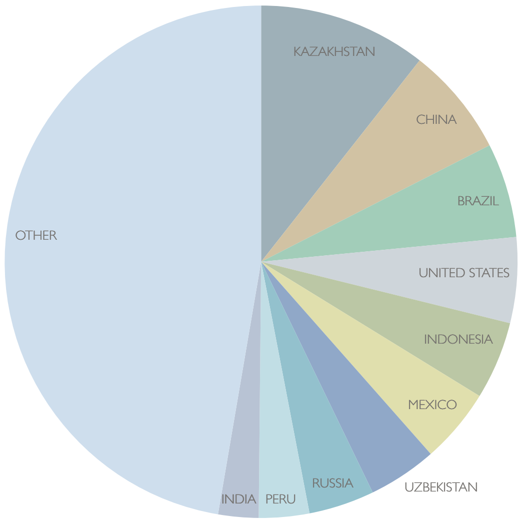
INV New Business - insured during each year



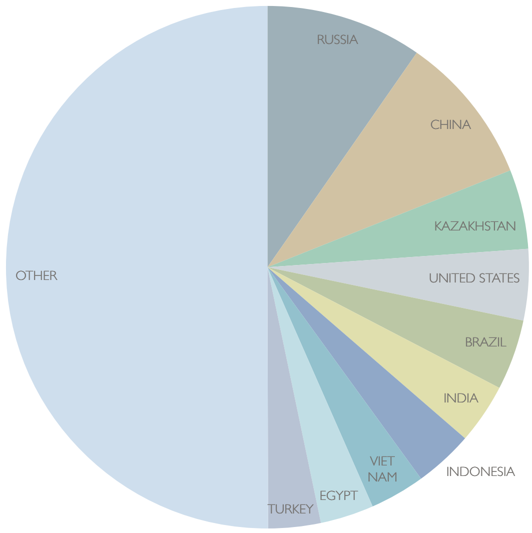
INV Exposure - at year end



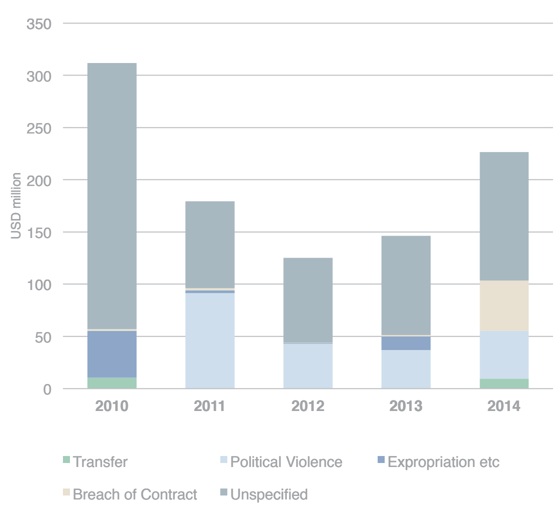
INV New Business 2014: Top 10 countries



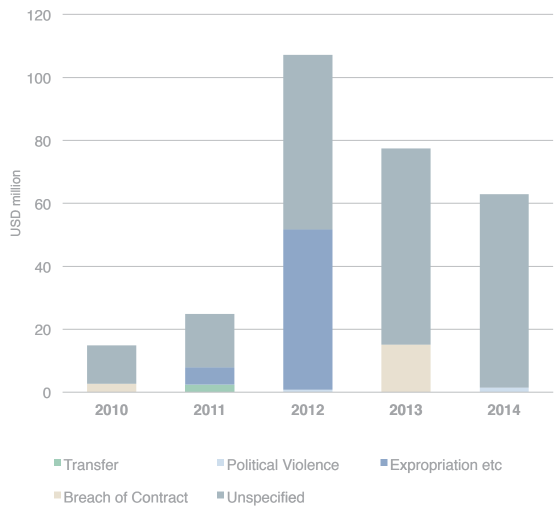
INV Exposure 2014: Top 10 countries



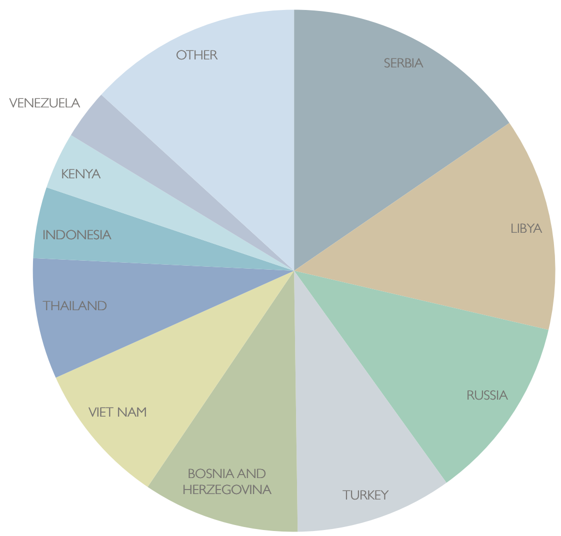
INV Claims paid – during each year



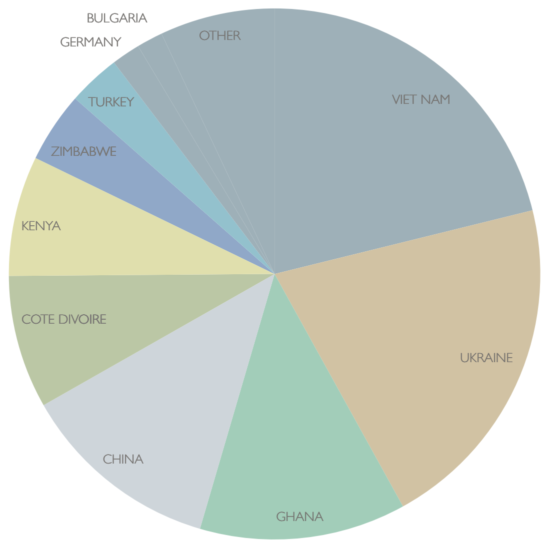
INV Recoveries – during each year



INV Claims Paid 2014: Top 10 countries



INV Recoveries 2014: Top 10 countries



ECAs continue to make a difference in difficult global trading conditions

By Kai Preugschat, secretary general, Berne Union, and Laszlo Varnai assistant director, Berne Union

2014: Export credit and investment insurance resilient, showing steady growth

2015: The jury is still out on impact of external factors

Volumes of export credit and investment insurance reported for 2014 by members of the Berne Union and Prague Club increased by 4% to reach a total amount of $2 trillion.

Out of this total business volume, more than $1.7 trillion represented short-term (ST) export credit insurance, while medium and long-term (MLT) cover provided by official export credit agencies (ECAs) amounted to just over $166 billion. In addition, investment credit insurance (INV) amounted to almost $98 billion in new cover.

Against a background of volatile economic developments globally, considerably weakening energy and commodity price levels and increasing geo-political risk hot spots, Berne Union members have impressively demonstrated the resilience of their commitment. This business evolution accentuates the growing awareness of exporters, importers, investors and banks about the positive credit enhancement and trade facilitating effects delivered by the export credit industry over the past years, with Berne Union members supporting about 10% of international trade in 2014.

Kai Preugschat

Laszlo Varnai

Total claims paid by Berne Union members during 2014 amounted to $4.661 billion, an increase of 3.6% compared to the previous year. Compared to 2013 ST claims increased to $2.007 billion (+4.9 %), MLT claims amounting to $2.427 billion remaining basically unchanged, however, and INV claims recorded a rise of 54% to $227 million

Since the beginning of the global financial

Against a background of volatile economic developments globally, considerably weakening energy and commodity price levels and increasing geo-political risk hot spots, Berne Union members have impressively demonstrated the resilience of their commitment.

crisis in 2008, Berne Union members have indemnified approximately $28 billion to exporters, investors and banks, compensating them for losses suffered due to defaults by obligors caused by commercial and political risk.

Thus, Berne Union members have provided ample and flexible risk capacity to support international trade and cross-border investment transactions, fostering sustainable economic growth.

Berne Union members continued to observe an unyielding demand level due to greater risk awareness of exporters and investors although coupled with a slower closing rate, in particular for capital goods and infrastructure contracts during the first half of 2015. It is too early to draw conclusions for overall trends, as many Berne Union clients report a healthy transaction pipeline. The aforementioned slower conversion rate may, however, very well be an indication of the current multiple economic pressure points impeding the growth of world trade.

Short-term business – solid growth, still in a good shape but growing pressure on pricing

Short-term business represents insurance of exports with repayment terms of less than one year – often 30, 60 or 90 days. These transactions are typically shipments of consumer goods, with the movements of ST export credit insurance closely linked with the ups and downs of the broader global economic environment.

The volume of ST export turnover insured by Berne Union members grew by 4.1% in 2014 and reached $1.709 trillion. This is significantly higher than the average growth rate for international trade during the past year. The rising demand may indicate a spreading awareness of the benefits resulting from the use of risk mitigation products to protect international sales transactions.

To support these exports, the insurance capacity provided by Berne Union members, measured by the amount of credit limits approved and granted to exporters at a given point in time, stood at over $1 trillion throughout 2014. At the end of the year, the capacity reached $1.051 trillion, -4% below the highest levels ever recorded in 2013. Achieving turnover growth while reducing risk limits demonstrates a greater efficiency and focus of the short term credit insurance industry.

ST claims paid by Berne Union members, to indemnify exporters for defaults on their trade receivables, rose from $1.913 billion in 2013 to $2.019 billion in 2014. While this 5.5% increase is slightly higher than the 4.1% turnover growth rate of the business, the overall default to turnover ratio of 0.118% continued to reflect sound underwriting practices. For most of the membership, ST claims paid have actually remained relatively stable. Yet the total claims figure certainly includes a number of larger defaults that mainly occurred in some of the current risk hot spots.

The strong competition among Berne Union members and from alternative providers for export risk protection such as trade finance banks and multilateral institutions resulted in a more favourable pricing environment for exporters. While not all members report premium data, the trend is pretty compelling: the ST loss ratio (i.e. claims paid as a share of the premiums earned) for Berne Union members continued to increase, now standing at about 56% after 49% in 2013 and 48% in 2012.

In 2014 the ECAs recorded higher ST loss ratios than their private peers. A credible cause is that, by mandate, the ECAs operate in a special gap to support their national exporters, in particular where commercial insurance cover might otherwise be difficult to obtain.

The highest volumes of ST claims paid per

Since the beginning of the global financial crisis in 2008, Berne Union members have indemnified approximately $28 billion to exporters, investors and banks, compensating them for losses suffered due to defaults by obligors caused by commercial and political risk.

country in 2014 resulted from defaults in Venezuela ($173 million), USA ($165 million), Italy ($110 million), Brazil ($90 million), and Russia ($76 million).

Berne Union members paid claims due to commercial buyer defaults in the United States and European countries, representing the largest international trade volume regions and the largest ST exposures for Berne Union members. Supported trade and thus exposure of members to Brazil has also remained on a relatively high level in recent years.

In 2014 only a very limited number of Berne Union members provided ST protection for exports to Iran, whereas a significant amount of claims paid earlier could be recovered from Iran. The declining energy price level has impacted the risk capacity for Venezuela which was severely restricted in 2014. Due to the tightening of the sanctions imposed related to the ongoing conflict, preparedness to underwrite risk in Russia and Ukraine was also curbed.

The $874 million claims payments reported for the first six months in 2015 were substantially (minus 41%) lower than during the same period in 2014 when, members indemnified clients for an amount of $1.484 billion claims.

ST does not report its actual turnover except for the full year. During the first half of 2015, in line with the trend observed during 2014, overall country limit commitments were cut to now $999.7 billion, a reduction in excess of 13% when compared to the first half of 2014. ST turnover for the full year 2014 continued to rise versus the full year 2013 despite an initial round of limit cuts, yet the competition from excess bank liquidity may have a stronger impact in 2015. While rationing of commitments has continued throughout a number of mature and saturated OECD markets, the largest single country limit reduction was observed for Russia to $9.6 billion – a cut in excess of 50%.

During the first six months of 2015 members have honoured $912 million in claims, a moderate decrease when compared to the first half of 2014 (minus 3.5%).

During the same period, recoveries amounted to $167 million, completely in line with the first half of 2014 (minus 1%).

Medium and long-term business – demand for ECA cover still above pre-crisis levels in 2014 but off to a slow start in 2015

The MLT statistics of the Berne Union capture export insurance coverage is provided by official state-backed ECAs only. Alongside insurance business, some ECAs in the Berne Union also provide direct financing, which is also reflected in the data and represents approximately 7.7% of the total business reported, after 8.75% in 2013 and 12.87% in 2012.

MLT export credit insurance covers exports of capital goods. These are transactions with longer repayment terms of typically five to seven years, and up to 10 or even 15 years for renewable energy and certain infrastructure investments in some cases. Most of the business is conducted with banks as the insured.

The total portfolio of MLT transactions insured by Berne Union ECAs reached $701 billion at the end of 2014, representing a slight decrease of 0.9% versus 2013, when the highest ever exposure was recorded.

New export credits covered in 2014 increased by 3.1% to $166 billion. This is still higher than the volume of new MLT business before the global financial crisis, yet lower than the record years 2009 and 2011 ($191 billion in both years), indicating that financial markets have stabilised.

The slight decline of the overall portfolio size indicates that orderly repayments from the high volume underwriting during the early financial crisis years are in full flow. Thus, MLT ECA business is expected to return to more normal levels. Whether there will be a new normal at higher levels than before 2008 remains the big question; increasingly non-OECD ECAs, especially China's Sinosure, continue to grow their share of the MLT business.

In 2014 new business for the large ECAs in OECD countries, with very few exceptions, has decreased or remained flat. This is less a result of a change in cover policy by the ECAs but reflects the underlying deal flow which appeared somewhat suppressed, at least partially as an impact of the sanctions in Russia where new business declined by 20% when compared to 2013.

Claims paid to customers by ECAs under MLT transactions amounted to $2.427 billion in 2014, a minimal reduction of 0.5% when compared to 2013 defaults. The highest amounts of claims paid per country were due to defaults in Iran ($916 million), Russia ($296 million), Ukraine ($187 million), USA ($172 million), and Kazakhstan ($97 million).

The background to the various claims situations is specific and differs significantly from country to country and case to case. A number of Berne Union ECAs have been affected by the Iranian sanctions situation, with obligors experiencing severe difficulties to effect payments abroad. While claims payments for exposure in Iran are almost exclusively linked to long-term transactions entered into prior to the imposition of the sanctions, almost no new cover for Iran has been issued in 2013 and 2014.

In Russia, although the environment and the cause for defaults are largely different, a number of ECAs have been affected by increasing losses; here the claims payments appear to be closely linked to the weak price levels for energy and mining resources. Whereas the relatively high number of claims in Ukraine seems to be directly linked to the unresolved conflict, and as a result Ukraine's shrinking national economy.

However, the diversity of causes triggering claims in multiple countries illustrate the necessity for official support in gap areas that may affect exports across the globe. The support of ECAs appears to be more than ever crucial to help banks and exporters trade internationally.

For the first six months of 2015 MLT recorded a markedly lower new business volume of $59.5 billion, a decrease of 20% when compared to the first half of 2014. Given the strong impact of larger transactions on the reported underwriting level combined with an often observed higher deal conversion rate during the second half of any year, it appears too early to draw conclusions about a general trend. Nevertheless this noticeable reduction should be considered as a strong reminder that the continued market volatilities may indeed result into a slowdown for some sectors.

The $874 million claims payments reported for the first six months in 2015 were substantially (minus 41%) lower than during the same period in 2014 when, members indemnified clients for an amount of $1.484 billion claims.

Recoveries improved by more than 18% to $1.413 billion during the first half 2015.

All eyes on Africa

Africa is a continent full of opportunities, where generally new underwriting figures have shown a continuous upwards trend in recent years. Yet there is a significant risk history and many African countries feel the impact of falling price levels for natural resources and weakening currencies.

Berne Union members new commitments for short-term trade receivables grew only slightly to $35.971 million in 2014 (minus 2.75% versus 2013), while claims payment remained volatile at $176 million last year, a 57% increase over 2013. Recovery levels reached $23 million by year end 2014 (minus 21%).

MLT total exposure reached a record $78 billion in 2014 with the volume of new commitments growing by 55% when compared to 2013. Claim payments for MLT transactions reduced year over year to $49 million in 2014 (minus 75%), recoveries amounted to $776 million in 2014 (plus 48%).

The total INV exposure is growing continuously, amounting to $39 billion at 2014 year-end. For African investments insurance transactions $49 million claims were paid in 2014, concentrated in Libya ($30 million), Kenya ($7.5 million) and Mali ($4.8 million), overall 49% higher than a year earlier.

INV encouragingly resilient in 2014 and during the first half of 2015

Under INV, Berne Union members report Investment insurance product variations, namely investment insurance for overseas investment against political violence, expropriation, transfer and convertibility risks as well as their non-honouring of sovereign obligations credit insurance products, providing cover against the inability or unwillingness to pay by sovereign and sub-sovereign obligors. INV also includes other credit insurance protection against political and commercial risks for bonding and untied loans.

The overall INV portfolio amounted to $234 billion at the end of 2014 (minus 4% versus 2013), with new underwriting of $98 billion (minus 1.8%).

In 2014 for investment insurance the largest indemnifications were paid for cases in Libya ($29.9 million), Russia ($26.3 million), Turkey ($22.2 million), Vietnam ($10.2 million) and Venezuela ($7 million). For non-honouring of sovereign obligations the largest claims were paid for defaults in Thailand ($12.5 million), Vietnam ($10.1 million), Kenya ($6.4 million), Belize ($3.2 million) and Bosnia and Herzegovina ($3.1 million). Within the remaining product line of investment insurance largest indemnified claims were related to obligors domiciled in Serbia ($35.4 million), Bosnia and Herzegovina ($18.8 million), Indonesia ($9.8 million), China ($3.8 million) and Singapore (U$2.4 million).

In 2014 recoveries amounted to $63.6 million, 18% below the 2013 level.

———— ♦ ————

During the first half of 2015 new INV cover provided amounted to $49.8 billion, remaining at the identical level as during the first half of 2014.

Claims payments for INV during the first half of 2015 stood at a relatively low level with $63 million of indemnifications (minus 50% when compared to the first half of 2014). Reported recoveries during the first half of 2015 stood at $7 million only (minus 71%).

Prague Club members

The Prague Club is the home of emerging export credit insurance companies generally with a more recent operational history and often domiciled in frontier markets. Current statistics by Prague Club members allow to assess the performance of both ST and MLT insurance activity.

Thus Prague Club members succeeded again, growing their ST new business volumes by 14% during 2014 over 2013, reaching a record volume of $25 billion, thereby earning $85 million premium for covering ST trade receivables which is almost the same as last year. This highlights that increased competition has led to falling premium levels in frontier markets, too. Claims payment for ST transactions remained stable at $30 million (-17% compared to 2013). The ST loss ratio reached 34% which is below the reported 56% level for Berne Union members during the same period.

In Russia … a number of ECAs have been affected by increasing losses; here the claims payments appear to be closely linked to the weak price levels for energy and mining resources.

On the other hand, after two strong years, new MLT business figures dropped back by 28% to $3.8 billion, with the overall exposures reduced to $20.8 billion at 2014 year end (minus 12%). The earned premium level almost halved to $133 million. Claims payments for MLT business have increased to $438 million in 2014 (plus 320% vs. 2013).

Prague Club members succeeded again, growing their ST new business volumes by 14% during 2014 over 2013, reaching a record volume of $25 billion, thereby earning $85 million premium for covering ST trade receivables, which is almost the same as last year. ■

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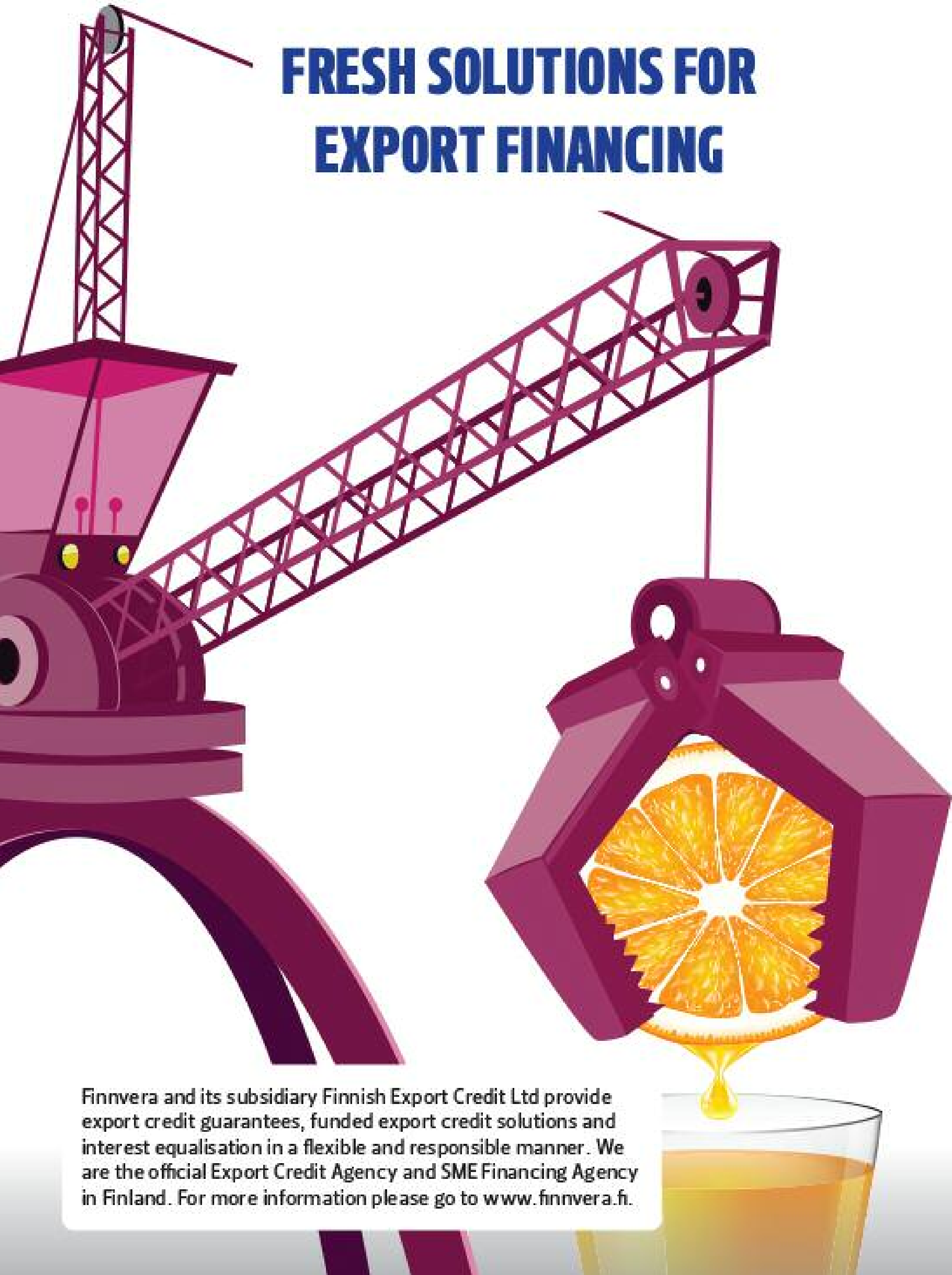
FINNVERA

FINLAND team



3

Expert analysis

The adaptable mandate of ECAs in a global trade credit insurance ecosystem

By Edna Schöne, board member, Euler Hermes Aktiengesellschaft AG

State export credit agencies (ECAs) make a substantial contribution towards boosting exports, along with growth and prosperity, in emerging and developing countries. In doing so, they do not compete with the private market. Instead, the coexistence of private and state support ensures that adequate insurance cover exists at all times and market situations.

However, as the global market is a moving target, ECAs will have to stay adaptable in terms of strategies, products, services and processes to fulfil their mission in the future. One important challenge is the increasing globalisation of value chains, leading to a constant pressure on foreign content rules and triggering enhanced risk-sharing models.

ECA – a stabilising element in the global trading system

Before the recent financial crisis, the financial community was increasingly questioning whether ECAs would be needed at all in the future. However, the discussion came to a preliminary end as marketable risks turned non-marketable during the crisis. As a result


Edna Schöne

many cross-border trade relationships could only be sustained with the support of ECA cover.

This development has led to a broad awareness that ECAs are a necessary and stabilising element in the global trading system. Also it turned out that the private market and ECAs, as complementary pillars, together provide the risk mitigation capacities needed. It is therefore reasonable to forecast that ECAs will continue to play an important role in global trade on a long-term basis, even as the private market regains momentum.

ECA support creates and sustains jobs at home and abroad

The economic benefit of ECAs has been repeatedly scientifically proven – most recently in 2015 by the renowned German Ifo Institute for Economic Research (ifo). The

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study once again documents the export-creating effect of the German ECA (Hermes insurance cover) and underscores the importance of this instrument to secure existing jobs and create new jobs in Germany and abroad.

According to the ifo study, in the past ten years an average of 200,000 employment relations were directly or indirectly associated with Hermes cover. Export transactions generated by Hermes cover secure and create some 85,000 jobs each year. Foreign countries likewise stand to benefit from German federal export credit guarantees. Between 10,000 and 25,000 jobs outside Germany are directly associated with Hermes insurance cover according to the ifo report.

Globalisation reinforces interaction

However, in order to continue this success story, ECAs need to adapt to a changing trade environment. This does not only entail a constant redefining of their own risk-appetite in a fast changing risk environment in many of the ECA's target markets, but also to take into account the structural changes of today's trade patterns. In fact the ongoing globalisation of production leads to stronger global interaction.

To offer a competitive contract price, it is often mandatory for an exporter to include deliveries from third countries into a project, be it from its own foreign subsidiary or from foreign suppliers. This is especially the case in the construction of larger infrastructure projects and in plant engineering and construction. This puts pressure on foreign content rules, particularly in countries like Germany, which follows the 'made in Germany' approach to measure eligibility for ECA support. It also triggers an increasing need to look for new risk-sharing models with other players.

This development has led to an increasing number of cooperation, co-insurance and reinsurance agreements between ECAs in different countries, but also between ECAs and private market players or multinational institutions. As an example, Euler Hermes, as the German ECA, today has cooperation agreements with ECAs from 37 countries, predominantly with ECAs in OECD countries.

Taking into account the important role of non-OECD countries in today's export finance world, it is not surprising that the interest in closer cooperation beyond the OECD is growing.

Taking into account the important role of non-OECD countries in today's export finance world, it is not surprising that the interest in closer cooperation beyond the OECD is growing. Furthermore, Germany currently assesses cooperation models with other multinational players and the private market for selected risks and, in particular, for foreign portions of an export transaction. However, such models need to be designed on a sound basis, including legal aspects such as public procurement law.

Conclusion

State export credit guarantees have a demonstrably positive economic effect. They lead to additional exports and have a positive impact on the labour market. The private insurance industry, in turn, benefits from ECAs because the state also keeps markets afloat in difficult times with its hedging facilities and also plays a pioneering role in developing new markets for the export industry. In the future, ECAs will have to adapt to many challenges, one of them being the increasing global interlacing, which will further intensify interaction between all export finance related stakeholders. ■

In the future, ECAs will have to adapt to many challenges, one of them being the increasing global interlacing, which will further intensify interaction between all export finance related stakeholders.

Capacity building is a 'win-win' strategy for both ECAs and their customers

Michal Ron, managing director, head of international business, SACE, argues that knowledge-sharing and cooperation in the export finance industry is a quick-fire way of boosting both international trade and its participants.

The idea that capacity-building initiatives act as an important engine for trade development is in its infant phase. But the theme is becoming one of the most frequently invoked creative tools in recent debates on economic development. Capacity building aims at "enhancing the ability to evaluate and address the crucial questions related to policy choices and modes of implementation among development options, based on an understanding of environment potentials, limits and needs perceived by the people of the country concerned"*, according to the United Nations. A widely accepted definition of the term is still lacking and a debate on the most effective initiatives that should be implemented through this tool is ongoing.

SACE's experience in the field during the past decade – also jointly with other ECAs – provides a solid contribution to this debate. Several BU members have developed programmes aimed at sharing their know-how to provide a better understanding of the benefits of export credit to private-sector banks, exporting companies and their foreign peers.


Michal Ron

These activities significantly increased in recent years and more resources have been dedicated by several financial institutions to capacity-building programmes. SACE last year set up a dedicated unit – Global Solutions – which provides training and advisory services to ECAs, international and public institutions, multilaterals and banks. ECAs were traditionally created as a government-policy instrument to support national companies in their export business or investment activities abroad. But what is the role they can play in this field today? The world and the global economy have changed significantly during the past decade. Globalization has impacted the fortunes and strategies of most emerging markets.

Three of the latest key factors in the evolution of trade are highly relevant to the

ECA activities in the capacity-building field can be used as an efficient and beneficial tool for enhancing world trade by increasing awareness of export credit insurance in emerging markets.

implementation of capacity-building programmes:

Growing importance of emerging markets to international trade
With the advanced economies largely evolving from manufacturers to service providers, developing countries have been growing in importance to world trade. An increasing number of emerging markets have succeeded in climbing the development ladder, diversifying their production from primary commodities to manufactured goods.

Financial integration of emerging markets
The impressive growth of the private sector in emerging markets allowed for direct access to international capital markets. But since the financial crisis an increasing number of countries have been experiencing the need to diversify their sources of financing.

Increasing integration of manufacturing companies as a consequence of de-localisation
This process has damaged SMEs, particularly in the advanced economies, as they tend to lose competitiveness within the global arena.

Bearing in mind these structural changes, SACE has identified three strategic areas for intervention and support of trade through capacity building:

- Technical assistance programmes for newly-created or established ECAs in emerging markets, supporting their national exporters and aiming at positive effects on their respective trade balance.
- Training seminars for local banks and public institutions, enhancing the range of financial services offered to their clients through the inclusion of export credit products.
- Support to SMEs in both their internationalisation process and their ability to access new frontier markets.

These three programmes provide reciprocal advantages and are described in more detail below.

Newly-created vs established ECAs

Several ECAs have developed technical assistance programmes in the past five years devoted to the set-up of new national export credit agencies. These programmes vary significantly, from preliminary support to governments and supervisory authorities during the decision-making stage, to the operational implementation of the new national agency. SACE has consistent experience in the field, having successfully contributed to the establishment of:

- SMECA, Serbia-Montenegro. The training project was developed in collaboration with the World Bank (WB), in order to expand cross-border trade and relieve the country of its dependency on donations. The WB co-financed the new ECA establishment, while SACE organised the training necessary to transfer expertise to both SMECA and local exporters.
- EXIAR, Russia. The Russian authorities set up EXIAR in 2011, with the objective of increasing and diversifying Russian exports to new markets. SACE supported the process from the preliminary to the implementation phase, through a dynamic approach addressing EXIAR's specific needs.
- The new Georgian ECA, 2015. SACE has recently provided capacity-building services targeted at establishing a new ECA in Georgia, which is expected to contribute to the country's balance of payments by enhancing the competitiveness of Georgian companies and their export activity.

Capacity-building programmes may also represent a significant tool for established ECAs that wish to further develop and expand their operations, adding on new products or enhancing specific skills through 'tailor-made' training. For ECAs mainly focused on short-term business, enhancing staff knowledge and expertise related to medium to long-term products can assist in developing new lines of business and covering new markets.

Similarly, ECAs currently operating mainly through traditional export credit may be planning to extend the scope of their support to assist clients with internationalisation, working-capital facilities and strategic transactions. With respect to risk-related topics, requests mainly address risk management from a portfolio perspective as well as credit risk analyses including counterparty, country and sovereign risk. Other ECAs are eager to increase their customer-base through commercial-strategy training aimed at developing a pro-active 'client-driven' rather than a 'transaction-driven' approach.

Banks and public institutions

In emerging countries, capacity-building programmes frequently cater to banks, ministries or other public institutions, with the underlying aim of sharing expertise on export credit and trade finance, including best practices and governance. Training programmes effectively constitute an extremely efficient instrument to raise awareness of the benefits of trade finance, and prepare adequate financial tools to foster cross-border trade, support exports and improve the balance of payments.

With this underlying objective in mind, a working group was set-up in 2013 by the Berne Union, in collaboration with the World Bank, with the aim of enhancing cooperation between the two organisations. Three major areas of joint collaboration were established, with SACE leading the capacity-building task force – together with the IFC, PwC, Zurich, ATI, ECGC and Sinosure. The group structured a joint training programme specifically addressing local players in emerging markets, with a focus on Africa.

The underlying objective of the BU-IFC training partnership was combining the expertise of ECAs and private insurers together with the IFC's consolidated experience in emerging markets and its global network. The group's combined experience in the training field and specific knowledge of the East African market dictated an agenda focused on the use of trade-finance instruments, and means of maximising the use of export credit in the current phase of economic development of certain sub-Saharan countries. Africa was considered a highly relevant starting point for this ground-breaking initiative because of its sound growth figures and vast investment potential. Special attention was focused on assisting local banks in building new business around export-credit financing and insurance, contemporaneously increasing regional trade.

The capacity-building task force worked on a pilot project, culminating in a joint BU-IFC training seminar in Nairobi, Kenya, last July. BU and IFC executives presented trade and project finance risk-enhancement instruments to local banks based in Kenya and its neighbouring countries. The seminar also included a special session with Kenyan banks' chief executive officers to raise their familiarity at a strategic level. It is intended that this form of capacity building aimed at local banks will be replicated in other emerging markets and located in different geographical regions.

Creating opportunities for SMEs

Exporting SMEs is an additional target for capacity-building services. In this field, SACE is committed to supporting Italian SMEs in every stage of their internationalisation process, especially in frontier markets which are particularly complex and challenging.

SACE developed Frontier Markets in 2014 – a programme providing SMEs not only with insurance and financial products to support their exports and investments but also a broad range of advisory and training services. Frontier Markets assists Italian SMEs in identifying those emerging markets with the highest potential, while at the same time providing the tools to evaluate associated risks and relevant mitigation instruments. The Frontier programme offers a range of services: the selection of potential counterparties, provision of specific advisory services and financial products in line with each country's specific business opportunities, and subsequent business trips aimed at matching the exporters' offer with local demand.

The focus has so far been on sub-Saharan countries. An initial successful result of the programme consists of the launch of a partnership between a consortium of 11 Italian companies, the Kenyan Kerio Valley

We are adamant that the sharing of knowledge is a powerful tool to promote economic development and cross-border trade. The capacity-building programmes undoubtedly lead to multiple benefits in both emerging and developed markets as they build upon decades of expertise, technical capacity and accumulated experience in international markets.

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Development Authority (KVDA) and Moi University in Eldoret, western Kenya, for the set-up of a dairy farm. The estimated project value is around €25 million and it will continue for a duration of 16 months. The pilot project is expected to enhance the dairy value chain in northern Kenya.

Through the Frontier programme, SACE offers 360° support. It plans to replicate similar partnerships in other regions as these produce reciprocal benefits for all parties involved. On the one hand, this project is expected to contribute to economic development by rendering the region self-sufficient (ie for the production of food), while on the other, SACE's role has allowed Italian SMEs to identify a profitable market niche within the highly competitive global arena.

Conclusions

ECA activities in the capacity-building field can be used as an efficient and beneficial tool for enhancing world trade by increasing awareness of export credit insurance in emerging markets. The scope of training may vary significantly. It can address a wide variety of both subjects and counterparties constituting the business environment. Consolidated expertise is fundamental to establishing and developing institutions dedicated to supporting national enterprises and promoting international trade. Local banks in many less-advanced markets are increasingly willing to raise their competitiveness in international trade finance by widening their respective product range. Training programmes can also provide assistance to SMEs in identifying market niches and new business opportunities.

When viewed from the perspective of the recipient, capacity-building initiatives positively affect the destination countries. We are naturally investing in the medium to long-term by developing capacity-building programmes as these eventually generate indirect benefits also for the promoting ECA and its national economy. The establishment of new ECAs facilitates collaboration also through co-insurance and re-insurance agreements with new local partners in emerging markets. The practical implementation of such agreements is facilitated by the assumption that all parties are applying international best practices. It should also be noted that re-insurance and co-insurance agreements have gained a growing importance in recent years, mainly due to the 'unbundling' – or fragmentation – of the production chain across countries.

In addition to cooperation on transactions and industrial programmes, the presence of key local partners favours the exchange of strategic information on relevant political and commercial matters and facilitates decision-making processes. A wider knowledge and diffusion of export credit and trade finance would increase business opportunities involving local players in emerging markets by expanding the range of products offered by the ECAs in tandem with the banks. Finally, capacity-building support to SMEs goes a long way towards promoting the country's economic development, which engenders new business.

We are adamant that the sharing of knowledge is a powerful tool to promote economic development and cross-border trade. The capacity-building programmes undoubtedly lead to multiple benefits in both emerging and developed markets as they build upon decades of expertise, technical capacity and accumulated experience in international markets. The immediate beneficiaries of the capacity-building programmes are above all the exporting companies and the local financial players, including new export credit agencies. However, over the medium to long-term, the benefactor ECAs will see further fruits of their labour, together with an overall increase in trade flows: undoubtedly, a 'win-win' strategy for all involved. ■

Note

*United Nations Conference Sustainable Development (1992), *Agenda 21*, United Nations Conference on Environment & Development (Chapter 37).

A wider knowledge and diffusion of export credit and trade finance would increase business opportunities involving local players in emerging markets by expanding the range of products offered by the ECAs in tandem with the banks.

The era of regulation – new challenges for trade and export finance

Ralph Lerch, chair of the European Banking Federation's export credit working group, and global head of export finance at Commerzbank, discusses the shifting tectonics of the regulatory environment facing trade and export finance.

You might be thinking: 'here comes another tiresome article on regulation, only repeating what I've heard a hundred times before.' But let me assure you, the new era of regulation has only just begun and you cannot escape it – whether you are an exporter, an export finance specialist in a bank or an underwriter at an export credit agency (ECA), private risk insurer (PRI) or development finance institution (DFI). So the industry as a whole has to find answers to the challenges of regulation and to the expectations of an alert and (sometimes) suspicious society.

The evolution of the regulatory environment

A phenomenon rarely seen before in the history of the modern banking industry, the financial crisis was a major landmark in the development of regulation. Governments worldwide came under pressure for the tremendous amounts they spent on rescuing the banking system. Banks lost the citizens' confidence and tried to do their best to bring the public back on side by reinforcing traditional rules of real economy-driven operations. Several scandals (Libor, for example) did nothing to recover the banks' reputation or the public's trust in them. Today the view persists that banks deserved the regulatory treatment they received and should not be saved with public money again.


Ralph Lerch

Even if immediate actions by the Basel Committee, G20, European Commission, Federal Reserve System, European Banking Authority, and other regulators, were seen as direct consequences of the financial crisis in 2008, the experience from Basel I in 1988 (underlying capital rules) and Basel II in 2004 (risk-related allocation of equity, operational risk, banking supervision) has already paved the way for the next steps. In the beginning, the attention on adequate funding was seen as the major achievement of Basel III (and reaction to the crisis). Whereas today, it is widely acknowledged that the leverage ratio is by far the biggest potential threat for business with a low-risk profile, ie trade and export finance.

If banks want to maximise revenues to meet shareholder expectations, it is clear that – as long as capital is a scarce resource – the

It is widely acknowledged today that the leverage ratio is by far the biggest potential threat for business with a low-risk profile, ie trade and export finance.

business that offers the highest yield is preferred. But let us first have a look at the major elements of Basel and the Capital Requirements Regulation (CRR) before starting to highlight unintended consequences (or outlining targets and potential adjustments to protect trade and exports).

Major regulatory ruling so far

It is highly likely you have never read all the Basel recommendations or CRR articles, so let me summarise the most important elements and ratios. Assuming that better capitalised banks are more prepared for potential credit losses, the capital ratio is a key element of Basel. The target of 10.5% (plus a stricter Tier 1 ratio), to be reached by 2019, has already been largely achieved and the number of banks which failed to do so reduced significantly from 2011 to 2014. So far, nothing to complain about.

Risk weighted assets (RWAs) are also an indicator for internal capital consumption mainly based on ratings, durations and credit conversion factors (CCF). Therefore, different ratings for sovereigns will lead to different risk-weighted assets (RWAs) for ECAs. Whereas short-term letters of credit (LCs) are assigned a 20% credit conversion factor (CCF), and technical guarantees and undrawn amounts on signed facilities a 50% CCF, it would be important to secure a 0% CCF on the portion covered by the ECAs as agreed in Basel I and II.

Liquidity Cover Ratio (LCR) and **NSFR**: Ratios related to liquidity shall ensure that banks have sufficient unencumbered, high-quality liquid assets (HQLAs) to set off the potential net cash outflows. Banks are required to increase HQLAs – ECA-covered loans do not qualify at present – and to reduce committed lines. In parallel – and as a further result of the crisis – banks needed to raise long-term (LT) funding to refinance LT loans. Consequently, new players have entered the market to offer LT funding, eg insurers, investment managers and pension funds. ECAs and banks have also done a lot to comply with the aforementioned ratios – as seen in the launch of refinancing programmes, funding guarantees and direct-lending solutions. So funding is not seen as critical at the moment but those new tools may show their value at a later stage.

The most sensitive ratio by far for export finance, as a low RWA binding business, is the Leverage Ratio. If the low-risk profile of ECA cover is not be recognised, export finance will be competing with riskier exposures that offer better returns. In other words: to reduce an increase in financial leverage due to low RWA bindings is a reasonable approach in light of the crisis. But it should be feasible to differentiate. The current status does not sufficiently value the nature of export promotion schemes with governmental backing, and the need for the double default of the borrower and the ECA to cause a real loss. This argument also demonstrates why export finance exposures do not result in large unexpected losses.

Recent proposals by the Basel Committee to adjust the Standard Approach have not taken into account this mechanism for export finance.

At the moment it seems that no single regulatory measure is the final nail in the coffin for export finance, but it may turn out that sooner or later the sum of all regulation will reduce participants and capacity.

The impact of CRR on medium to long-term (MLT) export finance

CRR is the European legislative initiative to transfer Basel III standards and requirements into European law. In force since 2014, it is seen as the new bible for all areas of banking activities, including covered bonds (as a potential instrument to refinance ECA-covered loans). Hastily drawn up, it contains various definitions and redundancies. Besides the mechanics of the aforementioned ratios, it is worthwhile mentioning that fulfilling Article 194.1 CRR, concerning the validity of ECA cover in particular, is seen as almost useless, and a very expensive exercise.

CRR 194.1 stipulates that *“the lending institution shall provide, upon request of the competent authority, the most recent version of the independent, written and reasoned legal opinion or opinions that it used to establish whether its credit protection*


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Director, Corporate Banking
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arrangement or arrangements meet the condition laid down…"

The clause can also be understood as mistrust in the European government's own export-promotion schemes, but in practice it has turned out as a major employment programme for law firms. Why? Many ECAs or other relevant public institutions have so far refused to issue such Legal Opinions (LOs). Banks could use their internal legal departments to issue such LOs but, given the fact that each ECA issues its guarantees/insurance policies based on its national jurisdiction, law firms are needed (in-house lawyers specialised in export finance tend to be proficient in assessing 1, 2 or 3 different jurisdictions, so depending on the business model of the bank, 15-20 jurisdictions are left for external lawyers). To be on the safe side, it might be worthwhile to have a LO (or at least a reference) for each product an ECA is offering.

With no reliable ruling by the EBA thus far on how often these LOs need to be refreshed ('most recent version'), this exhausting and expensive exercise is likely to continue over the next couple of years – even in the knowledge that no overwhelming new substance or data will be generated. Was there a chance to convince the regulators of such consequences? Not really – there wasn't much appetite for direct dialogue with the banks. Therefore various initiatives have been started to reduce costs and complexity, knowing that the only likely chance to cope with Article 194.1 is to, once the LOs have been issued in all major countries, return to the regulators with the lessons learned.

It is worth mentioning that, based on an initiative from the European Banking Federation (EBF), the Export Credit Working Group (ExCred WG) and national banking associations in several European countries have joined forces (and shared costs) to approach law firms to issue the LOs required by CRR. This allows the sharing of the LO among banks and banking associations later on – provided that the law firms have agreed to this. Unsurprisingly the content of the LOs already issued differs a lot, and not only because of the various underlying jurisdictions. Potentially this could be the beginning of a discussion with the regulators on the different legal settings of the ECAs, and the general conditions and obligations to be fulfilled by the insured.

'Operational' regulation – today's understanding of AML, KYC, compliance and sanctions

Regulatory pressures regarding anti-money-Laundering (AML) have continued to rise over the last couple of years. Even if the legal roots date back to the 1980s, there is a common understanding today that 9/11 has changed the way legislators look at the transparency of banks and corporate activities. Legislation – such as the EU Payment Regulation, Germany's Geldwäschegesetz (GwG) or the FCA's Money Laundering Regulations 2007 in the UK – has been set up, widened and adjusted regularly. Due to the nature of trade and export finance, banking authorities, auditors or the management of a bank tend to look immediately at borrowers in emerging markets when they look to identify the weakest areas of compliance in the bank.

Carrying out a proper on-boarding of foreign customers is nothing new for banks. But today they have to fulfil – from country to country – different requirements concerning transparency, ie to know (at least) the ultimate shareholders and to seek a personal relationship with the management of their borrowers. For example, in the past it was sufficient that a law firm (preparing the LO on the documentation) stated that the ID of an ultimate shareholder or CFO of a borrower had been presented. Today, it is more common that the bank has to do that itself.

So it will continue to create huge complexity for banks, running expensive and more intense procedures of operational regulation safely, be it the fulfilment of legal requirements in the country of an ECA, PRI, or be it the country in which a transaction is booked or the borrower is located.

Needless to say, sanctions are an additional layer of such operational legislation. I'm confident that most ECAs already have a fundamental understanding of

Whatever compromise will be agreed at the OECD level, banks may decide that it is better to stay out of coal projects – even if 'allowed' by the OECD – to be on the safe side.

operational regulation, even if it is often based on discussions with banks. But I sometimes put the following question to ECAs: *"How do you react as an ECA if a bank is approaching you in year three of a buyer's credit to let you know that the buyer/borrower has to be immediately exited due to KYC (legal!) reasons – even if it has been repaying his debts properly? Would you be prepared to agree that the bank should seek immediate repayment, even if it could result in a default?"*

'Soft' regulation – sustainability and corporate social responsibility

There is growing significance around the sustainable trade agenda too. Its roots are in the Western European environmental movement and in the voluntary charitable activities in the US, but sustainability today is setting restrictions on export finance. There are several well-known initiatives with banks involved that have implemented and developed sustainability standards, such as the Equator Principles (EP) or the Thun Group.

Contrary to the regulatory environment described above, social standards are more often formed and set by public opinion or the NGO community, and not by the jurisdiction. Nevertheless such standards are today seen as the next level of 'soft' regulation – having an immediate and efficient impact on banks' activities. It is also obvious that the 80, or so, EP banks are setting the standard, but there are still more than 4,500 banks in Europe who often could do more.

The 2015 review of the Common Approaches will further set out social and environmental standards for publicly-supported ECAs, and is likely to focus more on human rights. The debate on the future support of coal-fired power plants is also impacting on business cases in various countries, reducing predictability for project developers, who usually need three-five years – sometimes more – to acquire all licenses and approvals for a new power plant. Whatever compromise will be agreed at the OECD level, banks may decide that it is better to stay out of coal projects – even if 'allowed' by the OECD – to be on the safe side.

Nowadays, databases such as Rep Risk or UNEP FI may help to manage reputational risks in banks but the preparedness to support trade and export finance in sensitive areas is dependent on the ambition of a bank to be seen as a well-governed entity.

The unintended consequences of regulation and what could be done

Risk mitigation instruments are still needed. Today, banks have to deal with volatile currency-exchange rates, low interest rates in Western Europe and the US, China's slowdown and the political crisis in Ukraine. In these turbulent times, it is often not easy to discern which aspects of regulation have a real negative impact on trade and export finance.

Here is an attempt to summarise some of the findings of the EBF's Export Credit WG:

a.) ECA-covered export finance is even less favourably treated than other trade finance instruments;

b.) decision-making procedures in banks need more time and are less predictable because of frequent changes in regulation;

c.) increasing costs for export financing solutions – especially smaller transactions – are becoming more and more expensive, which is particularly negative for SMEs;

d.) proper on-boarding (KYC, AML) for banks and corporates worldwide requires international networks and presence, and may lead to a concentration of export finance banks;

e.) despite Quantitative Easing, refinancing solutions are still needed to be

Advocating in favour of a decent adjustment of regulation - mainly to lower the negative impact of the leverage ratio - should be a joint effort of banks, ECAs, PRIs and exporters. But also international organisations & initiatives (Berne Union, ICC, BIAC, BAFT, and EBF) should team up to discuss visions, standards and activities for the export finance industry.

maintained to fulfil the Liquidity Coverage Ratio/Net Stable Funding Ratio;

f.) consistency of ECA policies, general conditions, legal settings and products – lacking so far – is key to reducing complexity and costs;

g.) further standardisation of documentation is necessary.

At the moment it seems that no single regulatory measure is the final nail in the coffin for export finance, but it may turn out that sooner or later the sum of all regulation will reduce participants and capacity.

In light of the above, it would be helpful for big data to arrive in export finance to help demonstrate market movements and changes. The ICC MLT trade register is, in the meantime, a valuable report on defaults and provides evidence on the low-risk profile of ECA-covered loans. Tagmydeals started last year to publish reports with remarkable real-time data. The Berne Union – having the most powerful database on export finance – could also play an important role in showing trends and movements. But, in order to do this, the data may have to be further reviewed and categorised.

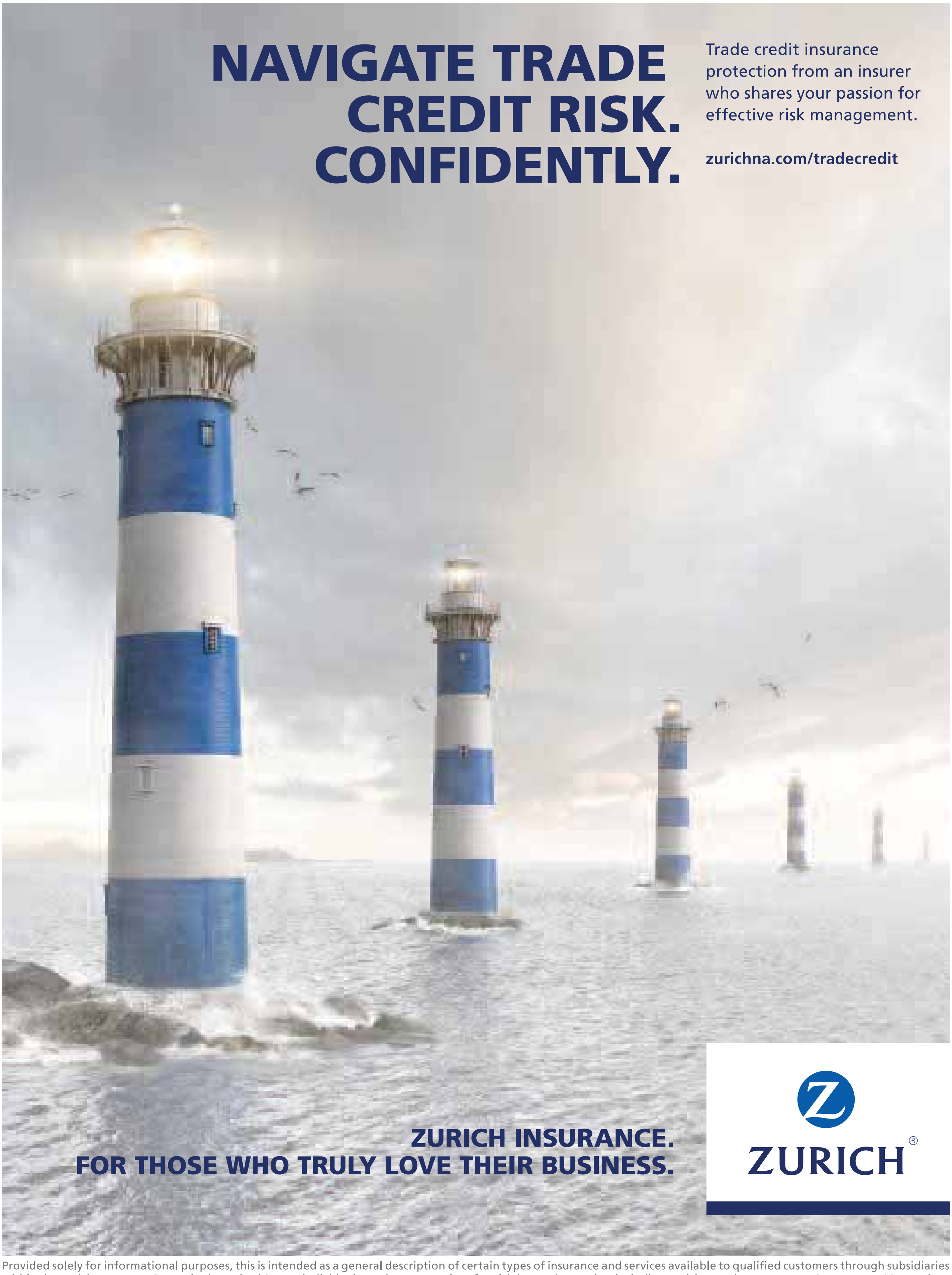
It will also be of utmost importance to explain to policymakers and regulators the mechanisms of MLT export finance and its positive effects on employment in Europe. The following word map illustrates that, within speeches by the EU Commissioner for Trade, key words such as 'trade', or 'export finance' have received very little emphasis (source EBF).

Advocating in favour of a decent adjustment of regulation – mainly to lower the negative impact of the leverage ratio – should be a joint effort by banks, ECAs, PRIs and exporters. But also international organisations and initiatives (Berne Union, ICC, BIAC, BAFT, and EBF) should team up to discuss visions, standards and activities for the export finance industry.

We are all on the same learning curve. ■

Missing trade

A word map of recent speeches by the EU Commissioner for Trade showing how key words such as 'trade', and 'export finance' have received very little emphasis (source EBF).



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Achieving the otherwise unachievable: what ECAs mean to big borrowers

Helen Castell at TXF talks to some of the world's largest borrowers about what ECA finance means to them, and why things like fixed-rate financing, long-term framework arrangements and looser eligible content requirements are top of their wish list.

Export credit agencies (ECAs) continue to break new frontiers, backing loans to new industries such as renewable energy in the Philippines and supporting deals in sectors and markets, such as Russia, where commercial banks and private insurers might otherwise shy away from.

Safe house in a crisis

Something that unites big borrowers is their appreciation of ECA finance, especially during difficult periods. "When times get tough you can count on ECAs," notes Ceyhun (Jay) Cetin, assistant treasurer at US telecoms company Sprint. "In down times, when markets are freezing or the economy's slowing down, ECAs are still there. They are still providing financing when others are not or are charging much more."

When Sprint arranged, in 2012, its first transaction backed by an ECA other than Export Development Canada (EDC), high-yield markets in the US were frozen. Although the company could probably still have tapped funding, it would have been challenging and much more expensive without the "halo effect" of Sweden's EKN, he says.

That $1 billion credit agreement was followed this January with a combined $1.8 billion of vendor financing via three separate transactions backed by Finland's Finnvera, South Korea's K-sure and Belgium's Delcredere/Ducroire (D/D).

Having an ECA on board gives a level of comfort to other creditors that goes beyond its simple guarantee, says Cetin. "Banks and bond investors know there's another set of eyes looking at our performance, projections and compliance." From a corporate treasury perspective, ECA finance also provides important diversification.

Jay Cetin

Antje Gibson

Ilya Krasnov

The fact that ECAs have continued to back the right borrowers in Russia despite challenges such as sanctions, market turbulence and corporates' more cautious investment plans is testament to their staying power, says Ilya Krasnov, head of corporate finance at Russia's Metalloinvest.

The Russian steel and mining company has arranged two ECA-backed deals over the past 18 months. In April 2014, it closed a €34 million ($38 million) transaction backed by Germany's Euler Hermes to fund the import of equipment from Linde.

That was followed in early June this year by a €267million ($298.7 million) dual-ECA agreement bringing together UK Export Finance, Austria's OeKB and a club of international banks. Proceeds from the 10-year loans will be used to finance the purchase of equipment from Primetals Technologies and technology from Midrex UK that were used in the construction of a third hot briquetted iron plant (HBI-3) at Metalloinvest's Lebedinsky GOK plant.

Longer tenors attract borrowers

For Royal Caribbean Cruises, which relies on ECA finance to build cruise ships, one key attraction is the long tenors available, according to Antje Gibson, vice president and treasurer.

There is typically a three- to five-year lead time between ordering a ship and delivery. Although about 80% of a vessel's roughly $1billion price tag is paid at delivery, Royal Caribbean needed at the time of ordering to secure financing commitments for a loan that ideally ran for 12-years.

"In the commercial bank market, they really can't make commitments that are three to five years long and then have a financing that goes out 12 years unless they have that ECA support," she says. "It is critical, at least in today's marketplace, to know we have that available to us."

ECA financing accounts for around 50% of Royal Caribbean's debt balance. Its vessels are made in France, Finland and Germany, so it has worked with Coface, Finnvera and Euler Hermes. "They've all been very good to work with and we've found them generally very competitive in their offerings," says Gibson. "We have found them to be creative when needed, which is very helpful."

In another sector – renewable energy – support from Denmark's EKF allowed the Philippines' Energy Development Corp to achieve a 15-year tenor on financing for its Burgos Wind Project – both for the US dollar-covered and the US dollar-uncovered portions. Without ECA backing, foreign banks are typically prepared to lend for no longer than five years in the Philippines, notes Erwin Avante, vice president of corporate finance.

Commissioned in November 2014, Burgos was the first wind project in the Philippines to be backed by an ECA and financed by international banks at a longer tenor, despite uncertainties around the country's new feed-in-tariff regime, he notes. "It was therefore considered a milestone."

Given the capital-intensive nature of renewable energy, as well as single borrower limits imposed on local banks, the use of ECA financing to fund such projects will increase, Avante predicts.

Energy Development Corp was also impressed in its first ECA transaction by EKF's overall flexibility and the fact that financing was completed within just six months of formal discussions starting. "We didn't have any major issue with EKF that wasn't resolved," he says. "Both parties were reasonable as far as the risk allocation is concerned."

ECA financing still the cheapest

ECA-covered funding remains "one of the cheapest available sources" of finance for many of Russia's biggest corporates, says Metalloinvest's Krasnov. As such, for any capital-intensive project with an international component, an investigation into whether ECA financing is available is a key part of economic feasibility studies. On rare occasions – for example during turbulent times when corporates are more cautious about investing – the availability or not of ECA funding can be make or break for a project.

"One can hardly over-estimate the importance of this support," he says, noting that even in good times the low cost of ECA financing helps corporates free up cash flows and optimise debt portfolio parameters.

Something that a number of corporates interviewed would like to see is more fixed-rate financing, as offered by Spain's FIEM and US Ex-Im Bank – although the latter, because of non-reauthorisation by US politicians is currently redundant to providing US exporters with any new loans or guarantees.

"Combining ECA finance with a bond would be very interesting," for Royal Caribbean Cruises, says Gibson. One major

Combining ECA finance with a bond would be very interesting – Antje Gibson, Royal Caribbean Cruises

obstacle however is that due to the nature of ship-building, the company typically needs a financing commitment of three to five years before the funding for a new vessel is released.

Because this would be impossible with a bond, "you'd have to raise the funds ahead of time, which would create a lot of negative carry" over that period, she says. "So far, going down that route hasn't proven to be viable, but we would love to see if somehow something could be worked out in the future."

Although the shutdown of US Ex-Im Bank "will have little to no bearing" on Royal Caribbean Cruises, which builds in Europe and mostly sources from European suppliers, "if we saw other governments move in the direction of eliminating export credit finance, that would be quite a concern for us," she adds.

Long-term framework deals would lower costs

One way ECAs could improve their offering is by helping enable a kind of framework ECA finance agreement that would need to be negotiated once a year at most, says Metalloinvest's Krasnov.

Allowing corporates to tap ECA support for a pre-agreed number of suppliers under pre-agreed conditions would create economies of scale for corporates and reduce some of the hidden costs associated with ECA financing, such as the man-hours involved in arranging individual transactions.

Although ECA financing is much cheaper on paper than commercial financing, these costs can occasionally erode some of that price advantage, he notes.

"It just needs to be packaged in a solution," he says. "I think it's quite do-able and just needs some effort from all the relevant parties – mainly from banks but also from corporates, and from ECAs in terms of being able to support such types of commitment."

Sprint has achieved a similar effect through its own negotiations with ECAs.

In the four non-EDC agency financings that the company has tapped so far, the company managed to get all the ECAs to agree to work off the same base documents.

In its first transaction, Sprint told EKN that its intent was to follow the same format with all its ECA financings "even though at the time there wasn't any other," Cetin says. For this reason, it was also firm in terms of which covenants it was or wasn't prepared to include and why.

We'd like to see our relationship with Sinosure continue on a more formal basis – Jay Cetin, Sprint

With the following three transactions, "we stayed true to our word," telling Finnvera, K-sure and D/D that it wanted them to adhere to the terms in the document agreed previously with EKN while making clear that no other ECA was receiving more favourable treatment, he says.

"Surprisingly, once we explained that and they got comfortable, everything went really smoothly." This was partly down to "our mutual dialogue" and being an "open book" with them, he believes.

The fact that all three transactions occurred simultaneously made achieving this degree of standardisation especially important to Sprint. "We were afraid that each document would be unique – it would be very complicated to structure, execute and monitor."

Working from a pre-agreed framework has already saved considerable time – and therefore money – for Sprint and should

As financings become bigger and involve an ever wider pool of suppliers, multisource, multi-ECA transactions are becoming more common. They are also becoming easier to execute.


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continue to provide efficiencies in the future, says Cetin.

More flexibility over OECD guidelines please

Although corporates say most ECAs try to be as flexible as possible while adhering to the OECD Consensus, differences remain in how they interpret it.

The European ECAs that Sprint has worked with viewed it "as a kind of rule book," according to Cetin. "When we asked them for some flexibility on tranche structuring and payment timings and such, they said 'No, we must comply with these.'"

In contrast, although K-sure was more "granular" in its credit due diligence, it interpreted the Consensus as a set of guidelines rather than rules.

"For some logistical issues, process issues, how to structure the tranches and how to make it operationalise, they were actually much more accommodating than the European ECAs," he says. "That willingness to work with us once they really got comfortable with the credit story and the due diligence, in terms of what we trying to accomplish, how their vendors were integrated with us and helping us succeed – it was definitely notable."

In 2010, Sprint also held informal talks with China's Sinosure – an ECA that is not bound by OECD guidelines and which indicated it was "very willing to help us," Cetin says. Although discussions did not at that time progress beyond talking through terms and trade execution, "we'd like to see that relationship continue on a more formal basis".

One "major improvement" that Energy Development Corp would have liked to see in its Burgos financing is more flexibility in how OECD guidelines on pricing are interpreted. Total pricing for the US dollar covered tranche, including margin plus guarantee fee, ended up slightly higher than for the US dollar uncovered tranche, Avante says. However: "In the end it was acceptable because the total financing package was attractive to both the banks and the sponsors."

Eligible content still a sticking point

Greater flexibility over what constitutes eligible content – and specifically allowing higher local content – would attract more corporates to ECA financing and encourage them to seek bigger facilities, corporates say.

French ECA Coface's stipulation, for example, that manufacturing must be done in France meant that Sprint could not seek its support for a transaction with Alcatel-Lucent (ALU), despite its French heritage, says Cetin. "We would love to work with [Coface] but we couldn't because of the way they interpret what the eligible content is."

Some corporates would simply like to see ECAs extend bigger guarantees.

Because most of the payment for a cruise ship is made at the time of delivery, the exporter has to finance the majority of the vessel's construction. Royal Caribbean would therefore like to see ECAs expand the level of guarantee they offer exporters beyond 80%.

Although ECAs do already offer good support to exporters, "the higher the levels of the guarantee, the easier and cheaper it is to get financing," notes Gibson.

Multi-ECA transactions pick up speed

At the same time, there are many ways in which ECAs are changing for the better – not least the way they communicate with each other – corporates say. As financings become bigger and involve an ever wider pool of suppliers, multisource, multi-ECA transactions are becoming more common. They are also becoming easier to execute.

Although ECA financings are always slightly slower than standard bilateral loans or certain structured secured financings, Metalloinvest's experience with structured, multi-participant transactions meant that this year's dual-ECA transaction was relatively straightforward, says Krasnov.

The fact that UK Export Finance took documentation risk meant that negotiations took slightly longer with this ECA than with OEKB he says, but "I would not say that it was something that was an issue or that created bottlenecks." ■

Although ECA financing is much cheaper on paper than commercial financing, the time it takes to arrange transactions can erode some of that price advantage – Ilya Krasnov, Metalloinvest

The future role and scale of ECAs

By Laszlo Varnai, assistant director, Berne Union

As part of the 2015 Berne Union and Prague Club Spring Meeting held in Florence, Italy, and hosted by SACE, a CEO panel was held to discuss members' various perspectives on the "future role and scale of export credit agencies (ECAs)". Supporting the work of the panel, a member pre-meeting questionnaire was circulated to all members, public and private alike, in order to explore the current approach of members and their respective guardian authorities. A total of 52 responses were received, representing well over half of Berne Union and Prague Club members.

In terms of the ECAs' share in their respective national exports, responses highlighted that as of Spring 2015 more than half cover less than 5% of their country's exports and only seven of the respondents indicated a higher support rate in national exports. Most ECAs reported that their role and mandate are defined in statutory form, limiting their mandate to expanding exports, job creation and other national interests, or filling financial gaps (if any) and levelling the playing field. Unexpectedly, 8% of the survey participants replied that their organisations do not have a restrictive mandate at all.

The reasoning for the existence of ECAs has been a controversially discussed topic for a very long time depending on the prevailing political winds. This was reflected by 15 members who noticed dormant to significant political dynamics to reduce government involvement in perceived commercial activity (such as ECA business), a sentiment shared across all major regions. This somewhat confirms the global trends of deepening regulations on state aid and ongoing pressure on governments to cut expenses and non-essential services.


Laszlo Varnai

The most fundamental and practical constraints of ECAs to enhance support and increase market share lead back to the legal framework, as the vast majority of the institutions are prohibited from providing support where private sector cover is available. Furthermore, due to the restrictions on state budgets, members generally have overall financial caps on their activity as defined in their concerning acts.

The session's debate in Florence also highlighted that most of the ECAs have been established during pivotal periods, either during or after political and /or financial upheavals (e.g. the 1920s and 1930s) or to address market gaps as during the early 1990s in Eastern Europe. Most members' activities and new underwriting figures continue to peak during times of crises, reflecting that this market gap mechanism can flexibly respond to the demand side as a counter-cyclical trade policy instrument.

Looking forward to 2020, all, except three ECAs forecasted an increasing need for cover

Any substantiated commercial and academic analysis of the past has clearly demonstrated that there is a well-earned and justifiable niche for ECAs, successfully stepping up to complement the prevailing export support capacity from the private sector when needed.

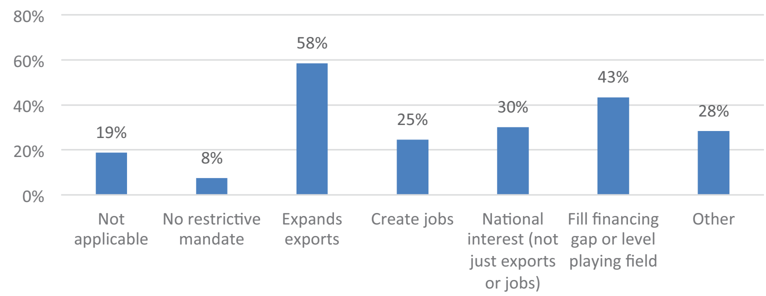
and hence growing activities; five ECAs see their commitments growing by more than 35%, well in excess of expected global trade growth. Respondents (public and private) unanimously see the main drivers for future expansion as clients' demand and the exporting country's export levels in the first place, followed by their organisational capacities and the development of financial regulations (e.g. Basel III). Among policyholders and with respect to exporters' size, the small and medium-size exporter (SME) sector will require more and more attention and commitment.

Exporters, importers and banks largely provide supportive feedback and look at the ECAs as choice solution providers to support safe and sound trade and trade finance structures.

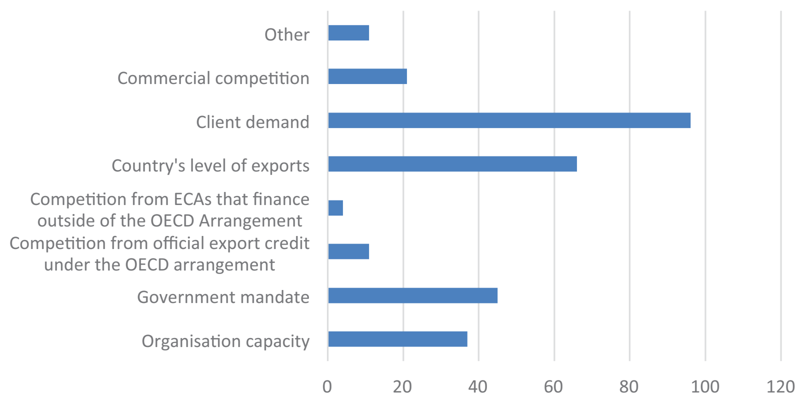
Even during times of increased political and market purist pressures or criticism, ECAs have proven to be adaptive by developing new products and procedures. Yet, in most jurisdictions the public perception of the ECA and thus the public support for the ECA is closely linked to the ECA's capability to flexibly fulfil its designated market gap role in close cooperation with the private sector. Inevitably, the future role and scale of ECAs, as well as the demarcation to and collaboration with commercial risk-takers, will be an ongoing topic of conversation for years to come. However, any substantiated commercial and academic analysis of the past has clearly demonstrated that there is a well-earned and justifiable niche for ECAs, successfully stepping up to complement the prevailing export support capacity from the private sector when needed. ■

Even during times of increased political and market purist pressures or criticism, ECAs have proven to be adaptive by developing new products and procedures.

Does government have an overall mandate for your institution?



Major drivers of future activities



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EKF demonstrates a strong SME focus

By Maria Steffensen, senior communications consultant, EKF, Denmark's export credit agency

EKF, Denmark's export credit agency, knows from experience with small and medium-sized enterprises that they are an increasingly important sector of the economy and that it is a sector worth the focused efforts of the agency.

Four out of five customers with EKF are small and medium-sized enterprises (SMEs). Since 2010, the number has more than doubled. That is the fruit of five years of focused efforts on SMEs, according to Kim Richter, senior director of the department for small and medium-sized enterprises at EKF.

"Prior to the financial crisis, we had more focus on guarantee volume. We serviced SMEs but had no specific focus on this client group. After the crisis, there was a growing political wish to support the SME sector, and we formed a specific SME team. Today we see the effect of our actions," says Richter.

He points out three initiatives that pushed this development; the establishment of an SME department, new products matching the needs of SMEs and enhanced marketing targeting this segment.

New department means swift and flexible processing

In 2010, EKF established a department dedicated to SMEs. The difference between this department and EKF's department for large corporates is the swift and flexible processing. The department's customer service promise requires that EKF responds to an enquiry within 24 hours. Furthermore, EKF can issue guarantees from day to day. However, often EKF issues the guarantee after only a few hours.

Maria Steffensen

This means that EKF has seen a large influx of small and medium-sized customers. It makes demands on EKF's employees requiring a higher degree of generalist skills rather than specialist skills. They must be able to quickly familiarise themselves with new sectors and new countries and be able to administer a large customer portfolio. On the other hand, they do not have to scrutinise every case.

However, EKF has eased some of the work pressure by delegating a lot of the work to the banks. The banks conduct credit assessments of companies, and they can apply for working capital guarantees online.

Four out of five customers with EKF are small and medium-sized enterprises (SMEs). Since 2010, the number has more than doubled. That is the fruit of five years of focused efforts on small and medium-sized enterprises.

Small guarantees are automatically issued to the banks. This speeds up the process.

New products meet SMEs' uncovered needs

The last five years have led to the development of three new products targeting the needs of SMEs.

Firstly, EKF has established the SMV Guarantee, which is equivalent to the Buyer Credit Guarantee for large corporates. The guarantee helps a foreign buyer obtain financing from a bank. EKF guarantees the bank. The difference is that the documentation burden has been lifted. The process of approval has become easier, and it does not take an army of solicitors, which makes it suitable for small orders.

Secondly, EKF has established the Working Capital Guarantee, providing Danish exporters – or Danish sub-suppliers to export companies – access to financing. EKF still guarantees the exporter's bank, which provides the export company with credit or a guarantee. The Working Capital Guarantee was established during the financial crisis when banks were reluctant to lend money. Today, the Working Capital Guarantee is EKF's most popular product.

Thirdly, EKF's most recent product is the Capital Expenditure Guarantee, which Danish companies can use to establish production facilities. The product has become popular because it makes it attractive to move jobs to Denmark when financing of machinery and buildings is in place. The Capital Expenditure Guarantee can also be used for production facilities abroad.

According to Richter, the reason for the great success of the products is that they are easy to use and fill a gap in the private market.

"We have focused on a lean application process, and on increased awareness in the banking sector. Furthermore, we fill a market gap. Although lending appetite has increased in the banking sector, it has not yet fully reached the SME sector," says Richter.

Marketing increases awareness

In parallel, EKF has intensified its marketing in relation to the SME segment. EKF has conducted a massive marketing campaign focused on SMEs because it was necessary. EKF's measurements show that in 2012, 60% of Danish SMEs did not know that EKF existed.

At the beginning of the campaign, the objective was to increase brand awareness. The challenge was to reach the companies, which are characterised by all being very different. EKF helps cookie bakers, children's clothes designers and nail manufacturers. Some companies have three employees; others have several hundred. Some companies export to near markets, others go for Asia and South America. Some companies are in big cities such as Copenhagen or Aarhus, while others are located all over the country. And only a few of them knew EKF beforehand.

"That is why we made TV adverts, full page adverts in national business newspapers and banner advertising," says Richter. It has been a great success. Now 90% of Danish SMEs know EKF, which is reflected in the business. In 2014, EKF issued new guarantees to SMEs worth almost €250 million ($279 million). That is the highest exposure to date and an increase of about 13% on the year before.

"In our opinion, there is a vast untapped potential, and that is why our ambition is to continue to grow at the same rate in the coming years," says Richter.

Calculations from Copenhagen Economics, the leading economic consultancy in the Nordic region, show that EKF's efforts secure Danish company orders worth €2.5 billion ($2.79 billion) annually. It helps to create or retain 10,500 Danish jobs. ■

We have focused on a lean application process, and on increased awareness in the banking sector. Furthermore, we fill a market gap. Although lending appetite has increased in the banking sector, it has not yet fully reached the SME sector.

SME support continues to be a growing sector for Berne Union members

By Abbey Sturrock, director, Berne Union

Last year, the Berne Union provided an update on how its members have worked with small and medium-sized exporters (SMEs) given their important roles in supporting national economies. With continued attention and focus on SMEs worldwide, the Berne Union is pleased to share current member feedback on what challenges face SMEs today, the progress members have made to date and the challenges which continue to remain.

Background

In an effort to better understand the growing needs of SMEs, in May 2013 the Berne Union (BU) identified this as a priority segment for further research. Then president of the Berne Union, Johan Schrijver (Atradius) recognised the increasing importance of SME businesses and asked the Berne Union Management Committee and membership for their support to establish a SME Working Group.

This initiative was well received and many members noted that supporting SME business was becoming a new priority for their organisations and increasingly of common interest to export credit agencies (ECAs). Under the support of the current Berne Union president, Daniel Riordan (Zurich), the SME Working Group, chaired by Dan Mancuso (EDC), continues to champion their work efforts in this space and engage the broader membership. Under the president's and chair's leadership, member engagement has extended to Prague Club members as well (a group of developing and maturing public and private credit and export insurance agencies).

Abbey Sturrock

Progress

To date, two SME questionnaires have been circulated (2013 and 2015) to all members (the second welcoming Prague Club member input), two specialist meetings have been hosted (the second to take place after submission of this overview and to include Prague Club members), a webinar and several conversations have been held amongst members on best practices, how to overcome challenges, etc. There are also ambitions to do even more in this space!

What is of key importance is the progress that has been made between 2013 and today. Members continue to have a variety of SME definitions in use as was the case in 2013. The European Union's definition ('less than 250 full time employees, and turnover of €50 million ($56 million) or less, or balance sheet total of €43 million ($48 million) or less') is only used by 37% of respondents, indicating that 63% of respondents categorise SMEs differently (e.g. less than 500 employees; companies with a turnover of €150 million ($168 million) or less, etc). In spite of the variances, the questionnaire still solicited

It is anticipated that in years to come SMEs will play an even bigger role in the global marketplace, and the Berne Union is keen to continue to explore ways for members to develop more effective and relevant strategies to support this key business segment.

interesting feedback (see Figure 1).

What can be gleaned from the results is that the attention on SMEs is not fading but rather growing. Progress has been made by many ECAs. More members are developing, maintaining and growing their support schemes and building special teams to address this.

But key challenges are still ever-present. When members were asked what they saw as the top challenges SMEs face, members identified the following in order of priority (see Figure 2).

Obtaining working capital, something that was not as prominently featured as a challenge in 2013, nearly tops the list of challenges in 2015. At first blush, this is likely due to the fact that more members are now involved in SME business and see this as a key SME challenge. During the 2015 SME Specialist Meeting held in Prague, Czech Republic (October 1 – 2, 2015), and hosted by the local ECA, EGAP, this was considered and explored. During this rendezvous, EGAP also shared its progress with respect to helping SMEs access working capital through its three simplified product lines (pre-export financing insurance, bank guarantee insurance and supplier credit insurance).

While members are in a position to support key areas of concern (access to financing), this comes much further along in the execution of a SME's business strategy, typically only after the company decides to grow internationally. Complicated foreign regulations, the cost of doing business and understanding foreign opportunities remain top of mind for many SMEs.

While members may not be able to directly impact or influence some of these issues, some have made great strides in trying to help SMEs understand market opportunities. For instance, Export Development Canada is investing into a programme on how to connect SMEs to global procurement opportunities. The 'Central Connector' system is an integrated system of tools, processes and data for sharing procurement opportunities and market knowledge with SMEs.

In spite of all of the progress that has been made, members have also emphasised that challenges remain for themselves. Top organisational challenges include (see Figure 3).

Picking up on the issue of staffing, while many members have limited human resources to support this segment, members such as NEXI (Japan's ECA) is currently leveraging various delivery channels in order to overcome such HR constraints. NEXI typically partners with major banks, private insurance companies, governmental agencies and regional banks in order to better serve SMEs in Japan. Regional banks, under their cooperation agreements, introduce NEXI products to their customers and customers can submit applications through these banks. EKF has also invested in a bank ambassador

Figure 1: Feedback from members

	2013	*2015*
Percentage of respondents who have or are developing a SME support scheme	69%	89%
Percentage of respondents who support SMEs due to policy or mandate	75%	79%
Percentage of respondents who support SMEs through insurance support	95%	97%
Percentage of respondents who support SMEs through financing support	35%	44%
Percentage of respondents who support SMEs directly	60%	74%
Percentage of respondents who have special SME products (differences in process, coverage and risk appetite)	65%	71%
Percentage of respondents who have a special SME team	44%	57%

Figure 2: Top challenges faced by SMEs

2013	*2015*
1. Obtaining financing	1. Obtaining financing
2. Complicated foreign regulations	2. Obtaining working capital
3. Understanding market opportunities	3. Complicated foreign regulations
4. Willingness to take the risks	4. Cost of doing business abroad
5. Cost of doing business abroad	5. Understanding market opportunities

programme whereby training is delivered to bank account managers which also help market EKF solutions.

Interestingly, the issue of financial sustainability, two years after the SME push began at the Berne Union, has now made its way onto the list as a top challenge or concern. Making a meaningful difference to SMEs versus financial sustainability is an internal debate which members continue to battle with.

Linked somewhat to the identified organisational challenges are the results for the queries of top unaddressed SME needs. Respondents identified that there is still a strong lack of awareness of existing support. Approximately 90% of respondents flagged that SMEs are presently unaware of the solutions and product offerings available in the marketplace (see Figure 4).

While members have invested in innovations and process improvements (e.g. Euler Hermes has invested in how to reduce complexity associated with its whole turnover products), there is still an underlying need to reach SMEs. Striking the most appropriate balance between effective engagement and innovation efforts will also continue to be a challenge for many members as both activities require substantial time and draw significant resources.

While members have invested in innovations and process improvements, there is still an underlying need to reach SMEs.

It is anticipated that in years to come SMEs will play an even bigger role in the global marketplace, and the Berne Union is keen to continue to explore ways for members to develop more effective and relevant strategies to support this key business segment.

As a group, members will need to think critically and creatively about where they would like to be in 2017 (the anticipated next date for the next SME Questionnaire). Hopefully in two years from now, through strong member cooperation and focus on the issues, the challenges will diminish and successes will abound. ■

Figure 3: Top organisational challenges

2013	2015
1. Marketing	1. Marketing
2. Automation of process	2. Automation of process
3. Information access	3. Cooperation of banks
4. Administrative burden	4. Information access
5. Attracting private banks	5. Attracting private banks
6. Cooperation of banks	6. Staffing
7. Staffing	7. Sustainability

Figure 4: Top unaddressed SME needs

Smoothing the way for SMEs within export finance

By Matthias Wietbrock, managing director of Northstar Europe

Annual business volumes of many insurers and banks are more often than not driven by project finance and large corporate loan transactions. However, when looking at the number of transactions, a large proportion is small-scale transactions of all tenors and often through revolving trade finance facilities. In turn, most of these are generated by small and medium-sized enterprises (SMEs), which often rely heavily on credit insurance for managing both liquidity, as well as risk, in their cross-border business.

SME is not always a clearly defined term but would usually include companies having fewer than 250 staff and €50 million ($56 million) annual turnover on a consolidated basis. Because SMEs are an important part of many economies, we have seen a strong effort by ECAs and other stakeholders in public and private institutions alike to make doing business easier for them.

A vast array of products exists to provide support. Yet SMEs often feel that they don't seem to get what they need from banks, ECAs and from the insurance market. Given that volume per transaction is small, oft cited balance sheet or capacity constraints of banks and insurers nor liquidity issues should be used as an excuse. So what, in fact, seem to be the issues?

While many SMEs are frequently selling outside of their home jurisdiction, they don't usually have a specialised resource within their finance department to deal with sales financing and risk mitigation. Often, this may be done by the CFOs themselves, in particular if a deal is a 'larger one', which in a small enterprise could easily be a €1 million ($1.1 million) piece of equipment. So the first challenge is awareness and transparency. Staying abreast of the developing and diverse product suite of insurers and knowing what product(s) may be available and on what terms takes effort.

Matthias Wietbrock

Reaching out to this client group and finding a regular and effective way to communicate proactively is key. This could be, for example, via industry associations or through ECA-organised workshops, ideally bringing together all participants (exporters, insurers, financiers) such as the ones hosted by Finnvera and EKF or (biannually) at EH, to name but a few. Some ECAs further engage via a network of regional agents close to the client, as many small businesses are reluctant to budget time and money for travelling, if they are not even clear about the specific benefits to them.

Clearer processes

A coherent product mix, together with clear and transparent product descriptions listing all major terms is essential, too. Deciphering

A vast array of products exists to provide support. Yet SMEs often feel that they don't seem to get what they need from banks, ECAs and from the insurance market.

the small print and understanding the often quite extensive terms and conditions and, in particular, what is required in a claim scenario can sometimes be an insider's art. SMEs would benefit from simplified terms and fewer, but clearly described and defined, obligations and conditions. Another example here is the exporter's undertakings, which several ECAs require for medium and long-term cover. Quite a few exporters have stepped back from transactions because they found the language daunting and could not evaluate the real risk arising from them.

With digital banking already driving efficiencies in domestic banking and plain vanilla trade finance, there should be ways to benefit from these tools encompassing export finance as well.

Bank documents too need to be simple and straightforward. They should not require legal training or an external lawyer to understand. Given the diverse jurisdiction(s) this is not an easy task, of course. Given the usually limited number of small transactions that an individual institution sees, a joint approach across the industry may be worthwhile. Applications from the short-term trade finance business show that standardisation is possible and brings benefits to all parties involved. This could also be a way to manage the documentation risk that many insurers put back on the insured. This would help attracting further, non-traditional financiers to the field as well.

Once a suitable product has been found, predictability and speed is of the essence when financing and ECA cover is requested. Small transactions are often turned around swiftly by exporters and, additionally, it is not unusual that the question of finance and risk management only comes up late in deal discussions. This means that any delay of more than four to six weeks has a material effect on the perceived value of the product. In our daily practice we see turnaround times varying widely from two to three weeks up to as much as six months.

Now, many ECAs have come a long way to be more flexible in accepting borrowers' local accounting standards and their risk profile when these deals land on their desk. This takes time. Also, information coming from banks and exporters is not always as complete and concise as is required for a smooth review process. Yet, completion times of more than a month for standard structures are difficult to explain away.

Apart from the aforementioned standardised documentation, a standardised and simplified application, review and decision process could improve the appeal of the product further. With digital banking already driving efficiencies in domestic banking and plain vanilla trade finance, there should be ways to benefit from these tools encompassing export finance as well.

With a view to investment cost, user relevance, and monitoring, a mutual development approach by financiers, exporters and insurers, as well as across national boundaries, seems to be a good way to address the issues mentioned above. The partnership that Northstar has formed with ODL and several ECAs, banks and exporters in Europe and North America is one step in that direction. But as they say, there is always room for improvement. ■

**Matthias Wietbrock is the managing director of Northstar Europe, a joint venture of Luxembourg state institutions ODL and SNCI with Northstar Trade Finance Inc. Northstar is a specialised provider of trade finance solutions, focused primarily on small and medium-sized enterprises engaged in international trade.*

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At Northstar Trade Finance, we have earned a reputation for excellence. Let's discuss how Northstar's unique approach to trade finance can support your success in international markets.

New mandates in Finland to enhance export-driven investments

By Topi Vesteri, deputy CEO, group chief credit officer, Finnvera, and Satu Savelainen, senior advisor, Finnvera

Finland's Export Guarantee Act was amended in September 2014 to enable export credit agency (ECA) Finnvera to grant guarantees also to large companies in Finland for their industrial investments. Before this change Finnvera had a mandate to finance investments of small and medium-sized (SME) companies as a part of its SME agency mandate.

The new mandate is not restricted by the size of the company and is specifically designed to help financing arrangements of investments that promote and enhance exports from Finland. Eligible investments can be factory investments, investments that improve process engineering or competitiveness of the company in question and also projects that indirectly enhance exports, such as investments in logistics and other areas of private infrastructure that help improve the operating prerequisites and competitiveness of export companies. Public sector investments are not eligible.

Finnvera offers only guarantees for domestic investments. Funding is provided by commercial banks. Finnvera's policy is to cover up to 50% of the senior debt of the project. In smaller investments or, if equipment sourcing so requires, a higher share can be considered. Stemming from the EU State Aid Rules the maximum cover percentage is 80%. Otherwise, OECD Arrangement Rules are followed as far as feasible for tenors, repayment profiles etc. Obviously, local cost rules do not apply. Pricing is market driven. A commercial bank determines the all-in price of the loan and Finnvera will take its share of all pricing components.


Topi Vesteri

Finnvera has had a wide range of products to help different kinds of financing needs of SMEs but has not, until now, been able to offer support to the domestic investments of large companies in Finland. This has created a situation where a Finnish company could have a guarantee or financing support from a foreign ECA when sourcing the equipment from abroad. However, if they wish to buy manufacturing equipment from Finnish suppliers, Finnvera has not been able to offer financing support to these purchases. As a result, Finnish capital goods producers may have lost contracts to their foreign competitors or they may have been forced to source abroad to get ECA support for their domestic clients.

This has changed now and Finnish equipment suppliers' competitive position has strengthened in domestic investments.

The Act as it is written is quite broad and therefore often requires case by case consideration to determine which investments qualify to be financed under this new mandate. At the beginning the demand was quite vivid, but has declined, reflecting a weak investment climate in Finland. Finnvera has closed a few financing arrangements under this new mandate but the number is less than ten. The project size varies a lot; from one million euros to more than one billion euros.

New €1.2 billion bioproduct mill

The largest and probably the most well-known project that Finnvera has participated in with the financing arrangements under the new mandate is Metsä Fibre's new bioproduct mill in Äänekoski in central Finland. This is the largest pulp mill investment ever in the northern hemisphere.

The core of the investment is a new pulp mill producing annually 1.3 million tons of softwood and hardwood pulp. The value of this investment is €1.2 billion ($1.34 billion). There are several facilities in the debt financing package in aggregate amount of €750 million. The Finnvera-covered loan linked to equipment purchases from Finland is €400 million. Other participants are European Investment Bank, EKN and six commercial banks; Nordea, Danske Bank, DnB, Pohjola, SEB and Swedbank.

This project is a perfect example of the spirit of the new mandate. The bulk of the production of the mill will be exported; it will increase the value of exports from Finland by €500 million annually. The project also has a very positive impact on employment in Finland. This investment will create after its completion 1,500 new jobs in the whole value chain; particularly in forestry and logistics. In addition, the construction period will offer 6,000 man-years of work.

Furthermore, this investment will increase the share of renewable energy produced in Finland by 2%. The mill generates surplus biomass electricity which it sells to the national grid. Overall, 70% of the equipment is sourced from Finland. The increase in employment, as well as the overall positive impact on Finnish economy, is an important consideration to Finnvera when evaluating the proposed projects and their eligibility for Finnvera support.

First mid-cap bond subscribed

Almost at the same time as the amendment to the Export Guarantee Act, Finnvera received an authorisation to subscribe bonds issued by Finnish companies whose turnover is less than €300 million at the consolidated group level. Until the beginning of the year 2015, Finnvera had been able to subscribe bonds issued by SMEs only. With this new extension the idea is to help to create a market for bonds issued by mid-sized companies, and hence widen their financing options. Finnvera's mandate is to finance new investments with the bond subscriptions and not to refinance existing bank debt.

The maximum investment is 50% of the value of the new bond issue, although Finnvera's preference is to have a less significant share. As an anchor investor, Finnvera facilitates the selling of the bond. Finnvera's approach here is to be one of the market players and to take the price that is determined by the other investors in the market.

Furthermore, should the bond be oversubscribed, the share of Finnvera must be reduced proportionally when allocating bonds to investors. The aggregate share of Finnish public entities must never account for more than 50% of the bond value due to the State Aid Rules with which Finnvera must also comply in these transactions.

Finnvera's first mid-cap bond subscription was made in March 2015 when Finnvera subscribed a notable share of the bond issued by Kotkamills Group Oy. The money was raised for the conversion of a paper machine to produce packaging board to, among others, the food industry. The total investment is over €100 million. The bond issuance was linked to the acquisition where Kotkamills Oy was returned to full Finnish ownership. MB Funds, a Finnish private equity firm, acquired the majority of the shares in Kotkamills Oy from a global private equity firm.

With this new investment the future of the company is more secure, as the product of the old paper machine was losing its profitability. For Finnvera, this was an ideal case for the bond subscription as the money will be spent to create something new which will increase exports from Finland and secure jobs in Kotka in the south-east of Finland. Finnvera's co-investors are non-bank institutional investors such as pension funds. ■

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PCC Bakki Silicon
ECA-Backed Loan

ECA: Euler Hermes Aktiengesellschaft
Borrower: PCC Bakki Silicon hf.
Deal volume: $300m
Deal type: ECA-backed guarantee
Industry: Metals and Mining
Country: Iceland
Financial Close: 11/06/2015

MSC Mediterranean Shipping Company
ECA-backed loan

ECA: SACE
Borrower: MSC Mediterranean Shipping Company
Deal volume: $1.07bn
Deal type: Export and Agency Finance
Industry: Transport
Country: Switzerland
Financial Close: 18/06/2015

Tui Cruises
ECA-backed loan

ECA: Finnvera
Borrower: Tui Cruises
Deal volume: $1.06bn
Deal type: Project and Infrastructure Finance
Industry: Shipping
Country: Germany
Financial Close: 30/06/2015

Seadrill
ECA-backed loan

ECA: GIEK Garantiinstituttet for eksportkreditt
Borrower: Seadrill
Deal volume: $950m
Deal type: Project and Infrastructure Finance
Industry: Oil and Gas
Country: United Kingdom
Financial Close: 27/01/2015

Fomento de Construcciones y Contratas (FCC)- ECA-backed guarantee

ECA: CESCE Credit Insurance
Borrower: Fomento de Construcciones y Contratas
Deal volume: $473.48m
Deal type: Export and Agency Finance
Industry: Infrastructure
Country: Spain
Financial Close: 25/05/2015

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Sinosure readies for further development

Sinosure's chairman, Wang Yi, describes how the world's largest ECA has changed both procedures and structure as it undergoes rapid growth.

China's official export credit insurance agency, China Export & Credit Insurance Corporation (Sinosure), has achieved considerable success since it was founded in 2001.

Since 2009 Sinosure has increased the total volume of its cover annually by 30.7%, and its accumulated total coverage now stands at $1.75 trillion. The company has developed in leaps and bounds, particularly in the last six years. By the end of 2014, Sinosure's business volumes were 7.1 times higher than 2008 with a total value of $445.58 billion, consisting of $25.45 billion of medium- and long-term export credit insurance, $36.1 billion of investment insurance and $344.82 billion of short-term export credit insurance. Since 2010, Sinosure has consistently ranked top among global ECAs by the amount of its cover.

The rapid development of Sinosure is due to its prompt response to the international financial crisis and its ability to seize opportunities. Export credit insurance performs an important counter-cyclical role. The firm has taken an active approach and embraced the wider trend of increased export credit insurance demand.

In the meantime, we profit from our key values of 'reformation, innovation and development'. Based on the experience learned from our international counterparts, Sinosure endeavors to explore new routes and new initiatives for development, forming a path that is in accordance with international practices and conforms to the domestic situation of China with Chinese characteristics.

We can best summarise our experiences under the following principles:

First, to operate our business and services according to market laws

Sinosure advocates the business concept of 'following the guidance of policy, respecting the discipline of market and focusing on the need of customers'. We coordinate and allocate the resources in accordance with the need of our customers. Meanwhile, we intensively explore the potential of emerging markets, and emerging industries with strategic importance, trade in services and small and micro businesses. While assisting national development strategies and supporting China's foreign trade, Sinosure has also prudently expanded its business and has realised its break-even target and achieved a minor profit.


Wang Yi

Second, to deepen reform and innovation

Sinosure has reformed the structure of the firm, based on legal-entity corporate governance, to form an efficient operating system including a board of directors, a supervisory committee and effective management administration. At the same time, Sinosure is actively innovating its products and services, business procedures and organisational structure. Moreover, it is attaching more attention to the experience of customers to better cater for their demands.

Third, to control risks carefully

Our risk controls represent one of the core competitive advantages of Sinosure. In accordance with the principle of 'reflecting policies, following procedures and benefiting development', the company comprehensively promotes the improvement of its risk control systems. Through improving regulations and better internal management, Sinosure is enhancing its risk control capabilities successfully. By implementing robust risk controls the firm has been able to maintain its high speed level of development while minimising risks.

Nowadays, Sinosure stands at a new beginning for development as the largest official ECA. Its service network and business systems have been continuously improved. With improved capability, the scope of Sinosure's services keeps expanding. Currently, Sinosure has 2,550 employees and 28 operating agencies throughout China. Meanwhile, it opened a representative office in London and sent working teams to Russia, Brazil, South Africa and Dubai. Its services include medium- and long-term export credit insurance, overseas investment insurance, short-term export credit insurance, domestic credit insurance, guarantee and reinsuring service related to export. It also provides service for consultation for receivable accounts management, debt recovery & collection and other business related to export credit insurance. The firm also manages insurance assets and conducts other services.

Sinosure is faced with new opportunities and challenges. Against the backdrop of economic globalisation, China remains in an important period of strategic opportunities as it implements its 'go global' and 'one belt and one road' initiatives. At this new starting point, Sinosure will embrace challenges, initiate new proposals and pursue new heights. Our strategic goals are, based on our scale advantage, to shift from 'being large' to 'being strong'. The goal is to construct the world's leading export credit insurance firm with optimum function, advanced technology, high-quality service, scientific management and rigorous internal control. This is to ensure the ECA operates safely and plays an important role as an agency that drives and implements better policies.

Driven by reformation and innovation, Sinosure will keep improving its operation system, enhance the management ability and strengthen the capability of foreign trade service. We will grasp the historic opportunity of the 'one belt and one road' initiative, stabilising the development of export credit insurance and earnestly improving our business of medium- and long-term export credit insurance, overseas investment insurance and the service for short-term specific insurance. We will proactively adapt our management to the changes of modern time, improving and completing our management system and nurture force that drives the reformation of the company.

Sinosure attaches high focus on its communication and cooperation with its counterparts. After its accession to the Berne Union in 2001, it has actively engaged in its activity and management. Sinosure has signed cooperation contracts with 29 of the member companies and established annual or non-scheduled communication system with many of them.

Moreover, it builds reinsuring relations with many agencies. At this new development stage, Sinosure will dedicate itself more to the affairs of the Berne Union and facilitate communication with its counterparts to promote development. Especially at this historic moment with China's proposed strategy of the 'one belt and one road' initiative, Sinosure is willing to make progress together with its counterparts, to deepen its communication and cooperation and to realise mutual prosperity.

This November, the 2015 Berne Union/Prague Club Annual General Meetings will be held in Shanghai. We expect to gather with all of our peers to discuss important topics in relation to the development of the export credit insurance industry and the Berne Union. By doing so, we expect to push export credit insurance towards a better future, hand-in-hand with our Berne Union colleagues, and to make a greater contribution towards the development of world trade and the global economy. ■

Our strategic goals are, based on our scale advantage, to shift from 'being large' to 'being strong'. The goal is to construct the world's leading export credit insurance firm with optimum function, advanced technology, high-quality service, scientific management and rigorous internal control.

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A UK first in offshore RMB funding

By Paul Walsh, aerospace underwriting manager and Hannah Steadman, aerospace underwriter at UK Export Finance

The UK government aims to help make London the leading centre for offshore renminbi (RMB) business outside China, not least because the currency has now overtaken the euro as the second biggest trade finance currency after the dollar.

Against this backdrop, the UK Chancellor, George Osborne, announced in June 2014 that UK Export Finance (UKEF) would be willing to provide guarantees for export transactions denominated in RMB.

The first exporter to benefit was Airbus, which supports 100,000 jobs in the UK. With UKEF's help their Chinese customer, the airline China Southern, was able to access from HSBC a 12-year UKEF-guaranteed loan in RMB, which the airline used to purchase a new A330 aircraft. This was attractive for the airline as 97% of its revenues are in RMB.

The key feature of offshore RMB, unlike the onshore currency, is that it is fully convertible in the international markets. There are no restrictions on who can access it, interest rates and exchange rates are fully liberalised and the currency is fully fungible in offshore centres, with no restrictions on flows between those centres.

Paul Walsh

Hannah Steadman

There is no risk for UKEF arising from any disparity between the two forms of RMB, since the loan guaranteed was made by HSBC Hong Kong from the Hong Kong market, entirely in offshore RMB (ECAs cannot currently guarantee the onshore RMB).

There is still a residual convertibility risk from sterling since the offshore RMB remains partially dependent on the People's Bank of China for liquidity. However, given the moves that China has made to internationalise its currency, and its ambition to make the RMB a leading international trade and reserve currency, this risk seems low.

From the Chinese buyer's perspective, offshore and onshore RMB are exchangeable at par – so even though the bulk of China Southern's revenues are in onshore RMB, they derive the full foreign exchange benefit from the offshore RMB loan.

And critically, from the Chinese buyer's perspective, offshore and onshore RMB are exchangeable at par – so even though the bulk of China Southern's revenues are in onshore RMB, they derive the full foreign exchange benefit from the offshore RMB loan.

This work has opened the door to future export business being supported by UKEF in RMB. The flexibility on the loan currency will help make it more attractive for Chinese companies from any sector, and companies outside of China that generate revenues in RMB, to buy from companies operating in the UK.

In this, the offshore RMB simply joins UKEF's portfolio of local currencies supported. We have already provided support for export transactions in Thai baht, Japanese yen and Malaysian ringgit, for example. In all, we already support more than 10 currencies and we always welcome new ideas from our customers and their banks to widen the list. These currency options help to insulate buyers who receive a significant proportion of their revenues in their own currency from foreign exchange risk. Using a local currency creates a natural hedge for the borrower.

Nevertheless, it took a lot of work inside UKEF, with support from HM Treasury, the Bank of England and our partner export credit agencies, to get to the point where UKEF could support an RMB transaction. We needed to consider how the currency would work with our guarantee and the length of the financing, which broke new ground in international funding in RMB. In all this we also worked with reinsurance partners Coface and Euler Hermes AG.

This work has opened the door to future export business being supported by UKEF in RMB. The flexibility on the loan currency will help make it more attractive for Chinese companies from any sector, and companies outside of China that generate revenues in RMB, to buy from companies operating in the UK.

Announcing the support for Airbus and China Southern, the Chancellor reflected the scale of this new opportunity. He said: "This is a truly historic deal which paves the way for the best British companies to export much more easily to the Chinese market. The UK is a world leader in financial innovation and I am determined that we become a centre for RMB business so that many more of our brilliant exporters can benefit." ■

The key feature of offshore RMB, unlike the onshore currency, is that it is fully convertible in the international markets. There are no restrictions on who can access it, interest rates and exchange rates are fully liberalised and the currency is fully fungible in offshore centres, with no restrictions on flows between those centres.

Regional trade flows – an Indian perspective

Geetha Muralidhar, chairman and managing director of ECGC, assesses the changing trade flows within Asia.

Asia is the world's workshop and it has also emerged as the engine of growth in global trade, eclipsing Europe. Asia is now the centre of global expansion, driving trade growth in developed economies and in other emerging markets. Intra-regional trade in Asia is expected to surpass that of Europe by 2016.

Initial growth of trade in Asia was commodity-centric, mainly in minerals and fuels. However, of late, the emerging economies are moving away from this trend and developing their internal economies with commodities declining in the share of exports. The leading exporters like Korea and China are also becoming importers, thereby benefitting countries like Vietnam, Indonesia and other low-cost economies.

China and India are trade champions, with every other country in the region looking at these two markets as key opportunities. Most Asia Pacific economies are also likely to see trade flows intensify to the Middle East.

Within Asia, bilateral trade corridors involving China and India, are expected to grow fast. However, the swiftest growing global trade corridor will be India's trade with Middle East. The factors that make Asia the most attractive destination for global companies include: the growth in disposable incomes; increasing urbanisation and the expanding wealth of the middle class.


Geetha Muralidhar

To best understand the potential in this region, it is not enough to study selective countries. Instead, a comprehensive knowledge and understanding of the whole of Asia is required.

Another evolving trade bloc of interest in Asia is the South Asian Association for Regional Cooperation (SAARC). The economic integration under SAARC started slowly. The preferential trading arrangement (SAPTA), the creation of free trade area (SAFTA) and the agreement on services (SATIS) are yet to make an effective impact. However, South Asia's trade with its sub-regional and extended partners have increased significantly, with the former rising slowly and steadily while the latter is faster. Effective implementation of the trade deals is

In fact, the 'Act East Policy' can easily be widened to an 'Act West Policy' which includes the UAE as a door-opener for the oil-rich region. With this foothold, India can make its foray in West Asia, thus leading the infrastructural development of the war ravaged region.

the key to the eventual success of SAFTA.

India's trade trends, and the direction of Indian exports, have shifted considerably with all of these fast-growing regions. The EU used to receive the largest share of Indian trade (approximately 20%) five years ago, but this has now dropped to 15%. This missing share of trade has been ceded to regions in Asia, the Middle East, and Asia-Pacific etc. The erstwhile 'Look East' policy is being turned into an 'Act East' policy consciously by the Government of India. The collective weight of the population and economy in this region is acknowledged to be critical to global growth and prosperity.

Commerce with South and East Asian nations accounts for over 45% of India's foreign trade.

In fact, the 'Act East Policy' can easily be widened to an 'Act West Policy' which includes the UAE as a door-opener for the oil-rich region. With this foothold, India can make its foray in West Asia, thus leading the infrastructural development of the war ravaged region. There are, in all, 11 major FTAs/PTAs/CEPAs of India with various bilateral partners / groups of countries. Seven of them are FTAs, two of them are PTAs, with the remaining under negotiation. All the nine concluded agreements cover various countries and blocs in Asia, Asia-Pacific, and the Middle East.

As regards ECGC's business, over one third of the risk value covered is for exports to countries in ASEAN, SAARC, Middle East and Asia Pacific. It is pertinent to note that the share of these regions in India's exports is over 50%. The exports to SAARC, Middle East and Asia-Pacific have been seeing an upswing while exports to ASEAN, which saw a 25% rise in the previous year, is expected to climb further. The reverse scenario is observed when it comes to the coverage of exports to EU and North America. The share of India's exports to these regions are 14% and 12% respectively; whereas, the shares of ECGC's coverage for these regions are about 30% and 20% respectively.

The above analysis reflects the fact that the need, and demand for, credit insurance for developed markets remain high owing to the increasing commercial risks in the current economic downturn. The demand for ECGC's cover to the regional destinations is also expected to grow in the near future. There are over 150,000 importers underwritten in these regions which are the focus areas for India's exports. ■

Within Asia, bilateral trade corridors involving China and India, are expected to grow fast. However, the swiftest growing global trade corridor will be India's trade with Middle East. The factors that make Asia the most attractive destination for global companies include: the growth in disposable incomes; increasing urbanisation and the expanding wealth of the middle class.

The exporters in India have a wide choice of about a dozen types of insurance covers, courtesy ECGC. The covers could be declaration-based or exposure-based, buyer specific or contract specific, consignment-based or stock holding-based and so on and so forth. If none of the products is found suitable, tailor-made covers are also possible for special circumstances. ECGC is truly a one stop solution for protection of trade receivables for Indian exporters.

Top 5 ECA-backed deals
throughout Asia

Reliance Jio Infocomm Limited (RJIL)
ECA-backed loan

ECA: KSURE
Korea Trade Insurance Corporation

Borrower: Reliance Jio Infocomm Limited (RJIL)

Deal volume: $750m

Deal type: Export and Agency Finance

Industry: Cellular (network)

Country: India

Financial Close: 07/05/2015

Vietnam Airlines
ECA-backed loan

ECA: Export-Import Bank of the United States (US Ex-Im)

Borrower: Vietnam Airlines

Deal volume: $589m

Industry: Transport

Country: Vietnam

Financial Close: 04/08/2015

PacificLight Power
ECA-backed loan

ECA: MEXIM- Export-Import Bank of Malaysia Berhad

Borrower: PacificLight Power

Deal volume: $509.53m

Deal type: Project and Infrastructure Finance

Industry: Energy

Country: Singapore

Financial Close: 23/03/2015

Quantum Pacific Shipping
ECA-backed loan

ECA: KSURE
Korea Trade Insurance Corporation

Borrower: Quantum Pacific Shipping

Deal volume: $344.7m

Deal type: Export and Agency Finance

Industry: Shipping

Country: Singapore

Financial Close: 31/03/2015

Reliance Industries Limited
ECA-backed loan

ECA: UK Export Finance

Borrower: Reliance Industries limited

Deal volume: $300m

Deal type: Export and Agency Finance

Industry: Oil and Gas

Country: India

Financial Close: 14/04/2015

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MENA: a region transforming

By Karim Nasrallah, general manager of the Lebanese Credit Insurer (LCI)

Although notable changes have been witnessed across the Middle East and North Africa (MENA) region in the past few decades, the region has undeniably transformed as of late. The year 2008 marked the beginning of a myriad of challenges that unfolded in the Middle East, be it from wars, financial crises, instability and political developments. Businesses operating in the MENA region have felt the repercussions of these changes, and as a result many challenges have surfaced. Several economies have been impacted, and disruptions in the trade sector have been recorded.

These shifts have triggered a growing demand from clients, to protect their trade receivables, as they carry out business in an unpredictable region. Clients have not only eyed the importance in being protected from commercial risks, such as delays of payments or the insolvency of a buyer, but also the political risks in case of export transactions, such as war, transfer risks and license cancellation.

Regional trade flows

There has been a steady growth in exports within the Middle East, since 2010. Intra-regional exports in the Middle East increased from $105 billion in 2010 to $134 billion in 2014. In 2014, the majority of these exports were mineral fuels and precious stones. These two major industries amounted to approximately 32% of 2014 intra-regional exports. In 2014, Turkey was the top exporter within the Middle East. Turkish exports to the

Karim Nasrallah

Middle East totalled $34 billion – with Iraq, UAE and Iran being the top importing countries. Saudi Arabia was the second top exporter, with $22.5 billion worth of intra-regional exports. UAE came in as close third, with intra-regional exports amounting to $22.4 billion.

On the other hand, exports from the Middle East to the rest of the world have recorded a slight decrease from 2013 to 2014. In 2014, the Middle East exported $1.3 trillion to the world, with mineral products and metals amounting to 70% of that trade. The top three exporting countries were Saudi Arabia, UAE and Turkey amounting to 56% of all Middle Eastern exports to the world. In 2013, Saudi Arabian exports to the world amounted to $347 billion, the majority of which was mineral fuels (85%). Meanwhile, UAE and Turkey exported $207 billion and $158 billion worth of goods respectively.

The resulting challenges

As the trade sector across the Middle East continues to grow, and import/export values have increased since 2012, there have been some growing demands from clients to obtain a trade credit insurance policy. However, the awareness levels and spread of trade credit insurance remains rather very low

There have been some growing demands from clients to obtain a trade credit insurance policy. However, the awareness levels and spread of trade credit insurance remains rather very low and concentrated amongst key suppliers.

and concentrated amongst key suppliers.

In light of the ongoing changes across the Middle East, additional challenges exist, that governments and companies need to work on to bridge the gap. Markets across the MENA region are diverse in nature, and each market is governed by a different legal framework. Therefore, prior to issuing a trade credit insurance policy, extensive due diligence needs to be conducted, for both the supplier and buyer – and the scarcity of financial reporting and figures makes this task more difficult. There exists a pool of technical, commercial and legal challenges that governments need to address, in order to enhance and facilitate trade in their respective countries, as well as make them more 'export-trade ready'.

There exists a pool of technical, commercial and legal challenges that governments need to address, in order to enhance and facilitate trade in their respective countries, as well as make them more 'export-trade ready'.

Trade and export continue to be key elements contributing to a country and region's growth and economic stability. Developing countries have become more competitive in this regard, and have been able to grow where mature markets have faced restrictions due to internal policies.

In light of the events that have unfolded across the MENA region and the consequences which followed, there is a growing need for the legal frameworks for several countries to be revisited. Insolvency laws in particular, should be modernised and updated, and consequently, governments should ensure their enforceability.

Moreover, taxation related to exports and related services (including export credit insurance) should be adapted to modern needs and international practice. The same is the case with the regulatory frameworks which no longer reflect modern trade needs.

Governments must also work to provide reliable financial information as it is one of the key tools of trade facilitation. Currently, in most of the MENA jurisdictions, there is no obligation to publish the annual accounts of companies and there is no existence of a register of companies that would give access to filed financial statements.

In the case of Egypt for example, a market in flux yet thriving with opportunity, there exists a non-supportive legal framework for trade credit insurance providers. In addition, there is a lack of necessary or required transparency from companies, and effective regulatory supported financial information is still being developed. These factors greatly increase the risks that firms such as ours are taking in such markets.

Finally, policy makers should make the implementation of credit insurance (ECAs, private market, multilaterals etc.) a priority on their agenda, as the principal sustainable tool for trade promotion and support. Legally and technically admitting credit insurance as a trade finance facilitation tool by the central banks of the governments of the region would aid in making the region more 'trade ready'.

At present, the MENA region still has a long way to go to be 'trade and export ready'. However, with the right laws and regulatory frameworks put in place, along with the disclosure of financial statements of companies, and companies gaining greater access to credit insurance facilities, the MENA region's trading future looks promising.

The way forward for the Middle East

Faced with both challenges and uncertainty in the MENA region, the outlook of the trade industry is debatable. However, with the ongoing efforts of trade credit insurers and organisations operating in this sector, who are working to support the trade industry, the Middle East region will likely see growth in this area. With a more transparent legal framework and heightened financial reporting standards, we are confident that our roles as trade credit providers and trade supporters in general, will be enhanced. The Middle East has ample growth opportunities in the trade industry, and capitalising on them is a joint effort. ■

Sources

International Trade Centre – Trade Map – www.trademap.org – ITC calculations based on UN COMTRADE statistics.

Iran's Official Export Credit Agency,

The First Established in MENA Region,

Member of Prague Club, CreditAlliance Network,

and Executive Council of AMAN UNION (Islamic & Arab Insurers & Reinsurers Union)

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Increased collaboration with African banks - what are the avenues ahead for ECAs?

By Rebecka Lundgren, country analyst, Africa, EKN, and Karl-Oskar Olming, Africa representative, EKN

The commodity driven growth in Africa has generated a demand for stronger banks with more capacity. As commodity prices are falling and currencies weakening, African companies are becoming increasingly interested in local financing solutions. At the same time ECAs are becoming more active in the region. But can ECAs and local banks find a match in each other?

Strong growth increases demand for local financial solutions

The average economic growth rate in sub-Saharan Africa during the last decade has been almost 6% according to the IMF. This is one of the highest growth rates in the world. It is impressive, even though it starts from a low base. This growth rate has been driven to a large extent by commodities, but also by investment in infrastructure and construction, by agricultural development and by manufacturing and services. Even though external financing and funding from international banks traditionally has been more attractive, Africa's engagement in world economic activity is continuously increasing, and along with that comes a demand for adequate financial services and solutions provided in the local markets where these companies are based.

During the last year, the oil price has roughly halved and most other commodities have followed the same path. As commodity prices are falling, so are the currencies in Africa's many commodity-producing countries. This accentuates the need from companies to have their loans in the same currency as their revenues, to be able to focus on their business and not on managing exchange rate risks. This is also a factor increasing the demands on the local banks' ability to provide adequate financial solutions to local companies.


Rebecka Lundgren


Karl-Oskar Olming

This demand is also seen by EKN. We receive an increasing number of inquiries from African banks to act as policy holders in Swedish export transactions. And there are a number of advantages for an ECA to have a local bank as a policy holder. EKN's experience from having Standard Bank as a policy holder in a large power transaction in Zambia is that the local bank has a better knowledge of the domestic market. This includes experience of the companies acting in this market, and also of local authorities, governments and political priorities that are relevant for the transaction.

Local banks as ECA policy holders

Despite the increased interest from local banks, guaranteeing transactions with local banks as policy holders seems to be a rare thing among ECAs. Why is that?

There are some challenges in having local banks as policy holders. Some are regulatory, such as limitations regarding the ability of ECAs to act as insurers in a domestic contract. This reduces the potential collaboration with local banks to transactions in third countries, such as the example of EKN issuing a guarantee to Standard Bank South Africa for a transaction in Zambia. Other regulatory challenges are local.

One key advantage for the lending bank in receiving ECA support is the capital relief on the balance sheet as sovereign guarantees provided by ECAs is one of the most reliable and solid trade credit enhancement tools available to banks globally. Unfortunately, in many African countries the central bank does not allow banks any capital relief even if they have an ECA guarantee. Without the capital relief it is difficult for local banks to justify working with ECAs. The central banks argue that there is no demand for such a relief and in many countries it would require a change in the law. From a BU perspective it is important to identify regulations that adversely affect the use of credit insurance instruments. The BU could possibly engage with central banks in Africa that do not allow capital relief for credit guarantee instruments.

Risk related challenges

There are also challenges coming from a risk perspective. Every ECA has some kind of minimum requirements that a bank must fulfill to be considered as policy holder. The ECA needs to be assured that the lender is a trustworthy risk partner, someone to rely on in good times as well as in bad times. It is also preferable that the bank has certain knowledge and experience of ECA financing and the related regulatory framework.

Another issue relates to the general regulatory environment and the supervision of the banking system in the country in question. There are various ways of expressing these minimum requirements, but if an investment grade rating from one of the three large rating agencies is used as a proxy for a sufficient creditworthiness, only 12 banks in Africa are eligible – of which eight are South African according to data from Bankscope, a global bank information provider. Another operational risk in working with local banks in general is the risk of conflicts of interest between the policy holder and the debtor. The ECA needs to ensure that the two parties do not act together in a way that increases the probability of default in the transaction.

Successful bank relationships, but KYC is changing the landscape

Local banks acting as policy holders in ECA-backed transactions can be challenging, but there are alternative ways of achieving this. One example is EKN's collaboration with African Export-Import Bank (Afreximbank), which started in 2009. It is a framework set-up where EKN guarantees loans to various international banks for the purchase of Swedish equipment by African companies. Afreximbank acts as borrower in the framework guarantee, and then on-lends to the African companies. This is a win-win for all parties. EKN becomes willing to issue a guarantee, since our risk is on Afreximbank and Afreximbank has the risk on the end buyer. EKN's guarantee in turn makes the bank willing to arrange a financing for the transaction in question. And the premium charged is undoubtedly lower, given that Afreximbank is classified as county risk category 4 sovereign risk.

Another potential structure for collaboration with local banks is via letter of credit (LC) guarantees. In this structure the ECA shares the risk with the bank confirming an LC opened by a local bank. Thanks to the LC guarantee, covering half or more of the risk, the bank gets more capacity on local banks, enabling them to do more business. This is a structure that is frequently used by Swedish banks, mainly in the more complex African markets. During 2014, EKN issued 104 LC-guarantees in sub Saharan Africa.

The LC market is however affected by the increasing demands on Know Your Customer (KYC) due diligence, with the purpose of combatting money laundering, terrorism financing and sanctioned entities. Banks are, in order to streamline trade finance administration, reducing the number of corresponding banks.

The way forward

There is reason to believe that along with the economic development and integration of the African continent, the collaboration between ECAs and African banks will increase. And there is scope for ECAs to be more pro-active in terms of overcoming the related regulatory challenges. It is unclear though how the capacity of African banks will be affected by increasing demands on KYC. Fewer correspondent banks in Africa may lead to a greater need for risk sharing with ECAs and it might actually deepen the remaining relationships. For ECAs it means less exposure to many different local banks, but also an opportunity to develop new relationships with local banks as policy holders in order to promote a country's financing capabilities. ■

ECIC plays a pivotal role in sub-Saharan projects and development

By Kutoane Kutoane, chief executive officer, Export Credit Insurance Corporation of South Africa (ECIC)

Following the international trend in the creation of export credit agencies (ECAs) after World War II, South Africa began to offer official support for export transactions in 1957. Instead of creating a dedicated ECA, reinsurance cover was made through the Department of Trade and Industry, the dti (then known as the Department of Economic Affairs) and the Credit Guarantee Insurance Corporation of Africa Limited (Credit Guarantee). This relationship lasted for more than 40 years.

Over the years, a review of the export credit insurance market gap showed that private participation in the short-term trade finance market was adequate and that government involvement was crowding out (instead of complementing) private sector participation. However, in the case of medium to long-term transactions, government involvement was still very much required, especially in respect of emerging markets.

Subsequently, as from 1 July 2001, the South African government decided to discontinue its involvement in the provision of reinsurance cover for short-term transactions and focused only on medium to long-term export transactions. With effect from 2 July 2001, a dedicated ECA was established in the form of Export Credit Insurance Corporation of South Africa (ECIC).

The ECIC was established as part of a broader government policy in the context of industrial policy, trade and investment promotion. As the official export credit agency of South Africa, the ECIC acts as an "insurer of last resort" by providing insurance for export transactions that will otherwise not take place because commercial lenders are either unable or unwilling to accept the risks (politically or commercially) inherent in long-term transactions.

Kutoane Kutoane

The corporation's enabling act is the Export Credit Investments Insurance Act 1957, as amended. The ECIC is an independent, limited liability company, with the government as the sole shareholder.

Our vision is clear: we are determined to be the leaders in the medium- and long-term export credit and investment insurance business, focusing on project finance underwriting, customer needs, and prudent portfolio and risk management.

Facilitating projects throughout Africa

Accordingly, our mission is to facilitate and encourage South African export trade by underwriting export credit loans and investments outside South Africa, which will help contractors win international capital goods and services contracts.

The ECIC fosters a stronger South African economy by supporting exports of South African goods and services that can drive domestic job creation, contribute to fixed capital formation, to GDP and generate fiscal revenue for the country. The rationale for the positive impact of the ECIC on economic development is based on the assertion that, with ECIC support and participation, exports from South Africa are enabled to take place.

The South African content requirement for export projects supported by ECIC ensures economic benefits for both South Africa and the host economies. For illustration purpose, in the financial year ended March 2015, the ECIC signed insurance policies for export transactions to the value of ZAR6.7 billion ($489 million), which generated a total of 12,272 job opportunities in South Africa. Of these, a substantial number of job opportunities were recorded for unskilled workers, which is a high priority for South Africa. Equally, in the host countries 14,943 job opportunities were created during the construction phase and 17,662 job opportunities are expected to be sustained on an annual basis (for the next 20 years) during the operational phase of the projects supported.

The corporation has also been a generator of tax revenue for governments, having returned approximately ZAR831 million ($60.6 million) and ZAR3.6 billion ($262.4 billion) in additional tax revenue to the South African and host economies finances, respectively.

Since inception, ECIC has played a remarkable role in facilitating and supporting the construction and expansion of projects on the continent in different sectors and at different levels. The ECIC's participation has enabled various economies to optimise their production and export potential in strategic sectors such as mining, agriculture, energy and infrastructure.

In agriculture, the ECIC's support extended from simple plantation (e.g. sugar plantation in Mozambique) to agro-processing (ethanol production from sugar cane in Sierra Leone), whereas in mining ECIC helped ease the funding of extractive activities and associated processing plants (e.g. copper plant in Zambia, gold mining in Liberia and diamond mining in Lesotho). In the energy sector we have recently concluded a PPP (public-private partnership) renewable energy project in Ghana for the generation of power.

Providing an equal footing in finance

Capital projects involve large amounts of money. Whilst some of the required funds are normally contributed through equity by project sponsors, the bulk of the requirement is mostly likely to come in the form of loan finance. In order for a potential exporter to successfully tender for a project it is often essential to be able to offer term finance.

Naturally, the price of the insurance products offered and the cost of finance to be offered have to face international competition. This cost of finance is affected by a range of factors, including South Africa's sovereign rating, which is currently in the lowest bracket of investment grade.

Hence, in order to bring South African exporters on an equal footing with international competitors, the interest levied on loans which are insured with ECIC are benchmarked on the Commercial Interest References Rates (CIRR) set by OECD or the Libor. To make the interest rates on the ECIC supported loans economical, the DTI provided an incentive – interest make-up (IMU) – through the ECIC to enable competitive bids for export transactions.

The ECIC therefore acts as an agent on behalf of the dti in administering IMU payments to South African exporters or financial institutions in respect of qualifying projects. The IMU payment to South African financial institutions enables them to offer term finance at internationally competitive interest rates, thus securing the export of South African goods and services to qualifying projects. In other words, the IMU assists in leveling the playing field by facilitating competitive borrowing terms to foreign buyers of South African capital goods and services.

Since the 2008 global economic crunch, developing countries have been able to record high economic growth rates and propelled global growth. These economies are expected to remain the most important drivers of the world economy and global trade in the medium to long run. In the past three years, six out of 10 of the fastest growing economies have been in Africa.

The continent is rich in natural resources which include arable land, minerals, and hydropower, to name just a few. In the extractives sector, for example, it is estimated that the region accounts for about 30% of all global minerals reserves. Its proven oil reserves constitute 8% of the world's reserves and those of natural gas amount to 7%. Minerals account for an average of 70% of total African exports.

However, the region is considered as one of the world's higher-risk markets. The continent is characterised by political instability, uncertainty in the regulatory issues, mounting terrorism activities, data and information unreliability and lack of adequate infrastructure. It can be assumed that ECIC is well positioned on the continent to better understand the problems which are faced by the leaders, economic operators and the realm of foreign investors in general. About 90% of our current portfolio is located in Africa, where Zambia, Zimbabwe and Ghana account for 25%, 16% and 15% respectively.

As a dynamic institution, scanning the environment and working to meet the needs of SA economic operators, we are working hand in hand with our shareholder (the dti) and all stakeholders, through market research and business development units to develop new insurance products to ensure that our support for government's export promotion policy objectives are met. We are in the process of launching the Performance Bond insurance cover. We are working on the coverage of credit lines and return of plants and equipment, among other products.

Moreover, to help release more lending capacity for our financial institutions, we have entered into various agreements with other ECAs to establish a framework for co-insurance and re-insurance. A major case to mention, ECIC has recently adopted a comprehensive plan of action along with the BRICS partner-ECAs aimed at actualising the cooperation programme for mutual benefits as envisioned in the MoU signed in 2014 in Fortaleza, Brazil. To this end, ECIC will actively pursue re-insurance and co-insurance opportunities with the BRICS ECAs, especially across sub-Saharan Africa.

Actually, the major region in the composition of the ECIC exposure is Africa. Being based on the continent, we consider that we have a better understanding of the problems which are faced by the leaders, economic operators and the realm of foreign investors in general.

To bring a sustainable growth and development path, the extraction of resources should be buttressed by a mineral transformation process on the continent. This prevails for agricultural activities as well. Exports should not be made of raw commodities only but processed goods as well. To achieve such a transformation, Africa will need to overcome four major obstacles: access to capital markets, transfusion of the technological know-how, overcoming infrastructure hurdles and lack of political will (saying and doing it). And the ECIC has a role to play in addressing some of these obstacles, through facilitation and increase of funding capacity for the construction of infrastructure and acquisition of processing plants. ■

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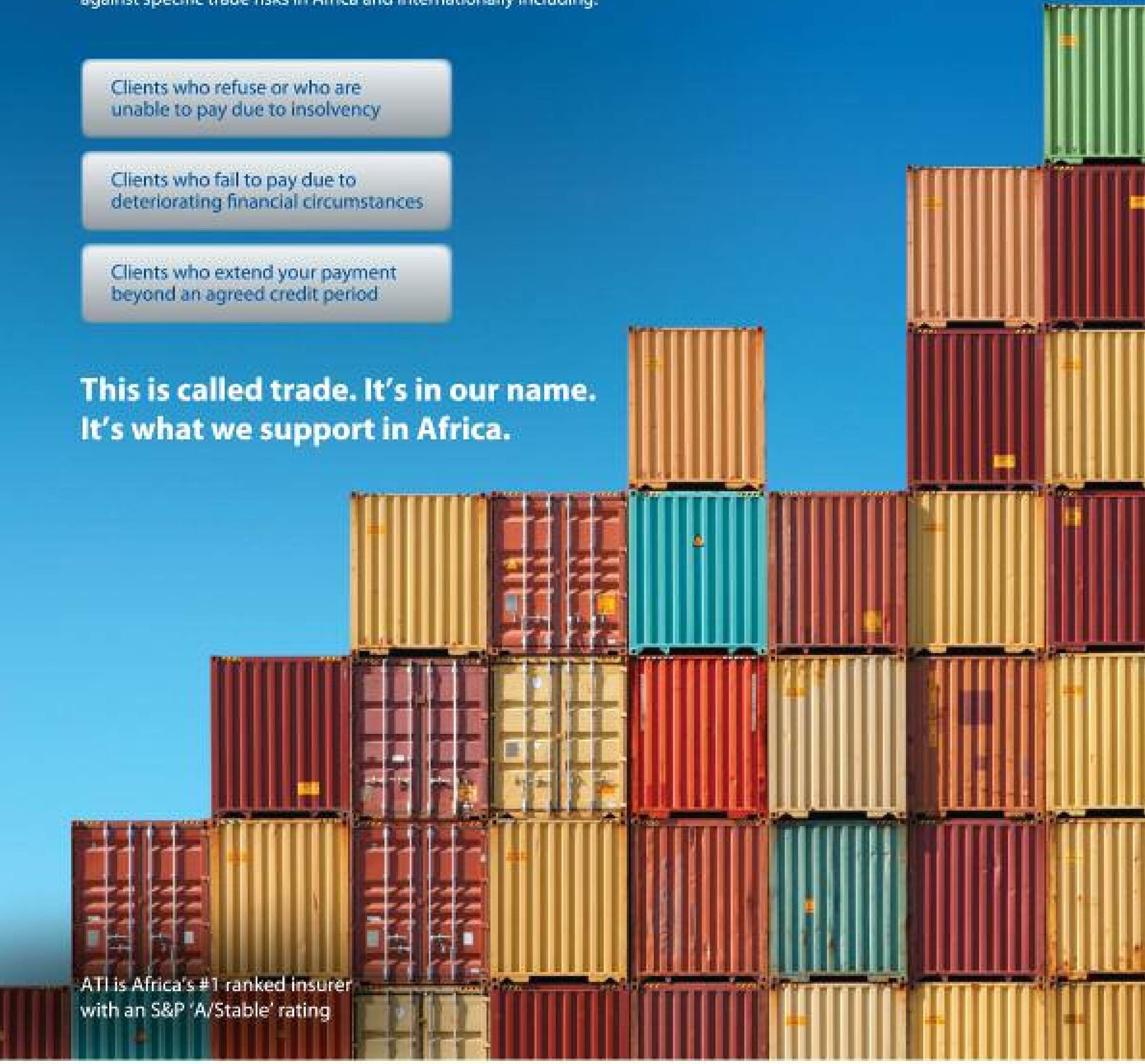

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MIGA-supported investment in Angola turns war scrap into construction steel

By Noureddin Ennaboulssi, senior underwriter, Multilateral Investment Guarantee Agency (MIGA)

Military refuse, abandoned railroad networks, vehicles, mining equipment: What to do with the remnants of civil war? In Angola, a company insured by MIGA is turning them into the core material for critical infrastructure.

The country still has an abundance of scrap metal littered throughout its territory, a legacy of the protracted civil conflict that ended in 2002. Aceria de Angola SA is using a significant amount of that scrap to recycle into much-needed steel rebar for the construction industry. Our guarantee of $70 million covers an equity investment into the company against the risks of transfer restriction, expropriation, and war and civil disturbance.

Up until now, Angola has imported nearly all of its steel, with local production limited to small-scale enterprises. Aceria de Angola is nearing completion of the greenfield steel rebar plant in Bengo Province, 40 kilometers north-east of the capital Luanda. The plant consists of a melt shop to convert scrap metal into steel billets and a rolling mill that will use the billets to produce rebar and wire rods. The factory will have an installed capacity of 250,000 tons per year, meeting a significant portion of the demand for steel rebar in the country.


Noureddin Ennaboulssi

The project is one of the first large-scale industrial projects in Angola outside of the oil sector. While the government has started to actively promote economic diversification by supporting investments in non-oil sectors, risk perceptions remain elevated – especially for large investments. For Aceria de Angola, MIGA is playing an important role in managing that risk and sending a signal to other would-be investors.

Not for the faint of heart

While MIGA's clients – two brothers with more than 20 years of experience in Angola –

The country still has an abundance of scrap metal littered throughout its territory, a legacy of the protracted civil conflict that ended in 2002. Aceria de Angola is using a significant amount of that scrap to recycle into much-needed steel rebar for the construction industry.

are experienced international investors, they have faced challenges cutting through bureaucratic red tape to lay the groundwork for the plant.

Moreover, in a country where 30% of the population has access to power, the investors have gone so far as to finance and build 50 kilometers of dedicated high-voltage electricity transmission lines and a substation – in cooperation with ENE and Angolan construction firm Omatapalo – in order to secure a steady source of electricity for the project. In order to get the water that is an important production input for steel manufacturing, the investors had to build the capacity to pump water from a local river. These, and more, are the significant hurdles that the investors have overcome to get the project off the ground.

How MIGA adds value

In response to the recent drop in oil prices, the World Bank Group has substantially scaled up its engagement in Angola and is a key factor of the government's response to the difficulties the economy is experiencing. As the political risk insurance and credit enhancement arm of the World Bank Group, MIGA's support to this project forms an important part of this effort.

MIGA's role in this project – as it is with all the agency insures – is to give investors the comfort they need to build and maintain good projects in challenging environments.

But, in this case, the agency also took an active role in advising the family-owned business on best international practices and due diligence with respect to feasibility studies, financial credentials, transparency, as well as environmental and social standards – ushering in, hopefully, a new era for more developmentally-sound investments into Angola.

Investments that MIGA insures must demonstrate that they will have a positive development impact on the host country and Aceria de Angola is no exception. The plant will comply with European and Brazilian steel certification standards and the rebar will be produced according to ISO9001 standards, matching the quality of imported rebar.

In response to the recent drop in oil prices, the World Bank Group has substantially scaled up its engagement in Angola and is a key factor of the government's response to the difficulties the economy is experiencing.

Scrap collection will generate huge environmental benefits through the clean-up of the littered countryside. It will also create significant new employment in a country still suffering the devastating effects of war – potentially generating more than 2,500 direct and indirect jobs, many of which will benefit people in rural areas.

What makes this project stand out is the client's vision for a smart and sound project for the country, our hands-on cooperation, and the overall context of helping Angola diversify its economy at this difficult moment.

Indeed, our support to Aceria de Angola is a strong example of the important role MIGA plays in getting investments that have a positive developmental impact into challenging contexts. ■

Noureddin Ennaboulssi is the Multilateral Investment Guarantee Agency's (MIGA's) senior underwriter who led the team on this project.

Scrap collection will generate huge environmental benefits through the clean-up of the littered countryside. It will also create significant new employment in a country still suffering the devastating effects of war – potentially generating more than 2,500 direct and indirect jobs, many of which will benefit people in rural areas.

Reasons to be cheerful: Powering remote areas in Zambia with renewable energy

By Karl-Oskar Olming, Africa representative, EKN

With 96% of its rural population living without electricity, Zambia is in great need for transmission and distribution lines to reach new regions and villages. In this case EKN's guarantee enabled the financing of an 850 km long transmission line that will replace diesel generated power with hydropower. Swedish power transmission and distribution EPC contractor Eltel Networks is building the transmission line and associated substations.

Only 30%-40% of the African population has access to electricity. This is a major constraint for the ability to escape poverty. Lack of electricity means businesses that cannot invest in factories, children who cannot do their homework in the evening and hospitals that cannot provide adequate healthcare to their patients. To increase access to electricity it is estimated that an additional $23 billion per year is needed in new investments in power infrastructure. There is not one solution to this challenge, but increasing commercial financing of energy infrastructure is a must to power Africa.

Financing - one key to success

Financing is one of the major constraints in developing power projects in Africa. EKN therefore puts an extra effort into understanding the financing challenges on the continent and actively identifies projects where Swedish export financing can be part of the solution together with other players such as multilateral development banks, development assistance etc. EKN is committed to support the financing of high quality, reliable and responsible power solutions in Africa in the years to come.

Karl-Oskar Olming

EKN is an active ECA in Africa supporting both large and small transactions. During 2014, 18% of EKN's issued guarantees were for transactions to 29 countries in sub-Saharan Africa. In Zambia, EKN supported the construction of a transmission line to replace diesel-generated electricity with hydroelectricity. This is a win-win both for the locally employed workers and local businesses who can count on a reliable power supply as well as our climate.

Electricity from renewable sources does not reach all regions

Access to power is one of the single most important barriers to economic development on the African continent. In Zambia the national grid does not reach all regions in the country with its centrally produced hydropower.

One million of the country's 15 million inhabitants live in the north-western parts of

During 2014, 18% of EKN's issued guarantees were for transactions to 29 countries in sub-Saharan Africa.

Zambia. This part of the country is not connected to the national grid, and as a result the consumption of electricity is low. Furthermore, the energy consumed is produced using non-renewable sources. Today's diesel-based energy production in that region emits in the range of 36,000 tons of carbon dioxide every year. Significantly more than the 500 tons of the energy is replaced by electricity from the national grid. With a stable electricity supply, the average use of electricity per person is also expected to increase as economic activity and productivity increases in the province.

Connection of Zambia's North Western Province to the national grid

The main objective with the 132 kV transmission line is to link the North Western Province (NWP) to the national power grid and replace the diesel generated electricity in with hydroelectricity. The project was awarded to the Swedish power transmission and distribution EPC contractor Eltel Networks. Eltel Networks has a long history of successful implementation of power projects in Africa.

Combined with an attractive commercial financing, Eltel was awarded the $150 million contract by Zesco, Zambia Electricity Supply Corporation. The financing solution included Standard Bank, Nordea, Swedish Export Credit Corporation (SEK) and EKN. EKN provided a buyer credit guarantee to the lending banks. EKN also played an important role in setting the environmental and social requirements for the transaction. These will be monitored during the construction phase.

Commitment to local suppliers and employees

What signifies Eltel's approach to project implementation in Africa is their commitment to local suppliers and employees, combined with a high standard of environmental and social management. In countries with limited job opportunities and a lack of skilled workforce, Eltel takes on a responsibility to educate and build capacity locally. It is good for the community, but also for future Eltel contracts and maintenance.

For the country it means support in building the soft infrastructure that is so important to maintain large investments and increasingly being able to rely on local companies and expertise. For Eltel it means a lot of on the job training and frequent seminars to sensitise the more than one thousand local workers to environmental principles and safety rules and regulations.

Environmental and social impact assessment

Before constructing the 850 km transmission line and substations, an environmental and social impact assessment was carried out. The purpose was to identify risk impacts, as well as make plans to avoid, minimise or offset impacts to workers, affected communities, and the environment. This was all performed in line with international standards. This is an important aspect in all EKN-supported transactions.

Some of the actions taken were to avoid agricultural and environmentally protected land, ensure compensation for economic loss of land, and provide training on health and safety both at work and off work. One example is the HIV/Aids information centres that are set up during the construction phase.

In order to facilitate communication with local stakeholders, a grievance mechanism for affected communities was set up as well as a plan for engagement with them throughout the project cycle. This mechanism can handle issues that could potentially affect the communities and ensure that relevant environmental and social information is disclosed and disseminated.

Powering remote areas with renewable energy is key to development and a reason to be cheerful for sure. ■

To increase access to electricity it is estimated that an additional $23 billion per year is needed in new investments in power infrastructure. There is not one solution to this challenge, but increasing commercial financing of energy infrastructure is a must to power Africa.

Top 5 ECA-backed deals
throughout Africa

Government of Egypt
ECA backed loan

ECA: COFACE
Borrower: Government of Egypt
Deal volume: $2.26bn
Deal type: Export and agency finance
Industry: Capital Equipment
Country: Egypt
Financial Close: 16/04/2015

Maamba Colleries Limited (MCL)
ECA - Direct loan

ECA: Sinosure
Borrower: Maamba Colleries Limited (MCL)
Deal volume: $828m
Deal type: Project and Infrastructure Finance
Industry: Energy
Country: Zambia
Financial Close: 30/07/2015

Government of Egypt
ECA backed loan

ECA: COFACE
Borrower: Government of Egypt
Deal volume: $678.24m
Deal type: Export and Agency Finance
Industry: Defence
Country: Egypt
Financial Close: 16/04/2015

MoF Kenya
ECA-backed loan

ECA: SACE
Borrower: Kenya Pipeline Company (KPC), MoF Kenya
Deal volume: $334.7m
Deal type: Project and Infrastructure Finance
Industry: Infrastructure
Country: Kenya
Financial Close: 15/07/2015

Ministry of Finance,
United Republic of Tanzania
ECA - Backed Loan

ECA: Japan Bank for International Cooperation (JBIC)
Borrower: Ministry of Finance, United Republic of Tanzania
Deal volume: $292m
Deal type: Project and Infrastructure Finance
Industry: Energy
Country: Tanzania
Financial Close: 27/03/2015

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NAFTA and the financing of exports: the case of Bancomext

By Luis Humberto Villalpando Venegas, vice president of economic analysis, Bancomext

The North American Free Trade Association (NAFTA) came into effect on 1 January 1994, and with it arrived a fundamental structural change. In fact, Mexico embraced an ambitious process of economic opening and consolidated the liberalisation of its trade policy initiated in the late 1980s. The Mexican economy made the external sector the channel of the dynamism of growth and of a new vision of the country.

The more general balance that can be highlighted is that, over the past two decades, GDP in constant pesos has grown 70%, i.e. an average annual growth rate (AAGR) of 2.6%. On the other hand, measured in constant pesos, exports tripled over the same period, with an AAGR of 5.5%, while in nominal dollars, exports quintupled from $50 billion to $400 billion thanks to access to the largest consumer in the world market. In fact, between 1994

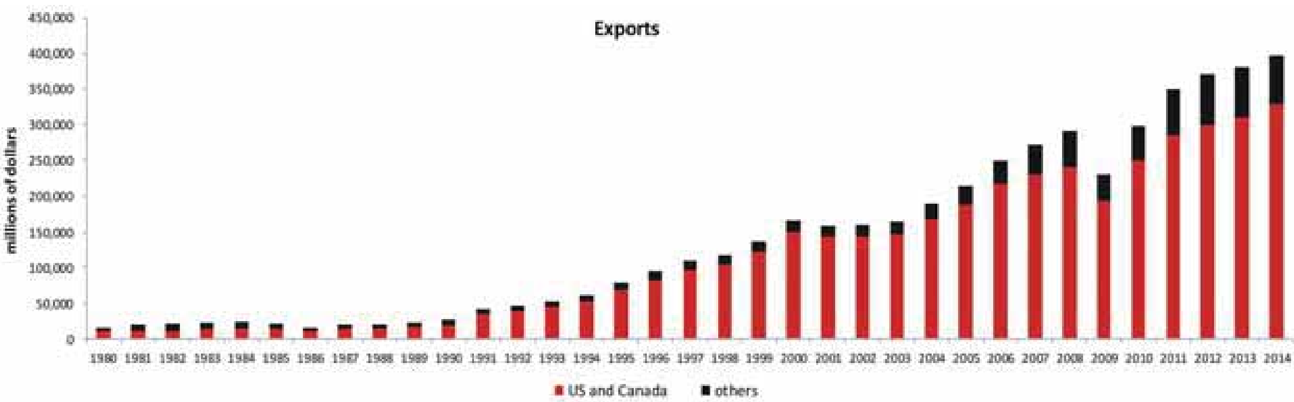
Luis Humberto Villalpando Venegas

and 2014 exports to the United States and Canada grew 7.4 times (see picture 1).

In addition, total trade (exports plus imports) is 6.7 times larger than it was prior to the entry into force of NAFTA (see picture 2). This accelerated growth of trade prospects has been a centre of attraction to foreign direct investment (FDI). The expansion of FDI has been impressive with a very significant increase. Indeed, FDI flows were $4.9 billion in 1993, while the FDI flows from 1999 up to the second quarter of 2015 totalled $406.8 billion.

At this point, perhaps the most important

Picture 1



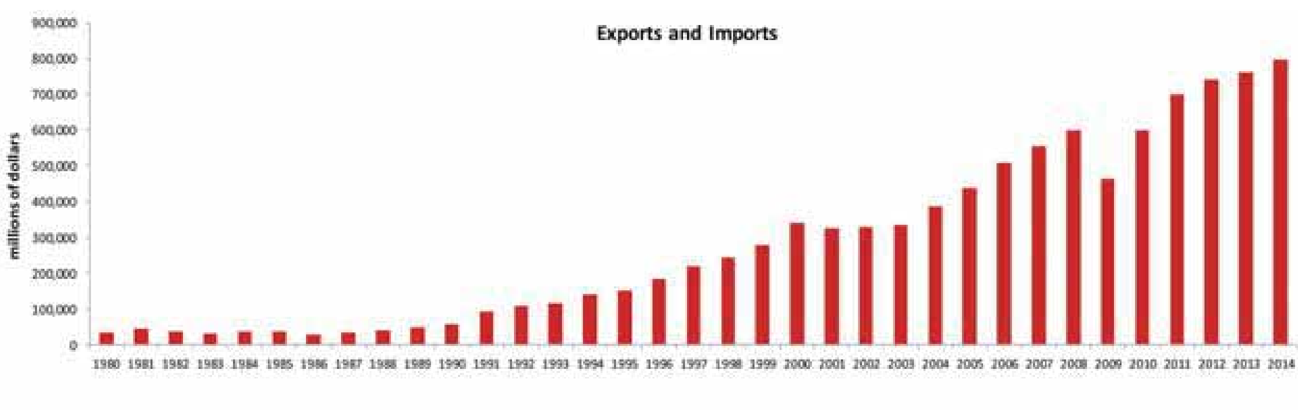
thing to emphasise is not only total FDI but also the economic sectors to which it has been destined in recent years. The degree of sophistication of the FDI in productive sectors has increased significantly, for example to the automotive, auto-parts, aerospace and electronics industries. By this approach, through international trade, the Mexican economy transformed from an economy of raw material exports, particularly oil, to an economy where its main engine of growth is manufacturing exports (see picture 3).

NAFTA came into being in an era where globalisation, or regionalisation, have generated calls for Global Value Chains (GVC) where the production of goods is processed and conducted in several countries, in order to improve production and distribution costs. It is in these GVC that the Mexican economy has been favoured by its NAFTA membership and its geographical proximity to United States and Canada, as well as its advantages of an abundant, qualified and low-cost labour force, in addition to other advantages of international competitiveness.

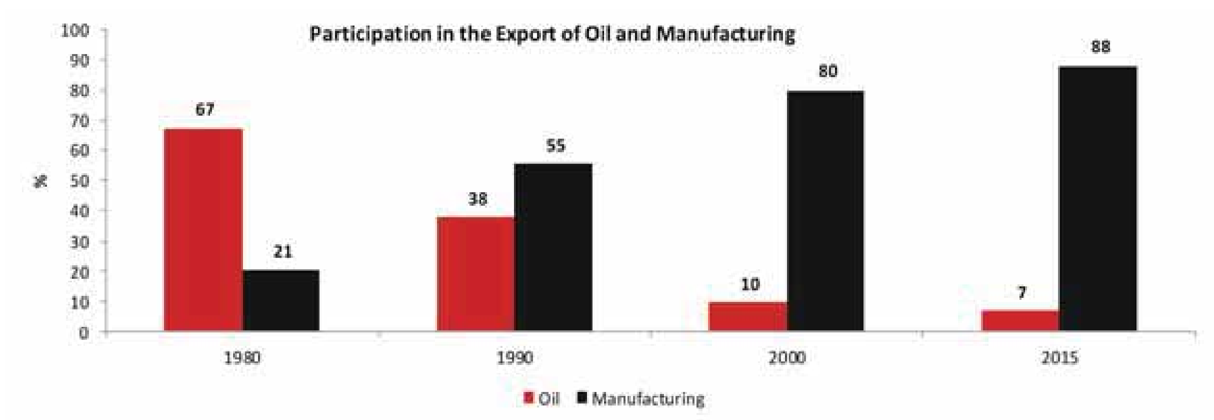
NAFTA came into being in an era where globalisation, or regionalisation, have generated calls for Global Value Chains (GVC) where the production of goods is processed and conducted in several countries.

It is in this context of trade liberalisation, globalisation and regionalisation, where the Mexican finance sector has become a major force to increase productivity and the added

Picture 2



Picture 3



EXPERT ANALYSIS

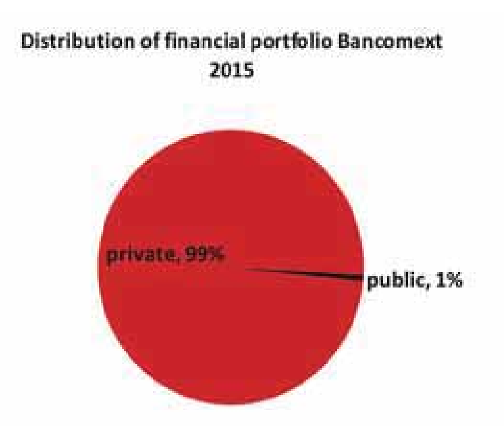
value of production. Indeed, both for national and foreign businesses, a critical factor to insert companies in the GVC has been the availability of credit. The financial system efforts have been very important for financing in this new reality of increased international trade for Mexico. However, it is still necessary to grow credit penetration to international levels. Financing to the private sector has increased from 17% of GDP in 1990 to 28% of GDP in 2015, but it still falls short in relation to what the external sector-oriented enterprises need. In particular, this growth has not been what the country needs to provide small and medium-sized enterprises that are integrated into these global chains of production.

An area of opportunity has been opened for the financing of the exporting companies. The National Bank of Foreign Trade (Bancomext), thanks to the change in the orientation of public credit in the present administration policy, has intensified its participation in the promotion of the foreign trade sector. Bancomext, as part of the new policy, has ceased to finance public sector foreign trade and is focused in financing private companies involved in foreign trade and other currency generation activities (see picture 4).

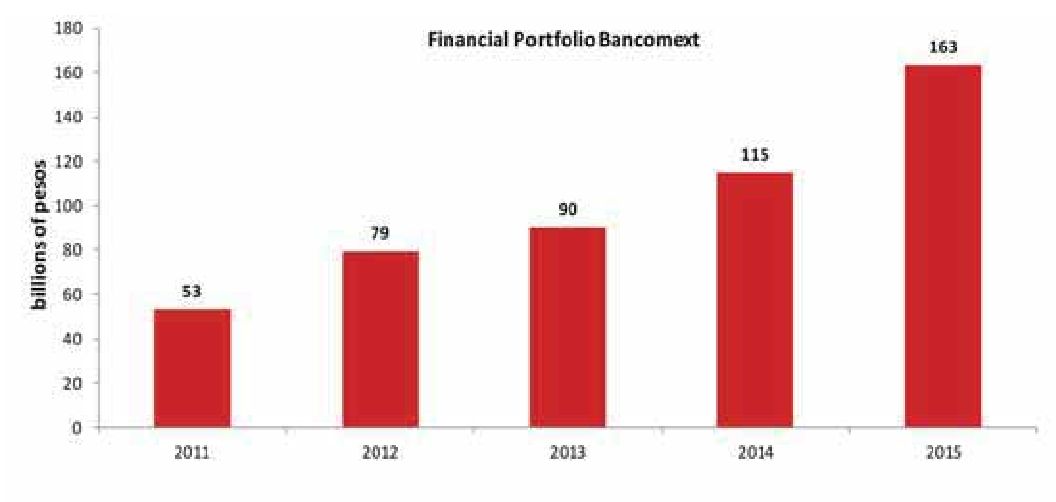
In addition, it is focused in offering long-term loans, as shown in the composition of the portfolio as of December 2014, where 85% of its loan portfolio shows maturities greater than one year. This change in the vision of Bancomext has generated a very positive growth dynamic in its loan portfolio which is a clear sign of the demand for financing of export sectors in the Mexican economy. The success of Bancomext is due to a credit offer customised to the needs of Mexican exporters; unlike commercial banks following policies dictated, in many cases, from other countries, which gives them little flexibility to make loans to foreign trade

Through international trade, the Mexican economy transformed from an economy of raw material exports, particularly oil, to an economy, where its main engine of growth is manufacturing exports.

Picture 4



Picture 5



fitting the needs of the Mexican economy (see picture 5).

Direct financing and guarantees offered by Bancomext differ from financing provided by private banking in several respects[1]. In particular, significant differences have been found in the mean values of the following variables:

Credit destination: Bancomext loans have a greater impact on gross capital investment of companies than private banking loans. While companies allocated 62% of private banking credit to working capital and 25% to physical investment; for Bancomext loans these figures were 36% and 42%, respectively. Additionally, private bank credit earmarked to SMEs, allocation to working capital was reduced by companies when the credit involved a Bancomext guarantee, thus, it can be inferred that this guarantee allowed for a greater orientation of the credit to investment or other purposes.

Credit tenor: The average term of Bancomext loans exceeded by 16 months the tenor of private banks. This result is in line with Bancomext greater support to projects of creation of capital goods.

Interest rate: Bancomext loans had an interest rate 6.6 percentage points lower than those provided by private banks[2]. Also, a greater dispersion was observed from the private banks. As for private banking loans with or without a Bancomext guarantee, there was a significant difference in their interest rates.

From this analysis it can be concluded that Bancomext´s financial offering complements that of private banks by providing distinctive features as per its clear development mission, supporting the companies need for gross capital formation. Thus, Bancomext helps improve economic growth in the country and, in particular, the growth of export production, both directly and through private banks with Bancomext guarantees.

In this way, it can be said that export financing in Mexico is an area yet to be exploited by private banks where there are several market niches that could be attended by small and medium-sized banks. Even

Bancomext, as part of the new policy, has ceased to finance public sector foreign trade and is focused in financing private companies involved in foreign trade and other currency generation activities.

though Bancomext´s social role directs its resources to address many of these niches, its efforts are insufficient considering the pace of growth of Mexico's international trade. In addition, Bancomext financing should be a temporary support for any company, while private banks should take the main role in financing this sector with sufficiency and opportunity, releasing Bancomext so it can direct its resources to develop other export sectors or foreign currency generation potential of other economic sectors. ■

Notes

1 In 2013, the Universidad Nacional Autónoma de México (UNAM) carried out an analysis of financing considering beneficiaries of Bancomext credit and guarantee programes and companies without this support, in order to identify the existence of differences from both types of financial support. To this end, the UNAM compared the characteristics of financing from Bancomext (treatment group) and from private banks (control group).

2 The difference in interest rates is a result of Bancomext´s loans being predominantly in US dollars. It must be noted that Bancomext interest rates are calculated considering all market variables and do not involve any subsidy component.

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The price of cheap oil comes at a price of higher political risk

By Katherine Zylinski, portfolio analyst, credit and political risk product underwriting, Zurich, North America

Prices for crude oil and other commodities have been on the decline since last year, as increased production by key producers and weak global demand has left the market oversupplied. In particular, the drop in oil prices to $50 dollars per barrel has had a wide-sweeping effect on the global economy and in particular, has negatively impacted emerging market countries who are net exporters of the commodity.

Low commodity prices have increased the risk of expropriation, political violence, sovereign debt repayment, and have added financial stress to commodity-related borrowers. Of course, there are some that are net oil importers that will benefit from lower prices such as India, Jordan, Lebanon, Morocco, South Africa, Zambia, and Tunisia. However, benefits will be offset by wider geopolitical and market developments that have increased political risk throughout the world.

For emerging market countries, internal political dynamics will matter just as much, if not even more, than economic fundamentals when determining how they might react to low commodity prices. The outcome on companies with exposure in these areas will vary according to the path chosen in each country.

Expropriation risk on the rise

High commodity prices are often associated with resource nationalism, where governments have renegotiated contract terms, imposed higher taxes and, in some cases, expropriated or nationalised investments in order to obtain higher returns. Historically, higher commodity prices have resulted in expropriations in Russia, Bolivia, Venezuela and Ecuador.


Katherine Zylinski

Some analysts argue that in the current environment of lower commodity prices, expropriation should be limited, since countries that are struggling to increase production/revenue and attract investment will be motivated to make changes in their regulatory regimes and improve their business environments in order to attract foreign investment. However, it is often difficult to predict how a country might behave in such a low-commodity environment, especially if it is essentially controlled by a single leader, overly reliant on resource revenues for its budget and being strained by additional economic and political pressures.

Expropriation risk may actually increase for companies operating in commodity sectors. Ian Bremmer, president of Eurasia Group, a global political risk consulting firm, has stated: “In difficult budgetary conditions, expropriation (usually surrounded by nationalist or ideological rhetoric) can

Historically, higher commodity prices have resulted in expropriations in Russia, Bolivia, Venezuela and Ecuador.

provide a government with a quick infusion of cash."[1]

While expropriation may not result in an outright taking, there are increased risks of more subtle forms of expropriation such as instituting taxes or requiring companies to give up ownership control. Even if corporations seek to mitigate their risks by structuring their investments through international guarantees or legal contracts, governments may still exercise creeping expropriation as it is more difficult to prove in the legal system.

Russia is an example of a country facing some increasingly momentous decisions. Rising inflation has already hurt household purchasing power and reduced spending in Russia, and IHS predicts that the plunge in oil prices, along with economic sanctions and capital flight, will send Russia into a severe recession in 2015-16.[2] Sanctions have limited Russia's access to technology and Western capital and its strategy of turning to China to fill the financial gap left will be hampered by China's own economic slow-down. These factors have shifted the bargaining power away from Russia; however the risk of expropriation has not been eliminated.

Government policy may turn toward increasing conflict in the form of retaliatory sanctions or expropriations, or (considered less likely by most observers) it may become more conciliatory towards the West. Companies need to be ready for either scenario.

Loan defaults on the horizon?

A prolonged decline in commodity prices is putting stress on commodity companies in emerging markets, increasing the risk of loan restructurings and defaults. Companies that already have high debt burdens and had expected a steady demand from fast-growing economies, such as China, will experience depressed cash flows and may find it difficult service their debt.

Volatility in commodity prices and demand is a material risk that is often understated when underwriting these types of entities. Especially, the long-term risk factor of fluctuating prices and demand is not often given due consideration.

Despite increased risk, demand for political risk insurance has fallen in the commodity sector; in particular, Insurance carriers have seen fewer submissions from oil and mining companies.

Sovereign debt repayment under pressure

Countries that are dependent on oil exports and that do not have sufficient foreign exchange reserves will experience budgetary and current account stress, ultimately leading to sovereign credit risk downgrades and in the worst case scenario, defaults. Lower oil prices will certainly hurt Saudi Arabia, Kuwait and the United Arab Emirates. However, these Gulf countries have strong reserves and the ability to access the capital markets due to their strong credit ratings.

On the contrary, other oil-rich countries, like Iran, Libya, Algeria, Nigeria, Angola, Mozambique, Venezuela, Ecuador, Azerbaijan, Kazakhstan and Turkmenistan, will experience financial stress due to their insufficient level of reserves. The political risk insurance market can expect payment delays from these countries, especially if the country has funded many large development projects. The cancellation or forced renegotiation of contracts will also be common. Furthermore, with commodity revenues down, some countries might not have the resources to support state-owned enterprises, especially those that are not considered strategic for the country. Political leaders might not sometimes make what is considered a 'rational' decision to the business community and might make as Ian Bremmer describes,

Low commodity prices have increased the risk of expropriation, political violence, sovereign debt repayment, and have added financial stress to commodity-related borrowers.

"market-moving (even market-crashing) economic decisions to satisfy their political needs."[3]

While Russia enjoys low general government debt, both in absolute terms and as a percentage of GDP, both state-owned corporates and banks have significant levels of debt, which represents a contingent liability for the sovereign. The comfortable government liquidity position Russia has enjoyed thus far will be further deteriorated by low oil prices. Russian state-owned banks and corporates are experiencing additional pressure, because they have been shut out of international capital markets due to economic sanctions and, as a result they have become increasingly reliant on state support.

Political violence

Low commodity prices have increased the risk of political violence in certain resource-rich countries where governments have become economically and politically dependent on a steady stream of natural resource revenues. These revenues, in turn, are often deployed in various social spending programmes and subsidies that come to be considered a right by the local citizens. When such programmes are reduced or withdrawn, violence can result, particularly in conditions of great economic disparity or perceived corruption.

BMI Research has categorised Angola, Chad, Equatorial Guinea and Venezuela as being at 'severe risk' of political risk deterioration oil prices continue to fall. Iraq, Ecuador and Algeria will also face a growing risk of instability and unrest.

Oil glut and insurance cuts

Despite increased risk, demand for political risk insurance has fallen in the commodity sector; in particular, insurance carriers have seen fewer submissions from oil and mining companies. The sharp decline in commodity prices has resulted in shrinking revenues and consequently budget cuts which have eliminated discretionary purchases such as political risk insurance. Simply put, there is less available in the corporate risk manager's budget to purchase political risk insurance (PRI). The decision to opt out of purchasing PRI will have long-term implications for the industry as it is already prone to heightened levels of political risk.

Additionally, with the uncertain commodity price environment and the decrease in revenues companies have slashed spending for ongoing and planned projects. In particular, those that are expected to yield limited returns will be put on hold. "We're looking at every dollar and pulling everything back," Anglo-American chief executive Mark Cutifani said in a presentation of the mining company's first-half earnings results to investors.[4] A limited number of projects and the overall decrease in international trade will likely reduce the number of new transactions coming to the political risk insurance market well into 2016.

Conclusion

All this serves to remind us that, as with any economic phenomena, there are winners and losers. Lower prices at the gas pump or on the monthly energy or food bill mean savings for individuals and businesses around the world as well as net-importer countries. But for emerging market economies that rely on profits from crude oil and other commodities, the price can be political, and social unrest as well as economic distress can directly affect exporters, investors, and lenders operating in these countries. Companies that are operating in emerging markets that do not properly mitigate against risks that are related to low commodity prices will certainly experience increased difficulties. ■

Notes

1 Bremmer, Ian, and Preston Keat. The Fat Tail: The Power of Political Knowledge in an Uncertain World. Oxford: Oxford UP, 2010. Print.

2 IHS Global Economic and Country Risk Conference June 2015

3 Bremmer, Ian, and Preston Keat. The Fat Tail: The Power of Political Knowledge in an Uncertain World. Oxford: Oxford UP, 2010. Print.

4 http://www.wsj.com/articles/miners-shed-thousands-of-jobs-as-commodities-prices-slide-1437740084

Even if corporations seek to mitigate their risks by structuring their investments through international guarantees or legal contracts, governments may still exercise creeping expropriation as it is more difficult to prove in the legal system.

Unlocking Uzbekistan

Uzbekistan contains some of the most promising investment opportunities in the world, and some of the most stable conditions in the CIS. However, as with all emerging markets, the key to successfully unlocking the upside is effectively to cover the downside.

No insurance company is better placed to offer you political risk insurance for trade with, investing or doing business in Uzbekistan than **Uzbekinvest International Insurance Company Limited (UIIC)**.

The main objective of the company is to offer political risk insurance to encourage new foreign investment in the infrastructure, natural resource development and industrial production in Uzbekistan.

UIIC plays an integral part in stimulating trade and investment flow into Uzbekistan. Since its establishment, **UIIC** has issued 178 policies for suppliers and investors from 16 countries with total trade and investment coverage issued approximated USD500mln, which by combining all co-insurance activities with AIG has encouraged more than USD 1.750 billion of foreign trade and investment into economy of the Republic of Uzbekistan.

UIIC shares the risks on co-insurance basis with AIG. All business insured by UIIC is accepted on its behalf by an underwriting agency, **AIG Uzbekinvest Limited**, established for this purpose and owned 51% by AIG and 49% by NEIIC ”Uzbekinvest”. The use of such an agency enables the company to be established in a cost-effective way and to employ the considerable world-wide resources of AIG to assist in the production of business. Underwriting process, claim handling and other insurance issues are affected in the United Kingdom.

UIIC has access to both unrivalled local knowledge and unparalleled international expertise. As such it is the vital key to unlocking successful investment in this remarkable market.

Uzbekinvest International Insurance Company Limited

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Increasing political risk will adversely impact the market

By Valerio Ranciaro, director general at SACE SRV

Over the past four years the global level of risk has been relatively stable, notwithstanding differences between the advanced economies and the emerging markets: the former have been strongly impacted by the 2007 financial crisis, with a consistent increase in SACE's credit risk indicator; the latter have - on average - maintained more stable risk profiles with a higher intra-area dispersion of risk scores.

As shown in the 'credit risk by area' table, the level of risk increased mainly in the advanced economies (+10 points), that still maintain a high credit rating, and in the MENA area, for different reasons. In the developed countries the post-global financial crisis (GFC) adjustments are not over yet. The emerging markets' credit rating was further deteriorated by the persisting economic uncertainty and by the reawakening of geopolitical risks: the Arab Spring and its repercussions especially on Libya, the Russia-Ukraine tensions (which will become more visible in the 2015 CIS credit risk index), the threat of the Islamic State in Syria and Iraq. The other developing countries show a more restrained worsening, but their level of risk is still substantial.


Valerio Ranciaro

An analysis of the main reasons behind the claims indemnified over the past few years confirms the 2007 financial crisis, and its long wave of effects over corporates of any size and location, as the main culprit. The low level of the cost of financial indebtedness stimulated borrowers in further leveraging their capital structure, thus exposing them to the risk of not being able to service the debt repayment in case of unforeseen events in the implementation of their growth process or because of a change in the economic context. This phenomenon

Credit risk by area
(0 minimum risk – 100 maximum risk)

Area	*2010*	*2014*	*Variation*	*Dispersion 2010*	*Dispersion 2014*
Asia	56	58	2	28	37
Advanced	16	26	10	19	36
CIS	59	62	3	17	14
LAC	59	58	-1	24	30
MENA	45	51	6	35	47
Sub-Saharan Africa	71	73	2	20	23
World	53	56	3		

Source: SACE

EXPERT ANALYSIS

was more evident in the case of growth strategies financed largely through short-term debt.

More specifically, 2014 was characterised by an absolute majority of commercial - over political - events of defaults, although in perspective this balance may shift. The year 2014 was marked by the re-emergence of political risks which are here to stay in the coming years, as it will take time to resolve the above-mentioned geopolitical tensions.

In this context, currency transfer and convertibility risk is a major concern. Examples of T&C high risks are Venezuela and Argentina: their respective SACE scores are 94 and 93 (same scale as the table above). However, political risks should be intended in a broader way, including adverse regulatory changes and breaches of contract (for the Multilateral Investment Guarantee Agency –MIGA, the latter ones derive from losses arising from a government breach or repudiation of a contract, where the investor has been unable to obtain an award due to the government's interference with the dispute-resolution mechanism or has obtained an award but the investor has not received payment under such award). A survey conducted by MIGA and the Economist Intelligence Unit on 459 managers of multinational companies highlights how political risks are the second major constraint for investment in developing countries, with the three types of political risks as mentioned, representing greater concern.

According to several economic cycle theorists, 2015 could mark the beginning of new financial turbulences and the characteristics of a possible new economic slowdown are already starting to show, with several central banks engaging in opposite directions and increasing the volatility. The World economy is being affected by the Chinese financial turmoil: Beijing is coping with its bubbles and the implications of its structural economic transition to a consumption-led growth model. However,

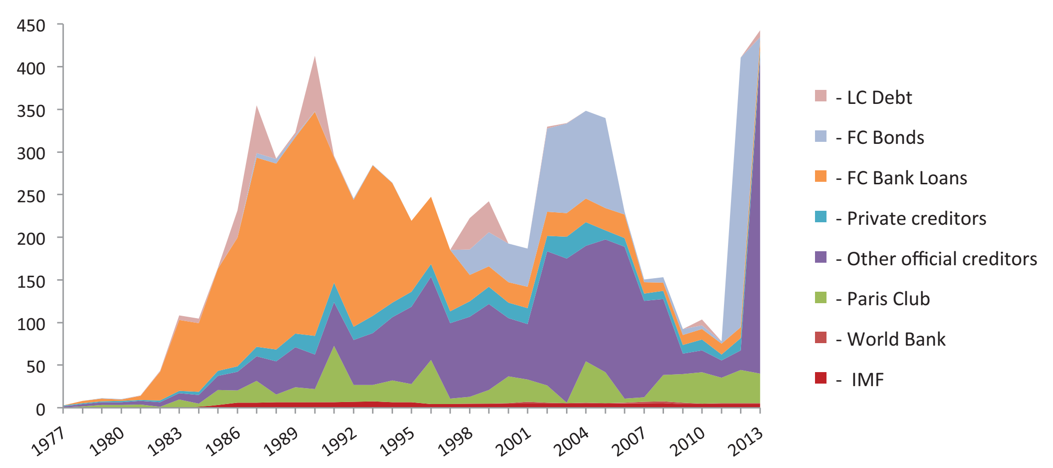
According to several economic cycle theorists, 2015 could mark the beginning of new financial turbulences and the characteristics of a possible new economic slowdown are already starting to show, with several central banks engaging in opposite directions and increasing the volatility.

China seems to have a rather strong resilience. The same cannot be claimed for all the emerging countries, as some of them are more vulnerable.

The turbulences will negatively impact corporate creditworthiness and create a new rising tide in payment delays and insolvencies.

In terms of remedies, the recovery procedures of the ECAs are ever more aligned to best practices, with several financial restructurings to be managed due to their increased involvement in financial

Sovereign debt in default by creditor (US$ billions)



Source: Bank of Canada

guarantees. Many ECAs are adopting a more proactive approach, attempting to step in at the first signs of financial distress of their counterparts at risk. A tighter monitoring of the financial covenants, given its high predictive value, is becoming increasingly common amongst agencies worldwide, as they are now paying attention to a punctual testing of the same as a measure of the relative soundness of the financial health of the borrower.

A consequence of this different approach is that policyholders tend to delegate, more than before, the recovery actions to the insurer, implicitly acknowledging a better capacity in managing stressed debt with respect to the recent past. A wide network, dedicated staff and the possibility to access privileged channels are additional reasons behind this trend.

Furthermore, corporate restructurings are showing an increasing level of complexity, as companies grow and more financial stake-holders are involved in multi-level capital structures. Multi-bank relations and syndicated facilities provided by lenders and investors from many different domiciles are now common; as a consequence, this trend will definitely become more robust in the immediate future.

As shown in the table below, defaults and debt restructurings are increasingly frequent in the public finance, and they are no longer an exclusive feature of the emerging markets (the 2013 peak is mainly due to the restructuring of the debt owed by Greece, Portugal and Ireland to their EU partners).

Several international organisations, including the International Monetary Fund (IMF) and the United Nations Conference on Trade and Development (UNCTAD) are actively working in order to facilitate the resolution of future sovereign debt crises by improving the coherence, fairness and efficiency of the relevant workouts.

A revision of the application of the pari-passu clause and a strengthening of the collective action clauses are of paramount importance in addressing the key problems of the current practice: the lack of coordination and general rules in addressing sovereign workouts, which creates legal incoherence and fragmentation amongst the creditors; the possible conflicts of interest, especially from those creditors who bought debt on the secondary market at a steep discount (see the 2014 US Supreme Court's rulings against Argentina and in favor of hedge funds); the length of the restructuring process, which further frustrates the results in terms of present value.

The turbulences will negatively impact corporate creditworthiness and create a new rising tide in payment delays and insolvencies.

The success of the work done so far by the experts within the aforementioned international organisation will largely depend on the engagement of all nations in implementing the guidelines and the necessary reforms.

In conclusion, the landscape of credit insurance is changing once again, together with the re-emergence of political risks and more complex restructurings (both corporate and sovereign). A more active approach from the ECAs in understanding these risks and managing complicated reorganisations will be crucial to success in a more demanding environment. ■

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Challenges and rewards of local currency guarantees

By Chris Vermont, managing director GuarantCo, Frontier Markets Fund Managers

Chris Vermont

Local currency finance is often viewed as exotic and difficult to execute but, with care, offshore guarantors can enable financing better suited to local borrowers. GuarantCo has issued 30 guarantees, the vast majority of which are denominated in local currency.

There is general consensus that borrowers should avoid currency risk, matching the currency of their debt and business revenues. But many struggle with this principle when there is such a marked interest rate differential between US$/euro and many emerging market currencies. In Ghana, for example, the differential is currently 20%+ but, at the time of writing (24 Aug 2015), the Ghanaian cedi had depreciated against the US dollar by around 12% during the previous year, over 50% in two years and nearly 80% over 10. So, depending on the time horizon, depreciation can easily wipe out any apparent interest saving.

The problem is exacerbated because exchange rates are often volatile. The peak to trough movement was close to 42% in Ghana over the last year (see graph). This volatility can be seriously risky and disruptive for a borrower as the timing of payments is seldom in their control. A risky borrower means a higher probability of default.

GSH per 1 USD

(Source www.xe.com)

Case study

GuarantCo guaranteed a cedi-denominated term loan in Ghana in 2013. The borrower chose the certainty of high interest rates over the uncertainty of borrowing in US dollars with a low nominal interest rate. The company's other borrowing in US dollars, taken at the same time, has seen principal and ongoing interest payments more than double in size in terms of cedi. The FX adjusted interest rate differential, which started out at 21%, is now less than 14% and falling. Even though the company's cedi interest rate is high at 28% per annum, it is less than the all-in cost of its US dollar debt which is well over 30% after depreciation.

As an international guarantor with a US dollar balance sheet, the first question we are usually asked is "How do you protect yourselves from currency volatility?" The answer is simple. A guarantee is a contingent product so there is no deliverable currency exposure unless the guarantee is called. Assuming there is no call, currency volatility just means the size of our recorded exposure varies in US dollar terms. In most years our exposure reduces as the countries we operate in have inherently weak currencies.

We maintain a capital buffer in case the reverse happens.

However, because most of our guarantees now crystallise in local currency, we do bear the currency risk if a guarantee is called. While this might appear to place GuarantCo at a disadvantage, we believe, in most cases, the probability of a borrower in distress making good on its obligations in local currency is much higher than if it also has to bear the currency hit.

More challenging is working with local institutions that have little experience of LMA documentation and established international practices. Local practice is often that guarantees must be unconditional and on demand (similar to standby letters of credit) but usually we negotiate non-acceleration wording eventually. Sometimes there are issues related to the sharing of security with local lenders and terms governing any such security are mainly subject to local law, which may be underdeveloped or untested.

Because local currency guarantees are still rare, local regulators may not have established rules governing offshore guarantees or the relevant capital weighting. In most jurisdictions it is possible to obtain 0% or 20% risk weighting and single obligor relief, important in countries where local banks are undercapitalised, but it may take time to get a ruling. Where a country has capital controls, such as India, special care may be necessary to ensure recoveries can be made in full if a guarantee is called.

A common assumption is that local banks, even with the benefit of a guarantee, cannot match the tenors offered by international lenders. In fact, we have recent experience of the contrary. At the end of 2014 we closed a Nepali rupee ($28 million equivalent) financing for a hydro-electric project where five local banks went out to 17 years, matching the tenor of US dollar funding from DFI's (needless to say there were no US dollar commercial lenders!).

We expect to close a project in Egypt shortly with 15-year Egyptian pound financing. Tenors for sub–Saharan Africa are perhaps the most challenging, but in certain circumstances GuarantCo offers put options to lenders that help extend maturities. The growth in pension funds and capital markets in Africa, although nascent, will encourage longer tenors in the future.

Local currency finance is definitely a challenge to the uninitiated. Combined with the natural preference of major ECA banks to lend in euro or US dollars and a lack of precedents for borrowers to observe, it is unsurprising that the local currency market is yet to take off.

Local currency finance is definitely a challenge to the uninitiated. Combined with the natural preference of major ECA banks to lend in euro or US dollars and a lack of precedents for borrowers to observe, it is unsurprising that the local currency market is yet to take off. However, GuarantCo's experience suggests that the challenges are manageable and that local currency should play a greater role in emerging and frontier markets finance. ■

GuarantCo (www.guarantco.com) is a local currency guarantor owned by the governments of the Netherlands, Sweden, Switzerland and UK, has completed 30 transactions in 15 countries, close to $1 billion of capacity and is rated AA- / A1 by Fitch and Moody's. Day-to-day management of GuarantCo is performed by Frontier Markets Fund Managers.

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Finding extra comfort with risk and claims analysis

Maxence Mormède, chief investment officer (CIO) advanced fixed income* at Allianz Global Investors explains the approach taken in assessing and analysing claims and default scenarios.

Q. *What trends are you seeing in terms of sovereign defaults and restructuring risks at the current time?*

Maxence Mormède (MM): The recent debt crisis and a context of loose monetary policies, relatively low economic growth and increasingly indebted countries have shed a new light on investors' approach to sovereign risks. The recent trends in sovereign default and restructuring risk confirm that sovereign issuers must also be analysed in terms of their credit risk.

The advanced fixed income strategy uses a structured and analytical framework, called advanced analytics, to identify and profit from fundamental market inefficiencies in all major global fixed income market segments for our investors.

Since 1999, the strategy follows a smart, active and disciplined management style to deliver superior risk-adjusted returns for global risk-constrained investors. In particular, in this framework, we cover 80 countries, representing more than 97% of the world GDP.

Our approach to sovereign risk analysis, and in particular to the sovereign defaults and restructuring risks, is to assess both the ability and the willingness of a sovereign issuer to repay its debt.

In our view, the first step in the analysis of ability of a sovereign to repay its debt is a debt sustainability analysis. Our approach takes into account the dynamics of debt of each country over an horizon of three years, to identify the countries that can maintain their current debt levels and the countries that could further improve their debt/GDP ratio to a predefined target over this period. This approach has helped us identify the specific risks of the Greek debt as soon as 2009, for example and to avoid the major losses many other investors suffered.


Maxence Mormède

More generally, over the last few years, a trend can be noticed to higher debt/GDP ratio in most developed countries – as a natural result of the substitution of the public sector to the private sector following the subprime crisis and the bail out of the financial sector. This increase in debt/GDP ratio has been accompanied by loose monetary policies and tightening spreads thus rewarding investors less for a given risk.

For historic and regulatory reasons, many market participants also tend to rely on external rating agencies assessment of the credit worthiness of sovereign issuers. This in turns also influences the pricing of risks in the market and the market estimate of default risks. It is therefore necessary to identify potential rating changes early on.

Our reverse engineered-rating analysis aims to estimate the possible upgrades and downgrades on the short-term for a given sovereign issuer according to the current rating agencies' methodologies. Here two main trends have been significant over recent times: firstly the time lag in the downgrades of sovereigns by rating agencies (Greece, Venezuela, Ukraine etc) but also the downgrade of developed countries until recently considered as not possible by market participants (France , USA etc).

However, the ability to repay debt is, alone, not sufficient to estimate a sovereign issuer credit risk. For countries, the willingness to repay debt takes particular importance. Our sovereign strength indicator measures the fundamental, governance and political strength to assess the risks of a sovereign issuer. In particular, recent cases such as Argentina can be better apprehended through the inclusion of governance and political risks in addition to purely financial key indicators.

To conclude, we observe that the measure of credit risk of sovereign issuers must be monitored in all dimensions to better assess the benefit of risk-adjusted performance contribution of such issuers in an investor portfolio.

Q. *How has your own approach to handling claims or defaults (or the threat of such situations) changed in recent times?*

MM: The advanced fixed income team has never suffered any default in any of its portfolios since its inception in 1999. Our approach to such risks has been to identify and exploit market inefficiencies to the benefit of our investors and to constantly challenge our findings to further develop our analysis tools.

Within fixed income as a whole, there is a strong asymmetry in the risk-return profile of assets. This asymmetry can be observed at a single security level, where the upside potential of a bond has a natural limit – defined as the yield to maturity at time of purchase if the issuer does not default - but the realised loss is greater than the expected gain in the case of default. This asymmetry can also be observed at an asset-class level, where, in general, risk is more strongly penalised in bad periods than it is rewarded in good ones. As a result of this asymmetry, stringent risk management is a cornerstone of our philosophy. We believe it is critical to pay particular attention to all dimensions of risk in our portfolios in our pursuit of delivering superior risk-adjusted returns.

In the case of sovereign risk, this approach has resulted in the recent development of our sovereign strength indicator to allow for an homogenous comparison of the 80 countries in our investment universe taking into account their fundamental, governance and political strength. With this analysis we therefore aim to cover all dimensions of risks of a sovereign issuer that can ultimately affect its default and restructuring risk, both on an historical basis and across countries.

Q. *How do private and public sector differ in their approach?*

MM: From an issuer perspective, the differences in the analysis of risk of public and private sectors can be apprehended through the nature of their balance sheet and their objectives. Where private sector issuers have a governance system including shareholders and an objective of profit maximisation, public sector issuers rely on public debt and economic growth to borrow and finance national-wide funding programmes of public/social interest. Therefore the approach to analysing the default risk of such issuers must differ.

For example, a corporate sector issuer credit worthiness will be measured by taking fundamental and business risk, but also take-over risk and the country risk. Typically the last two dimensions do not exist in the case of a sovereign issuer. In addition, the private sector itself can display differences depending on the nature of issuers.

Our advanced analytics framework further distinguishes between covered bonds, financials, corporates and securitised issuers to assess the credit risk embedded in our investment universe. Typically, a bank issuer may have benefitted from a bail out possibility in most developed countries until recently as opposed to the non-financial sector, whereas covered bonds are issued under specific regulatory frameworks.

Overall, there are significant differences in the approach to default risk of private and public sectors. ■

**The advanced fixed income team is located in Frankfurt and consists of 15 portfolio managers with an average investment experience of 13 years. The team is headed by Maxence Mormède. The investment professionals in this team are both portfolio managers and research analysts. Continuous research and development effort ensures that we stay at the forefront of alpha generation and risk management. The team has a depth of proven investment and quantitative modelling experience and extensive complementary skills including fixed income, currency, risk management, quantitative research, fiduciary management and capital protection.*

As at June 2015, this strategy was present on an Allianz Global Investors global level in 223 funds and mandates for a total NAV of approximately €38.6 billion ($43.6 billion).

Top 5 ECA-backed deals
throughout the Americas

Pecem Steel
ECA-backed loan

ECA: Export Import Bank of Korea- KEXIM
Borrower: Pecem Steel
Deal volume: $2.1bn
Deal type: Project and Infrastructure Finance
Industry: Metals and Mining
Country: Brazil
Financial Close: 22/04/2015

Royal Caribbean Cruises
ECA-backed loan

ECA: COFACE
Borrower: Royal Caribbean Cruises
Deal volume: $1.26bn
Deal type: Project and Infrastructure Finance
Industry: Shipping
Country: United States
Financial Close: 30/01/2015

Dorian LPG
ECA-backed loan

ECA: Export Import Bank of Korea KEXIM
Borrower: Dorian LPG
Deal volume: $758.1m
Deal type: Export and Agency Finance
Industry: Shipping
Country: United States
Financial Close: 23/03/2015

Punta Catalina
ECA-backed loan

ECA: SACE
Borrower: Punta Catalina
Deal volume: $632.5m
Deal type: Export and Agency Finance
Industry: Telecoms and Communications
Country: Dominican Republic
Financial Close: 10/05/2015

Metro Santiago
ECA-backed loan

ECA: SACE
Borrower: Metro Santiago
Deal volume: $513.78m
Deal type: Project and Infrastructure Finance
Industry: Transport
Country: Chile
Financial Close: 20/02/2015

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EXPERT ANALYSIS

Insurers look for smoother claims processing

By Olivier David, head of special products – trade credit and political risks at Atradius

While whole turn-over credit insurers are accustomed to dealing with seven to 10-year economic cycles in their core OECD market, and to dealing with thousands of small claims every month, single situation credit and political risk insurers face large and unexpected events: outside any cycle, outside any reliable statistic.

Over the past 20 years the challenges have not only been limited to Asia in 1997, Russia in 1998, Argentina in 2002, Venezuela and Bolivia in 2007; Europe, Ukraine and Kazakhstan in 2009, Libya and Egypt in 2011, Russia and Ukraine again in 2014. Hundreds of millions of US dollars were paid to compensate losses made in these crises, and other losses made in less-famous crises. A significant number of corporates, commodity traders and trade financing banks were the beneficiaries of these policies during this time.

Each of the now 40 insurers in this market experienced these crises differently – but all have learned from the related claims. Collaborating with specialist brokers and making the product more tailored to the insured's needs, insurers learn most at the point at which the loss is assessed and the customers are indemnified accordingly.

While each insurance company might have its own way of approaching a claim, the long tradition of syndication in single situation credit and political risks, led by Lloyd's of London, has created a common approach to claims management.


Olivier David

Firstly, syndicated policy wordings, drafted especially for the insured and usually by its specialist broker, mean that the conditions of a valid claim and the calculation of the loss are the same across the insurers, irrespective of the insurers participating in the policy.

Secondly, while each insurer is free to assess the loss himself, the common approach is to appoint one external independent specialist loss adjustor, in combination with one specialist law firm, to represent all insurers on the risk. The loss adjustor and the lawyer will investigate, gather the information and report their conclusions to the pool of insurers, who will in turn each make a decision regarding the validity of the claim and the amount of the indemnity due. The process can take several weeks to several months, depending on the complexity of the claim and the availability of the information requested.

It is always the interest of the insurers that the insured is satisfied with the outcome of the claim process. It is an essential part of a relationship that is expected to last decades

While each insurance company might have its own way of approaching a claim, the long tradition of syndication in single situation credit and political risks, led by Lloyd's of London, has created a common approach to claims management.

between the parties.

This relationship is based on mutual trust: all parties have an interest in keeping this trust strong. It starts by understanding each other's expectations; in this matter, the devil is in the detail. Good faith is essential, but not always enough. The more the individuals in each party know one another, the more they communicate and clarify expectations early on, the better. Surprises at the time of a claim are rarely welcome.

The single situation credit and political risks market offers what is called 'non-cancellable limits', as opposed to the cancellable limits of the traditional whole turn-over credit insurance. While this non-cancellable aspect brings some security, it also brings particular expectations, often linked to the English legal tradition (utmost good faith, acting as un-insured...), and represented in a number of warranties, exclusions and conditions in the wordings. These are frequently understood with difficulty outside of the UK.

English law will evolve in 2016 and be more favourable to the insured, but 'moral' expectations will remain. For example, when the insured is made aware of the deterioration of the risk (by its own intelligence or as prompted by one insurer), the insured is expected to do its utmost to avoid or limit the potential loss under the policy, even if this may have a negative impact on its overall commercial relationship with the country or the obligor.

Insurers will expect there to be no conflict between the insured's general long-term commercial interest and its duty under the policy. The insurer will want to be convinced that the insured will do its utmost to ensure payments are made on all insured transactions, contracts are completed, and no claim is made when it can be avoided. Insurers will cease supporting insureds that have shown willing to lose money on a transaction (particularly if they can be indemnified through an insurance arrangement), reasoning that there is longer-term value in the country, or with the obligor concerned.

Transparent and regular communication is also expected. Good communication from the outset not only helps find an acceptable solution for both parties to a situation, but it will often help limit or avoid future claims. Insurers often see the same risk for several insureds, each of which presents different intelligence around the insurable interest (the contract, transaction, or investment). Insureds are valued by insurers for the quality of their communication during the lifetime of an insurance policy. The way a potentially difficult situation is handled and communicated will determine any future collaboration with insurers, and, potentially the assessment of loss and indemnity.

Post claim-payment, there is still an important expectation for the insured to support the (full) recovery process, especially with public/sovereign obligors. While credit insurers have collection units, export credit agencies beneficiate from their diplomats, single situation credit and political risks insurers expect in most cases that the recovery process will be led by the insured.

The ability for the insured to 'recover' post-loss is integral to the insurer's original risk appetite (and line amount); it is part of what will be reflected in the policy premium rate from which the insured benefits. For the same obligor, the risk appetite and price may well differ depending on the expectations from the insurers on the individual insured's quality around communication, and its loss-recovery potential.

Trust and clear expectations have been among the most important foundation blocks of this specialist market, and will continue to be so as it grows. The specialist credit and political risk insurance market continues to play a vital role in managing risks in a chaotic geopolitical world and challenging economic environment. And we do this by enabling our insured clients to harness, judiciously, the trade and investment opportunities such a world presents. ■

Trust and clear expectations have been among the most important foundation blocks of this specialist market, and will continue to be so as it grows. The specialist credit and political risk insurance market continues to play a vital role in managing risks in a chaotic geopolitical world and challenging economic environment.

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Insurers see challenging times but also increasing opportunities

By Victoria Padfield, Political Risk Underwriter, Hiscox London Market

The world continues to present insurers with lots of challenges. The global financial crisis hit insurers hard and we are still making strong recoveries. In the old insurance model we'd have had a year of pain, then a number of years of recovery and then the good years of nice stable income to ready ourselves for the next downturn. But what we are seeing now is almost a perfect storm – commodity prices at painful lows, ongoing geopolitical turmoil and the markets thrown into turmoil as America decides when to raise interest rates and China's growth materially contracts, leaving emerging markets facing their worst crisis since 1998. So what can insurers expect to happen next?

Looking east, Ukraine is teetering on the brink of default as its eastern territories remain stuck in a frozen conflict with Russia. The Russian Bear is also suffering with its economy in recession and no signs of the oil price rising or sanctions being lifted in the short term. Looking west, Brazil is no longer the rising star – corruption scandals at Petrobras, signs of recession and Rousseff's second term mired in controversy mean the engines of global growth are stalling. It looks like we are going to be in for a bumpy ride.


Victoria Padfield

The political and credit risk insurance market can expect to see a variety of different claim types – ranging from physical damage losses in war zones to financial losses as companies face liquidity crises. Emerging markets are already seeing their currencies hit hard as investors start to migrate their capital in anticipation of US rate rises. Increased dollar borrowing costs will hit those producers already suffering reduced revenues from low commodity prices. Insolvencies or defaults are inevitable.

To start with, lenders will see more waiver requests. For companies facing more challenges there might be standstill agreements or debt restructurings. Some of these might end in default and insurers embarking on the claims process. One thing is for sure – insurers will face increased administrative burdens as problem cases go into triage.

Hiscox set great store by who we insure. In

The political and credit risk insurance market can expect to see a variety of different claim types- ranging from physical damage losses in war zones to financial losses as companies face liquidity crises.

good times it is easy to lose sight of this. In turbulent times it is important for us to partner diligent insureds who go the extra mile to avert loss and leave no stone unturned in pursuing recoveries.

We must remember these are challenging times for our clients too. Times when they might rue paying for the cheapest insurance cover rather than partnering an insurer who is in it for the long haul, with a depth of claims experience, and not only the ability but the willingness to pay. Paying valid claims is our advertisement that our product works – proving to risk managers and company boards alike that political and credit risk insurance is a valid risk mitigant, providing capital relief and the ability to increase their business volumes at the same time.

Claims teams in the market are experienced as this volatility comes relatively soon after the global financial crisis. This will stand them in good stead and enable any claims to be handled efficiently and paid promptly. One potential bottleneck is on the loss adjuster side. The loss adjuster panel is highly experienced but are there enough of them to handle the claims of a private market that has grown by 80% since 2008? One other note of caution comes on the recoveries side. It is imperative that we find more routes to aid recovery – which remains a fundamental part of our business model.

On the flip side it is important for underwriters to remain consistent over the economic cycle. Clients do not want to partner insurers who run away from adversity but those who are prepared to support them on new deals as they maintain their relationships overseas. If our insureds are able to foster long-standing trade relationships that may well be the difference between us seeing claims or seeing their debts being paid ahead of others. It is in our mutual interest to make this happen.

Looking positively (down the barrel of a gun perhaps!) these times are no doubt challenging, but they can also be a rewarding reminder of why we provide this insurance. The experience shared with our clients through waivers, wobbles or claims will cement our relationships further so that we are all ready to reap the rewards when global trade increases and those benign years of low loss activity return. ■

One potential bottleneck is on the loss adjuster side. The loss adjuster panel is highly experienced but are there enough of them to handle the claims of a private market that has grown by 80% since 2008?

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Looking at a fragile world

By Dr Antoinette Valsamakis, director, Global Risk Consulting, IHS Economics and Country Risk

Geopolitics and international conflict were identified by the WEF at the beginning of 2015, as the primary risks facing business in the world today. However, the fragility of the recovery following the 2008 global financial crisis is, perhaps, of even greater concern to business generally and ECAs in particular.

Global conflict

Certainly, the news is dominated by stories of the ongoing conflicts in Russia and Ukraine, Syria, Iraq, Libya, Egypt and Yemen. It seems even developed countries are exposed to isolated incidents of civil unrest, such as the riots in Ferguson in the US, anti-austerity protests in Greece and lone-wolf terrorism attacks in Paris and the Bangkok bombing. The ripple effects of geopolitical turmoil are being felt beyond the geographies where conflict is taking place, posing a large-scale migrant crisis in the EU. Although there is evidence that global death rates from violence are decreasing, geopolitical instability continues to impact trade and the ability to conduct business as evidenced by the increasing purchase of political risk insurance. Since 2008, market capacity for credit and political risk insurance has doubled.

Antoinette Valsamakis

Recent violent risk events in Mexico

- Canadian mining workers kidnapped in Guerrero state in February and March 2015;
- Setting on fire of trucks owned by US oil services companies in Tabasco in March 2015;
- April 2015 torching of several trucks in roadblocks set up in Tamaulipas state;
- April 2015 robbery of at least $8.5 million in gold from a mine in Sinaloa;
- May 2015 shooting down of a military helicopter in Jalisco state;
- June 2015 execution of 10 individuals who worked for beer maker in Nuevo Leon;
- June 2015 kidnapping of soft-drink company employee in Guerrero state.

Falling public confidence

In addition we are seeing falling public confidence in state institutions and traditional political party arrangements as massive corruption scandals emerge. Some examples of this are the Lavo Jato investigations in Brazil that have threatened the stability of the Rousseff government; the Malaysia Development Berhad scandal implicating top PetroSaudi officials and well-connected Malaysian tycoons, that has led to protests in Malaysia calling for Prime Minister Najib Razak to step down; and the pro-democracy protests in Hong Kong in 2014. For ECAs this indicates rising non-payment risk as economies slow and there are contract frustrations as governments are destabilised or caught up in corruption investigations.

Global growth sluggish, with sharp deceleration in the emerging world

Over the past four years, global real GDP growth has been remarkably stable, near 2.5%. However, the composition of growth has changed fundamentally, with a gradual acceleration among the advanced economies and a sharp deceleration in the emerging world. Worryingly, in the first half of 2015, there was a contraction in world trade of 2%, driven by lower consumer demand and depressed commodity prices.

Countries that have made advances in terms of reducing their debt levels, such as the US and the UK, are doing well. Europe and Japan are slower in terms of resolving some of these problems, and are not growing as rapidly. Many emerging markets are struggling – Brazil, Russia, and even China are slowing down considerably. Commodity producing countries of the Middle East, Africa and Latin America are faring very poorly with a negative outlook for growth in the short to medium-term. Other emerging economies such as India, and those with dynamic manufacturing sectors, such as Indonesia, Malaysia, Philippines and Mexico are growing more strongly, but facing headwinds as their currencies weaken. Vietnam is one good news story in the pack. With the opening of the economy, investment in Vietnam has surged, exports rose by 13.6% and a progressive trade strategy has reduced reliance on commodities. Overall world economic growth is sub-par for 2015 and remains lacklustre for 2016 (see Figure 1).

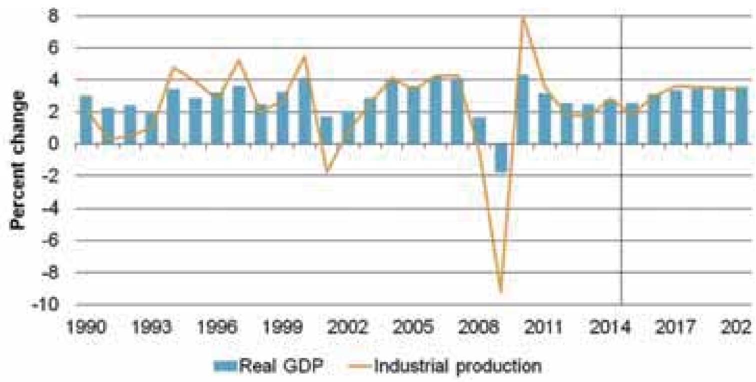
Geopolitical instability continues to impact trade and the ability to conduct business as evidenced by the increasing purchase of political risk insurance. Since 2008, market capacity for credit and political risk insurance has doubled.

Lower oil prices have negatively impacted oil producers, especially Russia, Iran and Venezuela. In the case of Russia and Iran this is exacerbated by international sanctions preventing access to capital markets to finance their way out of the crisis or easily sell their oil for export revenues (see break-out box). Venezuela's woes arising from the oil-price have been exacerbated by the currency collapse and shortage of electricity due to an inability to service hydroelectric plants, leading to blackouts.

The end of the 15-year commodity super-cycle has also seen prices of raw materials plummet (more than 36% since July 2014) and following a downward trend of four consecutive years since 2011. IHS's Pricing and Purchasing service points to this trend as a key indicator of a global deflationary wave constraining the world economy.

The dollar strength is due to stronger growth in the US (real GDP growth strengthened from 0.6% in the first quarter to

Figure 1: Real GDP and industrial production



Source: IHS Connect

Figure 2: Top 20 non-payment risk countries

Rank	*Country*	*Short-term outlook*	*Medium-term outlook*
1	Somalia	→	→
2	Syrian Arab Republic	↘	↘
3	Zimbabwe	→	→
4	Korea, Democratic People's Republic of	→	→
5	Palestinian Territory, Occupied	→	→
6	Sudan	↘	↘
7	Cuba	↘	→
8	Eritrea	→	→
9	Haiti	→	→
10	Iraq	→	→
11	Afghanistan	↘	↘
12	Belarus	↘	↘
13	Belize	→	→
14	Burundi	→	→
15	Central African Republic	→	→
16	Congo, the Democratic Republic of the	→	→
17	Gambia	↘	→
18	Greece	→	→
19	Grenada	→	→
20	Guinea	↘	→

Source: IHS Sovereign Risk Service

2.3% in the second quarter) with the real exchange value reaching a 12-year high against major currencies. US growth is driven by consumer spending, supported by solid gains in employment, real disposable income, and asset values.

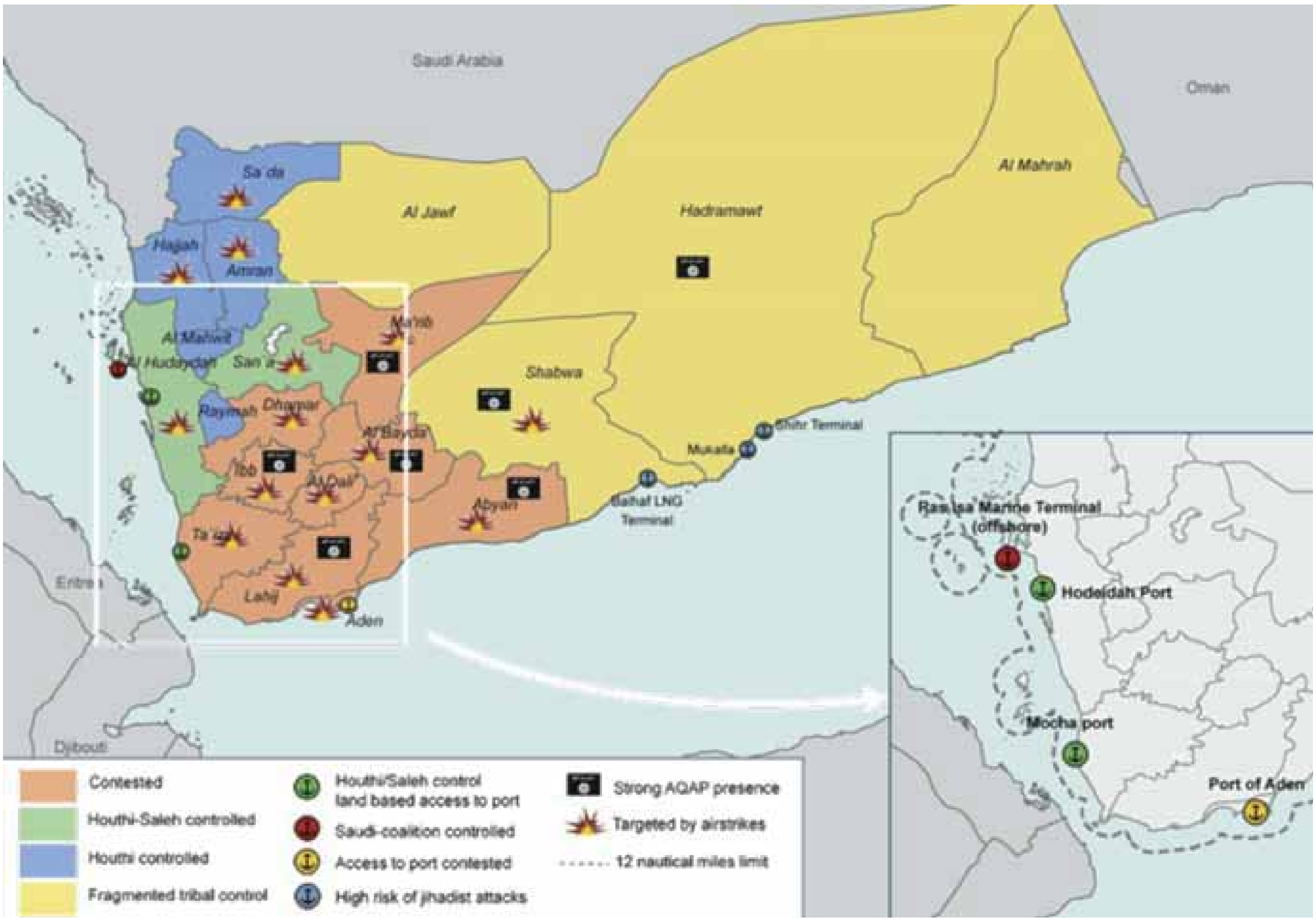
After China's 'devaluation' this summer, Asian currencies in particular have fallen. The volatility of currencies in Asian economies also raises the risk of the introduction of sudden capital controls, for example in Malaysia, where the currency has fallen badly and there is a track record of draconian controls when needed (such as in 1998-99 crisis). The Indonesian ringgit is the worst performing emerging Asian currency this year – having shed nearly 20% of its value since January.

Vietnam is one good news story in the pack. With the opening of the economy, investment in Vietnam has surged, exports rose by 13.6% and a progressive trade strategy has reduced reliance on commodities.

Increased sovereign risk

These factors could all impact negatively on some countries' payment risk. According to IHS's Sovereign Risk Service, which rates the short and medium-term sovereign risk of 204 countries in the world (including many emerging markets not covered by other rating agencies), the following are the top 20

Figure 3: Control map of Yemen (as of 20th May 2015)



Source: IHS Country Risk

Lower oil prices have negatively impacted oil producers especially Russia, Iran and Venezuela. In the case of Russia and Iran this is exacerbated by international sanctions preventing access to capital markets to finance their way out of the crisis or easily sell their oil for export revenues.

countries in the world with the highest non-payment risk (see Figure 2).

The real trouble is in the emerging world. The largest, fastest growing emerging markets in the world until recently are beginning to stutter. Brazil was in a mild recession last year, and a deeper recession this year. Russia is likely to experience growth contraction by about 5% this year, and 2% next year. China is slowing considerably and unlikely to achieve even 6.5% growth in 2015. The government has lowered the target growth rate to 7%, but China is unlikely to reach that. India is doing fairly well, and will grow faster than China for the next few years, however early expectations of high growth have also been modified downward to just below 8%.

In the longer term the above trends are exacerbated by structural challenges in the global economy such as ageing populations, urbanisation and inadequate infrastructure. As countries grapple with their responses to these challenges, in a world of stagnation or very low growth, the risks for social and political unrest increase.

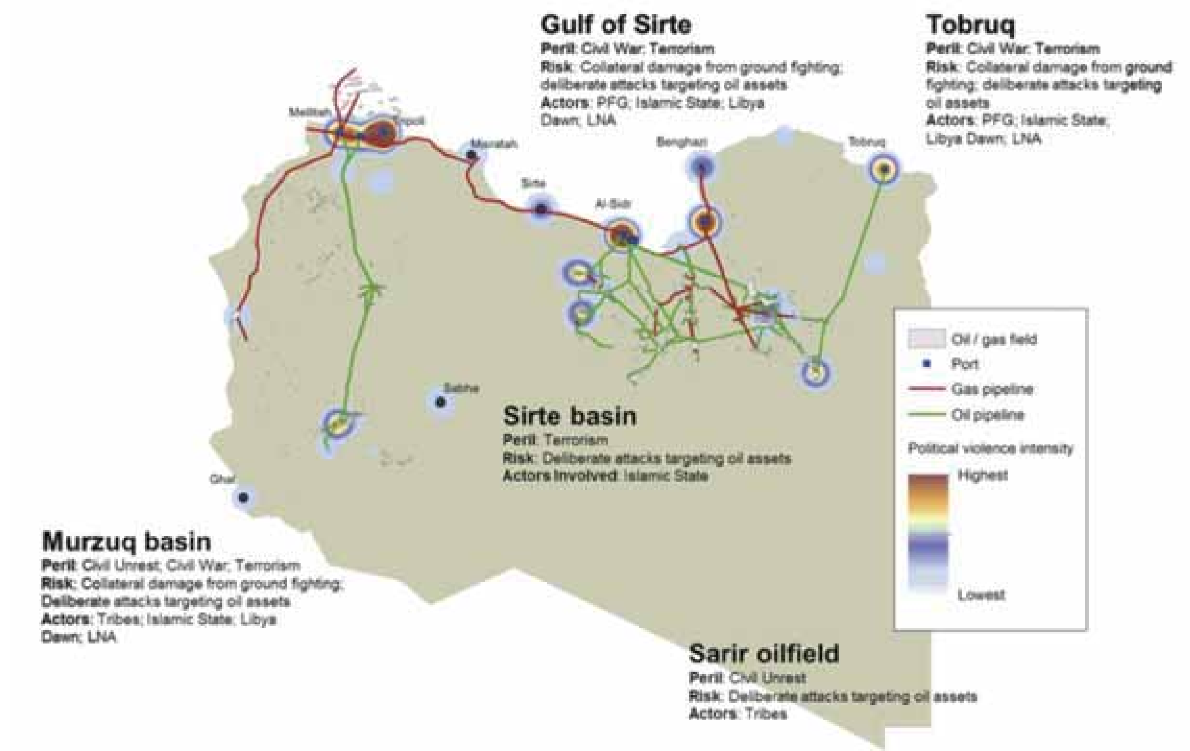
Hot-spots to monitor going forward

Ongoing conflict in the Middle East presents emerging risks to trade routes through the Suez Canal and Bab-el-Mandeb straits and to port locations along Libya's coast.

Suez Canal

Egyptian president al-Sisi has accelerated development plans for a second Suez

Figure 4: Libya



Source: IHS Energy Infrastructure & Markets Datab ase; IHS Country Risk channel expansion entailing the construction of a new 72-km section of the canal and deepening of the existing sections. Container volumes transported through the Suez Canal has grown 70% between 2004 and 2014, accounting for around 7.5% of world sea trade. A reported missile attack on an Egyptian navy vessel on the 16 July 2015, claimed by Islamic State, indicates increased capability to target warships off the coast of Sinai, compared with the short-range, inaccurate rocket-propelled grenades previously used against shipping using the Suez Canal.

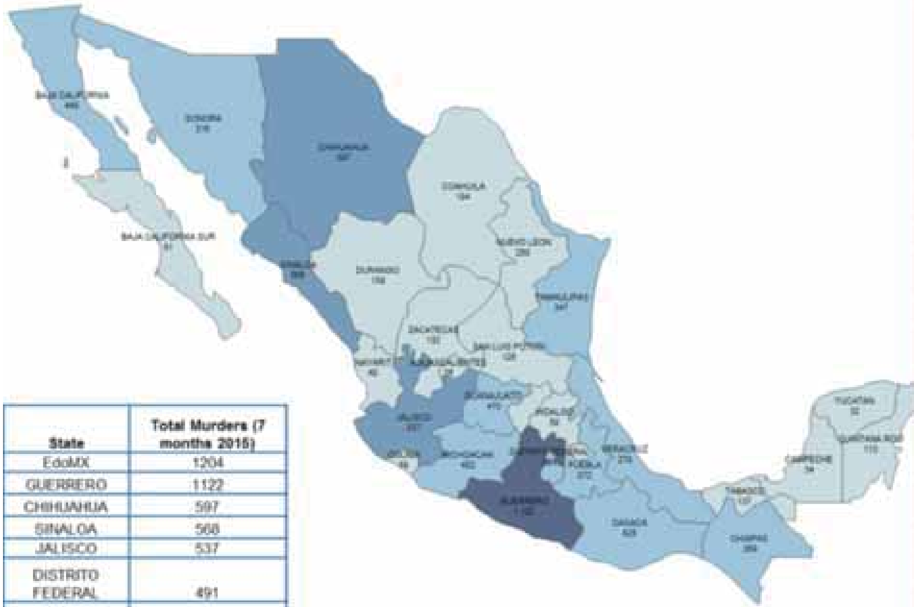
IHS country risk analysts have identified shipping in the Suez Canal as an aspirational jihadist target. While possession of such weapons still makes it unlikely that Islamic State would sink a major vessel, the main damage done by such attacks is likely to be psychological, eroding commercial confidence in the adequacy of security measures, and incurring additional security costs, even when attacks are unsuccessful. The risk is further exacerbated by constraints on security forces' capacity and a cash-strapped military-led government that is showing early signs of instability.

After China's 'devaluation' this summer, Asian currencies in particular have fallen. The volatility of currencies in Asian economies also raises the risk of the introduction of sudden capital controls.

Bab-el-Mandeb

Up to 3.8 million barrels of oil and refined petroleum products pass through the Bab el-Mandeb daily in transit to Europe, Asia and the US, making it the fourth-busiest energy transit chokepoint in the world. Numerous oil terminals and an oil pipelines, co-owned by state companies from Egypt, Saudi Arabia,

Figure 5: Murder hotspots in Mexico and largest year-on-year growth by location (January-July 2015)



State	Total Murders (7 months 2015)
EdoMX	1204
GUERRERO	1122
CHIHUAHUA	597
SINALOA	568
JALISCO	537
DISTRITO FEDERAL	491
GUANAJUATO	470
BAJA CALIFORNIA	449
OAXACA	428
MICHOACAN	402
TAMAULIPAS	347

State	7 Months 2015 vs 7 Months 2014 (YoY %)
BAJA CALIFORNIA SUR	200%
ZACATECAS	154%
PUEBLA	63%
QUERETARO	61%
TABASCO	41%
YUCATAN	39%
GUERRERO	25%
GUANAJUATO	21%
DISTRITO FEDERAL	19%
OAXACA	19%
QUINTANA ROO	18%
AGUASCALIENTES	13%
MEXICO	5%
CHIAPAS	5%
BAJA CALIFORNIA	5%
MORELOS	5%
CAMPECHE	3%
COLIMA	1%

Source: IHS Country Risk

the United Arab Emirates and Qatar, are controlled by the strait. At its narrowest point the Bab el-Mandeb is just 18 miles, limiting tanker traffic to two 2-mile-wide channels for inbound and outbound shipments. Any closure or perceived increased risk could have significant implications for global oil supply. The war in Yemen, especially affecting Aden (a strategically important port city on Yemen's southern coast) is threatening to disrupt energy and other maritime trade through Bab-el-Mandeb. As yet, there has been no direct impact on shipping through the strait, but this is certainly a strategically sensitive area to be monitoring as the conflict in Yemen continues to unfold and worsen (see Figure 3).

Libya

Two competing governments, myriad militias, and a growing Islamic State presence are tearing Libya apart. There is significant risk to energy assets in the country. The heat-map below shows areas where local oil conflicts are presenting a significant risk (see Figure 4).

Mexico –menergy reform and increasing gang-related violence and social unrest

In Mexico, energy reforms present new opportunities in the sector, bringing possible downside risks from social unrest and increased criminal activity. The energy reform seeks to directly address a steady decline in crude oil production posing a threat to the country's energy security and financial stability (as approximately 35% of the federal budget depends on oil revenues). Violence stemming from cartel conflicts, which is continuing largely unabated, presents a significant risk to attracting FDI, as well as physical threats to assets and personnel operating in specific regions within the country. Politically oriented violence remains relatively isolated and rare, and is often quickly quelled by official security forces. Official statistics, however, are under-reporting murder statistics and evidence shows that cartel turf wars continue to represent a major threat (see Figure 5).

There is also additional risk from social groups within Mexico. Local groups continue to mount environmental and social investment protests, blockades and legal action and anti-government crime protests. Onshore projects are likely to face complicated legal negotiations over land rights as 53% of the country is under communal ownership (*ejidos*). ■

Sanctions outlook for Iran and Russia

Ongoing sanctions against Russia and the possible lifting of sanctions against Iran are critical events that could have significant impact on the risk environment.

Russia

The number of countries applying sanctions against Russian entities has increased throughout 2014 and 2015. In addition to the EU and the United States, countries with sanctions against Russia have expanded over the period to include Albania, Australia, Canada, Iceland, Liechtenstein, Japan, Norway and Ukraine. An unattractive investment environment lost even more lustre as sanctions hit, oil prices slid and appetite for risk in emerging markets diminished.

Financial sanctions are now the most biting constraint for Russia, and large Russian SOEs are unable to refinance themselves on western capital markets. Non-payment risks to creditors underwriting exports to Russia's SOEs are rising.

Iran

Iran and the P5+1 countries reached an historic agreement on 14 July 2015 that curbs Iran's nuclear programme in return for sanctions relief. The UN Security Council (UNSC) unanimously voted to endorse the nuclear agreement on 20 July 2015. Iran will be open for business upon IAEA-verification (due on 15 December 2015) of Iran's compliance to its nuclear-related commitments and the consequent lifting of the majority of economic and financial EU and US extra-territorial sanctions (those affecting non-US entities). Iran will need to provide sufficient transparency for IAEA verification of its continued compliance for the sanctions relief to remain in place.

All non-US companies will be able to engage with Iran without fear of being subject to residual sanctions by the US. Importantly, foreign subsidiaries of US companies may also obtain exemptions from sanctions on a case-by-case basis, upon approval by the US Treasury. Sectors likely to benefit most as sanctions are lifted include the obvious energy sector but also financial, banking and insurance industries, transportation and shipping.

The changing role of ST credit insurers in the shrinking market

Seung Dal Baek, K-sure's senior director of short-term business department, reviews how insurers are coping with new demands from corporates in a difficult market.

The year 2015 has been rough for short-term insurers, particularly for those extending high credit volumes to emerging market importers. Sharp currency depreciation, rising inflation, historically low oil prices and other macroeconomic difficulties have led to a soaring number of claims coming from buyers in emerging countries. Under these circumstances, the role of export credit agencies (ECAs) covering short-term export transactions is becoming as important as it was during the 2008 financial crisis.

With global trade plummeting, Korea also expects around 10% decrease in exports for the year. However, this year's export decline is different from the one we saw during the recession of 2008 which was prompted by the credit crunch, and in which ECA cover helped ensure deals were done.

A number of intertwining factors have come into play to complicate the current downturn. These include; a drop in oil prices, currency depreciation in emerging markets, and an economic slump in China, to name a few. Here, I would like to share a few of the major challenges that K-sure has encountered this year.

The first challenge is a changing role of credit insurers from being insurers to being managers.

Seung Dal Baek

A striking phenomenon in the short-term business in recent years is the fact that low-risk profile importers are in trouble because of negative macroeconomic factors such as currency depreciation, interest rate hikes, and sluggish local demands. Those buyers feel that they are not to blame for defaults but point to an uncontrollable external environment.

For these supposedly 'innocent' importers, exporters ask ECAs to play a more active role in restructuring troubled deals, rather than making claim payments since exporters feel that even the troubled importers are essential for the success of their businesses and want to continue dealing with them.

Restructuring packages

We at K-sure have settled various restructuring deals in 2015. The typical restructuring package involves debt payment extensions on top of setting up of new credit

The role of credit insurers is transforming into a manager of national trade networks. From this brand new perspective, we need to try changing our business model from the one of a passive insurer to that of a proactive manager.

lines for importers and exporters to maintain business. It is certain that creditors would not have agreed to restructuring debt had K-sure not been involved. This is why I feel that the role of credit insurers is transforming into a manager of national trade networks. From this brand new perspective, we need to try changing our business model from the one of a passive insurer to that of a proactive manager.

The second challenge is that exporters are increasingly becoming selective when they apply for credit insurance cover. Exporters no longer want to include low-risk buyers in their insurance portfolios. This is probably due to a wish to reduce the cost of premiums as margins decrease in a tough economy.

Korean conglomerates are particularly eager to change their insurance portfolios that traditionally covered a wide range of importers with varied credit characteristics to ones that are more focused on high-risk profile importers. This being the case, pricing and underwriting are becoming more complicated. I feel that the exporters' loyalty to the insurer falls as the size of portfolio decreases. When the size of insurance portfolio is very large, the insured would be reluctant to change the insurer because of an invisible high exit cost. With a minimum portfolio, however, it would be easy for the insured to dine and dash. Thus, how to price in this issue in the premium calculation system is high on the insurers' agenda.

In addition, I see some paradoxical phenomena in the conventional premium system where premiums and revenues proportionally match. The reality is that claims increase as revenues decrease, as we have seen in 2015. This is why I believe that credit insurers should modify the current revenue-based premium calculation system. By doing so, we may curb the exporters' move to reduce the size of their portfolios.

The third challenge is that the number of structured deals is increasing in short-term insurance as we see in the medium and long-term (MLT) business.

Exporters' demand on credit insurers is rapidly changing as traditional and mediocre policies will no longer work.

We at K-sure have sought to find alternative ways of underwriting in order to accommodate the exporters' demand as the situation of buyers and buyers' countries became unstable. For example, we have structured deals to enhance the recovery probability in claim payment cases. We have also approved several deals in countries with a high currency risk, utilising liens on local currency deposit accounts, which will help adjust the balance according to the prevailing exchange rate. We also designed deals in which the account receivables of the importer would set-off their account payables to the exporter should a claim occurs.

I was struck by a recent question by an executive from one of our clientele. He said to me: "I don't think we need credit insurance any more. You pay claims with the premium I paid. What is your value to us?"

Even though I told him he could not simply ignore the credit insurance industry and that he needs to try to understand why the industry works in spite of such challenges, I was unhappy about my answer. In my head a voice yelled that I needed to find a more persuasive answer.

One thing is for sure: the exporters' demand on credit insurers is rapidly changing as traditional and mediocre policies will no longer work. ■

We at K-sure have settled various restructuring deals in 2015. The typical restructuring package involves debt payment extensions on top of setting up of new credit lines for importers and exporters to maintain business. It is certain that creditors would not have agreed to restructuring had K-sure not been involved.

Why academic research matters for insurance practitioners

By Professor Andreas Klasen, Offenburg University

If we think about academic research, we often think about theory development and testing with no or little concern for impact on the real world. We sometimes believe that researchers are university-based and have no experience with practical issues, and that their sole intention is to contribute to academic knowledge. And we also might imagine a grey-haired professor hunkering over dusty books in his small study at a medieval university college in England. But is this the reality of business research in the 21st century? Clearly, it is not. Quite the contrary, there are numerous and highly relevant research approaches which aim to combine rigour and relevance, and which focus on global trade, export credit and the demand for insurance.

A multi-faceted discussion

During the last couple of years, scholars have investigated the role and relevance of trade finance, export credits and credit insurance programmes. As discussed below, this includes several studies on trade and export finance instruments in general, or regarding legal, financial, regulatory and environmental aspects. There is also a growing number of publications on practitioners' aspects of financing exports and insuring foreign direct investment.

Recently, a number of authors have concentrated on the role of export promotion during and after the 2008-2009 financial crisis as well as the euro debt crisis. And several academics and practitioners just shared their views on global standards for export credit and political risk insurance in Global Policy's new publication *The Future of Foreign Trade Support.*


Andreas Klasen

More generally, insurance demand has been a major research area during the last couple of decades. This includes the vital role of firms' demand for insurance as a substantial aspect of corporate risk management. One of the first analyses of a set of incentives for corporate demand for insurance consistent with the modern theory of finance was presented some 30 years ago by David Mayers and Clifford W Smith. Since then, several authors have investigated factors affecting corporate insurance demand and provided empirical studies.

To date, it is the consensus view of all relevant authors such as Robert Hoyt, Simone Krummaker, Laureen Regan or Nobuyoshi Yamori that insurance plays an important role for companies. There is also a general consensus that there are several relevant determinants of corporate insurance behaviour in the area of export credit and political risk insurance.

Economics and financing of global trade

The role of trade in the global economy as well as the relationship between trade policy and economic development have been extensively discussed in economics. And although there are still many controversial aspects in the debate, there have been immensely useful contributions for policymakers such as Nobel laureate and Princeton Professor Paul Krugman's 'New Trade Theory'. Numerous models of international trade but also government policies fostering economic development incorporate the approach of economies of scale in production combined with network effects and a preference for diversity in consumption.

In the context of financing global trade, a number of studies discuss the relevance of government financing and insurance instruments in a macroeconomic context. Scholars have used data to establish the link between trade finance and global trade. For example, economic counsellor Marc Auboin from the World Trade Organisation (WTO) analyses the effect of trade credit on trade through a whole cycle employing Berne Union data on export credit insurance.

Scholars have used data to establish the link between trade finance and global trade. For example, economic counsellor Marc Auboin from the World Trade Organisation (WTO) analyses the effect of trade credit on trade through a whole cycle employing Berne Union data on export credit insurance.

A further practice-oriented research question is about firms and credit constraints along the global value chain. Together with Zhihong Yu from Nottingham University, Stanford Professor Kalina Manova shows in the first Berne Union Working Paper that global supply networks may enable more firms in developing countries to share in the gains from trade.

Bilkent University Professor Banu Demir underlines the importance of financial markets in facilitating international trade, especially in developing countries. Towards practitioners, she argues that a potential remedy is to extend short-term credit lines to exporters through Exim banks with a view to meeting their working capital needs. Another remedy would be to create new instruments linked to letters of credit (LCs) which can be used by beneficiary exporters to obtain short-term financing in their home countries.

Demand for export credit and political risk insurance

Erdal Yalcin and his colleagues from Munich's ifo Center for International Economics give evidence on the effect of export credit insurance with an evaluation of Germany's export credit agency (ECA). With an empirical analysis, they establish a causal relationship between export credit guarantees and employment and show that ECAs have a particularly strong export-enhancing effect. With Yalcin's analysis, policy makers and government authorities are able to better understand how to create and safeguard export-related jobs in the national economy.

Another example is the evidence presented by Bundesbank economist Michael Wedow and his colleagues with regard to the relationship between political risk and export promotion. They employ an empirical trade gravity model showing that firms' export activities are limited in the absence of insurance provision. And Amparo San José Riestra presented in her extensive study undertaken at the Centre for European Policy Studies some years ago that credit insurance is a competitive tool, in particular for small and medium-sized enterprises (SMEs). With a practitioner-oriented approach, she also shows why export credit insurance is an important instrument for exporters' balance sheet protection.

One of my recent research papers discusses evidence that firm-related factors such as firm size, cash flow and export quota can significantly influence the demand for export credit insurance. The findings of the empirical estimation of a multiple linear regression model indicate that exporters value credit insurance, in particular in the manufacturing industry. Credit insurers and policy makers can use these results, for example for their strategic management. For governments it is worth assessing if financing and insurance products as well as cover policies and conditions are adequate to accommodate demand from companies, in particular if they lack in large corporate finance departments. Export credit agencies can also evaluate if an additional allocation of resources to claims administration, loss control and other functions can be expanded in order to better support exporters.

Political, legal and environmental aspects

Political aspects have always been highly relevant in the context of export credit and political risk insurance. What is the impact of ECAs and investment guarantee programmes on the domestic economy? Does export promotion undermine the multilateral trade system? And what about subsidies and WTO rules and regulations? Vlerick Professor Filip Abraham and Gerda Dewit, from the National University of Ireland, discuss that export insurance provided by governments is more driven by a broad range of policy objectives than purely insurance principles.

However, one important finding from their research is that export promotion does not necessarily imply trade distortion. And a further outcome of Abraham and Dewit's theoretical model some years ago was that the objective of risk reduction can be achieved without subsidisation by charging a fair premium. Combining political discussions and legal aspects, Dominic Coppens discusses the degree of policy space the WTO leaves governments to support export credits. And together with his colleague Todd Friedbacher from Sidley, he turns the attention to the fact that export credit support might not be WTO-consistent, even where it conforms to the OECD Arrangement.

The discussion about a consolidated and comprehensive set of multilateral disciplines on export credit and political risk support is a highly relevant field today. In addition to political and legal questions, this also includes aspects of a sustainable behaviour. Following a controversial debate about the OECD Arrangement and state export credit guarantee support for dams (e.g. Nicholas Hildyard) or the role of export credit agencies and developing country debt (e.g. Oygunn Sundsbo) in the past, there are now often new directions: export credit support and climate finance as well as setting global standards for export credit and political risk insurance. These are key questions for the future. And although many practitioners from organisations such as the Organisation for Economic Co-operation and Development (OECD) and the Berne Union are driving the debate, there are valuable academic contributions.

For example, Scott Hickie examines the rising importance of ECAs in international financing as well as the implications for climate change mitigation and ecologically sustainable development. Andrea Saldarriaga and Andrea Shemberg from the London School of Economics and Political Science argue that governments should drive the inclusion of global standards on social and human rights. To build a global consensus, their recommendation is to demonstrate and disseminate good practices by spearheading empirical and case study research to document the impact of social and human rights policies. From their point of view, this will support governments to overcome arguments that social and human rights standards will hinder the competitiveness of ECAs and impose unnecessary burdens.

The role of the Berne Union

There are numerous other examples why research matters for trade and insurance

Amparo San José Riestra presented in her extensive study undertaken at the Centre for European Policy Studies some years ago that credit insurance is a competitive tool, in particular for small and medium-sized enterprises (SMEs). With a practitioner-oriented approach, she also shows why export credit insurance is an important instrument for exporters' balance sheet protection.

practitioners. The Berne Union already uses the positive impact of academic contribution to knowledge and practice, in particular by successfully establishing the Berne Union Working Paper Series. The second Berne Union Working Paper, by Giorgio Barba Navaretti from the University of Milan and his colleagues, shows why productive exporters make a (big) difference. Berne Union Working Paper number three from Yalcin focuses on political risk insurance and questions the role of state-backed investment guarantees, and how they shape foreign direct investment. Berne Union Working Paper number four by Friederike Niepmann and Tim Schmidt-Eisenlohr, from the Federal Reserve Board, looks at international trade, risk and the role of banks. The authors explore when firms use special trade finance products from banks. They provide a model that rationalises empirical findings and discuss implications.

The views of private and public insurers and the future of export credit and investment insurance are currently explored in a qualitative study which I conduct, together with Henning Meyer from the London School of Economics and Political Science and Simone Krummaker from the University of Westminster. This research is based on interviews with CEOs and managing directors from the Berne Union and the Prague Club. Key topics include the most challenging topics for the industry and policy makers, further factors driving the demand for insurance or how insurers use digital to make big decisions. The aim is to find practical answers to the industry's questions.

Contribution to practice

As a conclusion, research has important implications for a number of parties involved in export credit and political risk insurance. This includes export credit agencies, policy makers and governments as well as banks and exporters. For example, ECAs can link their strategic aims and policies with relevant factors for exporters. This might include the question if there should be a stronger focus upon closely held or small corporations. In addition, evidence regarding economies of scale linked with a provision of real services might not only be an important contribution to promote SMEs. It can even be an additional source of income.

Research also raises important issues for policy makers and government authorities. More specific SME support with higher volumes might be necessary. Because research findings indicate that companies with a higher export quota have a higher demand, non-traditional buyers in developing markets perhaps should be supported, or a different assumption of risk for more challenging buyers and foreign countries can be necessary. And as there is a lack of guidance in many companies with regard to the decision to purchase insurance, exporters' policies and guidelines based on empirical evidence can show how to use export credit and political risk insurance as a strategic risk management tool. ■

Andreas Klasen is Professor of International Business at Offenburg University and Fellow at Durham University. Until 2014, he served as vice president of the Berne Union.

For governments it is worth assessing if financing and insurance products as well as cover policies and conditions are adequate to accommodate demand from companies, in particular if they lack in large corporate finance departments. Export credit agencies can also evaluate if an additional allocation of resources to claims administration, loss control and other functions can be expanded in order to better support exporters.

Joining the direct lenders

By Margaret Eyres, UK Export Finance's head of direct lending

In the years following the 2007-08 financial crisis, UK Export Finance (UKEF) watched the increased use of direct lending schemes by ECAs with interest. US Ex-Im's direct loan activity, for example, grew significantly following the economic downturn, peaking in 2012 with $16 billion of direct loan support distributed among 18 transactions. This included a direct loan for the Sadara Petrochemical complex project, for which we were a pure cover guarantor.

In last year's Berne Union Yearbook, our chief executive noted the expanded role for ECAs in enabling liquidity since the 2007-08 financial crisis. He observed that the ability of ECAs to fund directly had become increasingly important, due to the constraints on commercial lending activity as a result of bank leverage ratios, and the introduction of regulations that could inhibit banks from holding long-dated assets.

The flexibility provided by a direct lending capability was an illustration for us of the requirement for an ECA to be able to respond quickly, as US Ex-Im had, to changing conditions through the economic cycle – an ability we lacked during the 2007-08 economic downturn. This requirement formed the basis of our three-year business plan, presented in 2014. It expanded on the idea of what a through-the-cycle ECA would need, emphasising the need to maintain a competitive offering at the same time as being agile and adaptable, to tailor our support to reflect prevailing economic conditions and export opportunities.

Margaret Eyres

This approach does not necessarily have to be at odds with our mandate to 'complement not compete' with private sector provision. In fact for us the new plan has meant closer partnerships with a wider range of private sector providers to make sure all avenues of potential support can be understood and explored.

First steps

Before launching the facility we operate today, we experimented with a backstop lending facility, designed to be used only at a time of severe capital constraints. For this facility, loans would have been infrequent and would have been administered in-house. The facility was announced in late 2012 as a pilot to explore the response from banks. At the end of the pilot period it was independently reviewed by external consultants.

The result of the pilot was a consensus that to offer UK exporters a level playing field, a permanent scheme offered at the OECD's Commercial Interest Reference Rates (CIRR) was required. A scheme that fixes rates at CIRR was particularly attractive as we have not offered an interest make-up product since the closure of our fixed-rate export financing scheme in 2012.

The challenge for us as an organisation

The ability of ECAs to fund directly has become increasingly important, due to the constraints on commercial lending activity as a result of bank leverage ratios, and the introduction of regulations that could inhibit banks from holding long-dated assets.

was how to administer the scheme. UKEF is a ministerial department of the UK government and historically a pure cover ECA. It is not a bank and it is not constituted to administer a high volume of trade finance loans. Furthermore the UK government did not have a suitable funding vehicle and it did not want to delay the implementation while it built a SEK-style export lending arm. So how to administer the first direct loans in UKEF's near 100-year history?

Taking shape

The decision was taken to form a panel of banks, each with the ability to act as agent for us on direct lending transactions. This approach promised the advantage of being able to use the scope and reach of large banks to promote the facility, while at the same time being able to include smaller local/regional banks in key markets, or non-bank institutions, which may be incentivised to work on smaller transactions with borrowers which are not targeted by international banks.

A look at the current panel of agents (found on gov.uk/uk-export-finance) shows that we succeeded in meeting this vision, with the likes of Deutsche Bank, HSBC and Standard Chartered joined by Garanti Bank of Turkey, Ecobank of Nigeria and Crown Agents Bank among the 20-strong panel. The spread of panel members in terms of size, geography and sectors has reassured us this was the right approach for us, based as we are in one of the world's financial capitals. The panel of agents can be expanded if it is necessary for operational needs and has proved a useful conduit for increasing the strength of our partnerships with banks.

Historic first loan

Our first direct loan was announced by Chancellor George Osborne in October 2014. It was a 50/50 split between direct lending and pure cover, totalling $110 million for the Dubai World Trade Centre in Dubai, which engaged Carillion for the construction of a hotel, office block and associated infrastructure. Three further transactions have proceeded since then, bringing the total value of loans to just under £200 million ($310 million).

We operate with an allocation of £3 billion ($4.65 billion) of public funds that can be put at risk by the facility. But the allocation is only a limit on amounts-at-risk, so funds becoming available again from loan repayments can be re-lent within this overall allocation. This could prove important, with a pipeline and enquiry flow that have a cumulative value of over £3 billion.

Otherwise the facility works within the normal parameters of our support, including our foreign content rules (minimum 20% UK content) and our recently amended statutory powers. These amended powers could prove important in providing us with greater flexibility.

Before May 2015 our support had to be for a specific single UK export contract. The legislation has now been enhanced to provide us with the ability to meet the financing preferences of overseas buyers who might wish to use an integrated finance package from us that includes both UK prime contractors and parallel contracts or UK subcontracts through non-UK contractors.

Looking ahead

So what is next? Local currencies are on our radar, with our recent completion of our first guarantee for a renminbi loan. The panel arrangements in place for our direct lending facility potentially invite a closer look at the possibility of direct lending in local currencies, although there are plenty of hurdles in the path of this ambition.

Our first direct loan was ... a 50/50 split between direct lending and pure cover, totalling $110 million for the Dubai World Trade Centre in Dubai, which engaged Carillion for the construction of a hotel, office block and associated infrastructure.

We are also contributing advice to the UK's Department of International Development (DFID) on developing the idea of a UK concessional export credit finance programme, which could in time lead to direct loans blended with 35% aid grants (that is assuming UK companies contribute supplies; DFID have stated that any facility would be untied).

But the immediate task at hand, for a relatively new team at UKEF, is to meet the growing expectations for UKEF's direct lending capability. With an imminent increase in loans to be drawn, the signs are positive. ■

Climate finance: A perfect fit for ECAs

By Jan Vassard, deputy CEO, and Ole Lindhardt, chief communications consultant, EKF, Denmark's Export Credit Agency

The valley on the shores of the saline Lake Turkana in northern Kenya is sometimes described as extraterrestrial. The area is a desert, dry and sparsely populated, mostly by nomadic tribes. Occasional dwarf shrubs are testament to the frequent spells of drought in a landscape dominated by sand and rocks, the home of scorpions and vipers. To most people, this is indeed an unwelcoming place.

Not so, if you seek to develop a wind farm. The desert valley lies between two tall mountain ranges and is swept by strong, consistent and unusually predictable winds. In fact, studies have shown that this is one of the best sites in the world for windmills. Accordingly, construction has now started for The Lake Turkana Wind Power project. From 2017, no less than 365 wind turbines will supply more than two million people with renewable energy in what will be the largest single private investment in the history of Kenya.

The Kenyan wind farm is just one among many climate-friendly investments currently being made across the globe. In 2013, annual global climate finance flows totalled approximately $331 billion, according to The Global Landscape of Climate Finance 2014 from the analysts at the Climate Policy Initiative (CPI). However, to keep the global temperature increase below 2° celsius, the International Energy Agency (IEA) has estimated that we need low-carbon investments of an additional $1,100 billion from now until 2050 in the energy sector alone. The world will need access to much more climate finance than what is currently available.


Jan Vassard

Today, 40% of climate finance comes from public sources and 60% from private sources, according to the CPI. As the world slowly works its way out of the financial crisis, it is clear that the majority of new funds will have to come from private investors. There is no extra money left in government purses.

Instead, Denmark's EKF and many others advocate a new division of labour where public institutions focus less on supplying capital and more on alleviating risk. In other words, exactly the home turf of export credit agencies. Going forward, public institutions will continue to play a key part in climate finance, but their role is likely to evolve into mobilising new sources of funding by 'crowding in' private investment.

ECAs can bridge the gap

EKF has been active in climate finance for more than a decade, first and foremost as a partner to Denmark's world-leading wind industry led by Vestas and Siemens. More than 60% of EKF's total guarantees can be classified as climate finance. Predominantly wind turbines, but recently also a growing portfolio of biomass power plants.

Our experience shows that export credit agencies can play a central role. For example, export credit agencies are very well suited to

Denmark's EKF and many others advocate a new division of labour where public institutions focus less on supplying capital and more on alleviating risk. In other words, exactly the home turf of export credit agencies.

help bridge the gap between national, regional and multilateral development banks on the one hand and private investors on the other. The Lake Turkana Wind Power project is a case in point.

The €625 million ($698.7 million) wind farm will add almost 20% to Kenya's currently installed power-generating capacity. But success was not born overnight. In fact, it took eight years from the initial idea to financial close in 2014. The financing structure (here in simplified form) fully illustrates the necessity of public and private cooperation.

The equity group – providing approximately €150 million ($167.7 million) – includes KP&P Africa (a consortium of Dutch and Kenyan businessmen), the energy company Aldwych International, three Nordic development finance institutions, and Vestas, the Danish wind turbine manufacturer.

The majority of the senior debt is provided by the African Development Bank (AfDB) and the European Investment Bank (EIB), with EKF covering tranches of approximately €125 million ($139.7 million). A French, a Dutch, and an African regional development finance institution are part of the lender group too.

New solutions needed

As outlined above, close cooperation between public and private actors is indispensable. But to multiply climate investments in developing countries with substantial political and commercial risk, it will also be necessary to develop entirely new financing solutions.

EKF is part of The Global Innovation Lab for Climate Finance – an international group of policy makers, financial experts, practitioners, and project developers working to identify and recommend new climate finance instruments. The group's efforts have so far resulted in four new initiatives, including:

The Long-Term FX Risk Management instrument In countries with underdeveloped capital markets, the long payback periods involved with renewable energy investments mean changes in the value of a currency of 50% or more are not uncommon. Currency risk of this magnitude combined with significant interest rate risk can spell disaster for a project.

Using a range of currency and interest rate swaps, the Long-Term FX Risk Management instrument aims to provide the tools for investors to lock-in long-term finance in local currency. The International Finance Corporation (IFC) and the TCX Investment Management Company is working together to implement a pilot project.

The Climate Development & Finance Facility Renewable energy projects require high amounts of capital expenditure. The initial planning and permitting phase, including conducting environmental and social impact assessments, can take years, not least in developing countries. Because of this, debt costs at construction can have a disproportionate effect on projects' financial viability.

To multiply climate investments in developing countries with substantial political and commercial risk, it will also be necessary to develop entirely new financing solutions.

The Climate Development & Finance Facility aims to untangle this Gordian knot by dividing the financing of renewable projects into three separate stages with different risk profiles suitable for different types of investors. Stage One (early-stage development) will include a high proportion of non-repayable funds from public development finance institutions. Stage Two (construction) is based on a mix of public and private investment, while Stage Three (refinancing) is designed to attract mostly private capital from institutional investors, such as pension funds, seeking long-term, low-risk investments.

A pilot project is being taken forward by FMO, the Netherlands Development Finance Company.

Conclusion

The world will need access to much more climate financing. Public institutions will continue to play an important part, but are likely to focus more on alleviating risk in order to attract new sources of private capital. This is a role that comes very naturally to ECAs. ECAs can further contribute to climate finance through innovation in financial instruments. ■

Key policyholders: exploring the ECGC approach

Geetha Muralidhar, chairman and managing director of ECGC, explains the various policies of the Indian export credit agency.

Exporters – large, medium, small or tiny – play a vital role in any economy. Creating a business-friendly environment for these companies to help increase exports is critical for any country. ECGC, in its role as the national underwriter for exports, is committed to help exporters achieve their export goals. In this context ECGC has introduced several features to its existing policies, keeping in mind the interest of all types and sizes of exporters.

Our vanilla product is the Whole Turnover Shipment Comprehensive Risks policy, a declaration-based policy that covers all the exports made on credit terms over a year, which continues to be the most popular product for ECGC's short-term business. There is a basket of other products to suit the varying needs of both MSME (micro, small and medium-sized enterprise) exporters and their larger counterparts. There are products for a single transaction, for a single contract or for a single buyer. There are products to cover exports made on a consignment basis, in which goods would be stored in warehouses in a foreign country to be sold to ultimate buyers by the exporter's own subsidiary or by a designated agent. There are also specific products to cover services rendered by the Indian exporters. In all, there are 14 such 'off-the-shelf' products that exporters can choose from according to their varying requirements.

Popular features

Special attention is warranted for exposure-based policies, where premium and claims are decided on the basis of exposure and not the actual turnover, either for a single buyer or for multiple buyers. Giving due respect to large exporters' internal underwriting systems, ECGC has introduced features in its policies where these qualifying exporters can get higher discretionary powers to exercise. In order to handle a large number of shipments and to simplify the policy management for large exporters, exporters opt for exposure-based policies where premium is charged on the exposure and no declarations are required to be submitted. The exposure based policies are gaining popularity, with approximately half the premium in the sector coming from such policies.

Geetha Muralidhar

The requirements of policy holders are usually met by ECGC's wide range of covers. However, the changing needs of exporters call for new covers to be designed to meet their specific requirements. ECGC also offers Customer Specific Policies for top-rated customers with an acceptable loss percentage and a minimum premium requirement. Customisation is carried out by modifying selected features of a standard product or by combining the features of two or more products. The requirements of existing or prospective customers fulfilling the criteria are met by issuing such tailor-made products, keeping in mind the principles of insurance, regulatory requirements and the value of the customer for ECGC. The performance under these tailor-made products is closely monitored.

During the 2014-15 financial year, there were 91 customised policies issued to policyholders paying sizeable premiums, policies with which ECGC has experienced a comfortable claim-to-premium ratio of around 29%.

For customers with whom ECGC has satisfactory previous experiences, incentives are offered by way of a No-Claims Bonus (NCB), which can be for up to 50%. In addition, policyholders who pay a premium above a certain level are offered turnover and volume discounts. Further, customers who offer to pay the entire annual premium in advance are offered an upfront discount. In addition to all the above, in exceptional cases a special discount is also offered. Together with NCB, the total discount can go up to even 70% of standard rates.

The regulatory authority for the insurance industry in India, IRDAI (Insurance Regulatory and Development Authority of India), is required to approve each product before it is offered to policyholders. A further requirement is that each product should be self-sustaining in nature over a period of time, with no cross subsidisation from other products. Each product is evaluated by the appointed actuary, and its performance assessed periodically to carry out prompt corrective measures if required.

Customer segmentation

a) On the basis of premium

Major customers that significantly contribute to premium income are always a chief consideration. Policy holders who paid an annual premium of $10,000 or above constitute around 15% of the total customer base. It is interesting to note that a substantial 64% of these customers belong to the MSME category. However, it should be noted that MSME exporters represent 85% of the total policyholder base. It is also observed that 82% of these exporters hold declaration-based policies, 35% hold exposure-based policies, with 17% also having declaration-based policies. These major customers contributed around 70% of the short-term premium income, while claims of these customers also stood at 70% of the total claim payment.

Out of these major customers, the key 65 exporters each paid a premium of $100,000 or above.

b) On the basis of liability

During the year, there were 1460 exporters holding large value policies with Maximum Liability/Aggregate Loss Limit (ML/ALL) of $1 million or above, either as a single cover or a combination of multiple covers. Some of these policies may not have contributed sizeable premiums, either due to the low-risk profile of the transactions or due to the short duration of the selected transactions. Nevertheless, ECGC's considers these customers are extremely important. Seven exporters were holding policies of $1 million or above with premium incomes below $100,000, but were still considered key customers.

The changing needs of exporters call for new covers to be designed to meet their specific requirements.

Large corporates can usually command superior payment terms from their overseas buyers; such as letters of credit from reputed banks, which are considered to be of low risk. Some large companies have their own subsidiaries or offices in overseas countries, which receive their major exports. The requirement of ECGC cover in such instances is limited. These customers, though they may not qualify as major premium payers, nonetheless would be considered as key customers, taking into account their profile.

c) On the basis of potential

Focus is given on professionally managed mid-sized companies that are in a growing phase, with good promoters, healthy financials and with considerable future potential. ECGC nurtures such companies by offering them suitable products. In comparison of premium contribution over the last three years, there were 16 exporters that had grown 100% more with an average annual premium payment of $100,000 or above.

d) On the basis of experience

Small companies that have been with ECGC for a long time, and with whom ECGC has good experience, are given due importance even though they may otherwise not qualify as key customers. An analysis of the claim-to-premium ratio over the last three years shows that there were 72 exporters whose average annual premium was $50,000 or above, and whose claim-to-premium ratio was zero. These exporters are also included in the list of key customers.

Servicing of key customers

In all, there are 160 key customers. Some of them hold declaration-based policies, which require premiums to be paid on the shipment value every month. The rate of the premium depends on the country grouping, the terms of payment and the discount offered to the customer. These policies generally require credit limits to be fixed on each buyer for covering commercial risks. Credit limits are fixed on a revolving basis and ECGC's liability on each buyer is restricted to this limit.

Most of the key customers hold exposure-based policies. Exposure-based policies can be issued for a single buyer or for multiple buyers. For the Single Buyer Exposure Policy (SBEP), a Loss Limit (LL) is fixed on each buyer, which is the amount up to which ECGC's liability is attracted. Premium needs to be paid on the amount of Loss Limit and not on the turnover. Separate policies are issued for each buyer.

The Multi-Buyer Exposure Policy (MBEP) is an exposure based whole turnover policy. Each policy has an Aggregate Loss Limit (ALL), which is the maximum amount of liability which ECGC can take for all buyers under the policy. Single Loss Limit (SLL) on any buyer is fixed at 10% of the ALL. If a higher exposure is required, an enhanced SLL of up to 25% will be accommodated in the same policy with additional premium. If the exposure required is above 25%, an exclusive SBEP will be issued for the whole exposure. In this product no credit limit needs to be fixed on any buyer and no declarations are required to be submitted. This policy is offered only to large customers who have a strong internal system of appraising its buyers. Premium has to be paid on the ALL for which the rate is fixed before the application of discounts. Some of the key customers hold a combination of declaration-based and exposure-based policies, usually when the number of shipments is extraordinarily large.

Special focus

Some of the key customers who qualified in terms of minimum premium and claims-to-premium ratio were issued Customer Specific Policies, since their requirements were not fully met by the existing basket of products. Great care is taken in designing such covers and decisions are taken by a high-powered committee at the corporate level. Big corporate policyholders demand more attention for continuous service and consultation. They also expect finer terms and cost for the covers availed by them. It is a continuous challenge to keep them happy and satisfied. Hence various aspects of these relevant covers at the time of issue or renewal are dealt with at corporate level by a high-powered underwriting committee.

Support to banks to enable adequate export credit

ECGC has been supporting exporters not only by covering their export receivables, but also by offering protection to banks who lend to exporters. This enhances the flow of bank credit to the export sector, which is very crucial for the growth and even sustenance of any sector. Around 60% to 65% of the total export credit in the Indian banking sector is covered by ECGC. Out of the major customers, 70% have been availing finance from banks which are supported by ECGC.

Customer is king

Customer relationship is one of the focus areas of ECGC. Customer consultation plays an important role in designing new products and in modifying existing ones, to suit the needs of Indian exporters in the ever changing global scenario. ECGC strives to attain growing business volumes and maintain high servicing standards. With this strategy it believes that serving key policyholders that are significantly contributing to the country's exports is an important element to sustain higher customer satisfaction levels while ensuring compliance with existing regulatory norms. ECGC is committed and geared to achieve the goals and mandate for which it has been established. ■

Customer consultation plays an important role in designing new products and in modifying existing ones, to suit the needs of Indian exporters in the ever changing global scenario.

PROPELLING THE PROGRESS OF MSMEs

IT MAKES BUSINESS SENSE TO TAKE CREDIT INSURANCE POLICIES

MSMEs (Micro, Small and Medium Enterprises) share in

- Covers to exporters : 82%
- Covers to banks financing exporters : 92%

ECGC Ltd.

(Formerly Export Credit Guarantee Corporation of India Ltd)
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Friend or foe – will BPO compete with short-term credit insurance?

By Markus Wohlgeschaffen, global head of trade products, UniCredit and member of the banking advisory board, International Chamber of Commerce (ICC); and Andre Casterman, global head of corporate and trade markets, SWIFT and chair of the BPO project

In order to find an answer to this very interesting and valid question, one needs to examine statistics: world trade volumes have seen a startling increase in open account transactions over recent years. At the end of 2014, approximately $14 trillion or about 80% of the total world trade volume (exports) of $18.5 triillion[1] is handled on open account payment terms. Some $4.5 trillion of export transactions are covered against payment risks through letters of credit (LC). Short-term export limits reached an amount of $1.051 trillion by the end of 2014[2].

If we assume for a moment that the short-term credit insurance limits do not refer to LC transactions (rather unlikely), one could conclude that a maximum of $5.5 trillion out of $18.5 trillion is protected against payment risks. Or in other words, some $13.5 trillion is not protected against payment risks. Experts foresee further growth in world trade – predominantly on open account payment terms - hence the non-insured volume of world trade will grow.

Digitisation kicks in

But not only is the ongoing growth of world trade remarkable. Another development has to be considered, too: the exponential growth of digitisation in world trade. Clients undertake huge efforts to expand and diversify their value generating processes. The increased complexity that relates to that is counter-balanced through automation and digitisation. As a consequence, clients expect automated solutions for both the settlement as well as the mitigation of operational and payment risks for their trade transactions.


Markus Wohlgeschaffen


Andre Casterman

The Bank Payment Obligation (BPO) supports fully automated processing; allows cost savings and combines all of this with payment assurance and financing options. Today, there is already a certain degree of competition between banks and export insurers. But at the same time, there are also very successful models for collaboration between banks and ECAs/re-insurers, which have been in existence for some considerable time.

Considering the predicted further growth

An alternative means of settlement in international trade, the BPO provides the benefits of a letter of credit in a digital yet legally binding multi-bank environment.

of world trade on the one hand, and the huge volume of non-insured payment risks, there should be plenty of growth opportunities for banks and insurers. It appears particularly appealing, because the BPO is fully digitised and, hence, eliminates system frictions.

In parallel it generates big data volumes. The latter allows real-time monitoring and offers new ways of risk management through intelligent algorithms. Last but not least, since banks are actively involved via the BPO in trade transactions, they can much better safeguard Know-your-Customer (KYC) and Know-your-Transaction (KYT) processes as well as financial crime prevention by leveraging their prevailing client relationships.

In order to offer BPO-based services, financial institutions (FIs) need to implement the inter-bank Uniform Rules for BPO (UR BPO) as well as the underlying messaging standards. This is facilitated by SWIFT's ISO 20022-compliant FI-to-FI messaging and transaction matching cloud application called the Trade Services Utility (TSU). For FIs, the BPO is very convenient to use as it integrates into the correspondent banking agreements that FIs have put in place for international payment and trade transactions.

Increased benefits of BPO use

An alternative means of settlement in international trade, the BPO provides the benefits of a letter of credit in a digital yet legally binding multi-bank environment. Importantly for banks, it offers the possibility of intermediation earlier in the supply chain by offering risk mitigation and financing services as from the start of supply chains, i.e. where the sale contract is agreed through a purchase order.

A BPO is an irrevocable undertaking given by one FI to another that payment will be made on a specified date after a specified event (such as delivery of goods) has taken place. The specified event is evidenced by a match report generated by a common matching application trusted by all trade

For FIs, the BPO is very convenient to use as it integrates into the correspondent banking agreements that FIs have put in place for international payment and trade transactions.

banks, i.e. SWIFT's TSU. BPOs can be incorporated into the TSU through a buyer's bank or a third party bank. The BPO is due when data is accurately matched or when all financial institutions involved in the transaction have accepted any mismatches or discrepancies.

This process results in a fully electronic alternative to the letter of credit, which delivers immediate efficiency gains, working capital reduction and cost savings. The development of the BPO has proved that the financial services industry can join forces to solve a problem and that, as a result, more financial services such as risk mitigation and trade finance services can be digitised, i.e. beyond payment and cash management services.

The industry has attempted to dematerialise trade flows several times since the 1990s, and many initiatives have not delivered as expected. The first BPO implementations completed over the last two years suggest that this innovation will help the trade industry address the digital trade challenge. It seems that getting ready on the BPO sooner than later is a wise choice for trade bankers. ■

Sources
1 WTO
2 Berne Union

The development of the BPO has proved that the financial services industry can join forces to solve a problem and that, as a result, more financial services such as risk mitigation and trade finance services can be digitised.

Looking at the benefits of trade finance as an asset class

Helen Castell at TXF talks to Bob Kowit, a member of the trade finance team at Federated Investors, about the challenges involved in creating a pool of trade finance assets that appeal to financial investors, how export credit agencies (ECAs) could help overcome some of these obstacles, and why trade assets are starting to enter the radar of cash-rich corporates.

With approximately half a billion dollars in trade finance assets under management, Federated Investors is one of the few financial investors which has actively embraced the benefits of the asset class. Bob Kowit (BK), a member of the trade finance team at Federated Investors, is passionate about the low-risk returns trade can generate for financial investors – but equally fired up about banks' failure to package, standardise and explain trade in a way that investors understand.

TXF: ***What can trade finance assets offer financial investors that they can't get elsewhere?***
Bob Kowit (BK): Trade finance did well through the crisis and it's been a very strong alpha source for a number of our funds, outperforming in recent months virtually everything else with just a fraction of the volatility based on the daily pricing we get.

At any point of the maturity spectrum, whether it's receivables at the short end of the market or pre-export trade finance at the longer end, the risk-adjusted returns of trade finance and its lack of correlation are superior to anything you can find in financial markets. And it delivers a powerful diversification benefit with low to negative correlation to a variety of income-related asset classes.

A lot of investors globally are concerned about the eventual rise of interest rates, which could create the perfect storm in terms of demand for floating rate assets like trade finance.

Floating-rate notes right now will deliver something between 40 and 60 basis points over Libor. The market however is very small so if you have size to invest, it's very difficult to get significant diversification without investing in trade finance.

Bob Kowit

And as you move out of that spectrum and look at things like pre-export trade finance and compare it with the leveraged loan market, over the past nine or ten years trade finance has delivered very similar returns but with a fraction of the volatility.

TXF: ***Tell me about Federated's journey into the world of trade finance. What opportunities do you offer to outside investors?***
BK: When I joined Federated Investors in 1995, I thought that trade finance would be an excellent alpha source for international bond portfolios, the structure of the market being short-term floating rate assets that had a completely different risk profile than anything else. So we were very interested but immediately ran headlong into problems.

For example, none of the major custodians could settle or safe-keep a trade finance transaction. Each deal is very documentation intensive and if you're going to do any kind of research, you have to have access to those documents and you have to have the cooperation of the mandated lead arrangers (MLAs), whether they are banks or ECAs or official organisations. There is no central spot where you can go to view a calendar of upcoming deals.

We were eventually able to get through that when our main custody partner acquired a small specialty bank that could settle and safe-keep trade transactions. We started buying individual transactions into our funds in 2006.

On the investment management side however, for any asset that you buy into a fund – even for assets like trade finance that are considered illiquid – you have to be able to have a price for that. And none of the price providers at the time – even the guys specialising in loans – could provide even an approximate price. We finally found a pricing source and we were able to start buying transactions into our own funds.

They went well. And especially in 2008 and 2009, during the financial crisis, trade finance behaved completely differently than any other assets. That got the rest of our portfolio managers at Federated interested – some of the domestic managers wanted to make an allocation to a diversified pool of trade finance assets.

So we went to the Securities and Exchange Commission (SEC) and we got an exemptive order, which allowed us to create a 40 Act fund called the Project and Trade Finance Core Fund – a special pool designed to be used only by our own portfolio managers.

Internally we then had a very long series of discussions over a few years as to whether to keep trade finance as an alpha source for our own funds or to go outside to major institutions who might want to use trade finance as a standalone asset. We started that effort about three and a half years ago.

TXF: *What was the initial response like? Any challenges?*

BK: What we found was that even the largest, most sophisticated investment institutions in the US and globally had no idea what trade finance was. When we go in to speak to some of these big pools of assets – and we're speaking generally to the senior people there – they like the idea, they like the concept.

But it's then handed over to a team of analysts to research, because they have to do their due diligence. The first thing they do is go over to their Bloomberg terminal and find there's nothing there about trade finance. In financial investing, if it's not on Bloomberg, it doesn't exist – it's invisible.

Also, anything that's been published – all of the research on trade finance, all of the reports, by the World Trade Organisation (WTO) or the International Monetary Fund (IMF) – all those are written for practitioners, for commercial banks, for Berne Union members. There's nothing there that addresses the problems faced by a financial investor. Some of those problems seem again invisible to banks.

For example, when we want to invest in a trade finance transaction, we first have to be approved by a bank's compliance department, which will do anti-money laundering and know-your-customer (KYC) checks. Those banks understand how to do due diligence on another bank but have limited experience in how to analyse a pension fund, an insurance company, an endowment or a sovereign wealth fund.

So if, say, one were to buy $100 million of a transaction and allocate it over a variety of accounts, it becomes very cumbersome, because you have to go through all those bureaucratic steps for each account. Then in order to maintain some aggressive diversification – over country, sector or MLA –

We are currently open with over 50 banks, ECAs, and supranationals that show us between 600 and 800 transactions a year.

you have to be open with a lot of different banks in order to get the flow of assets that you need to populate a diversified portfolio.

This is why the time and effort we have invested to create a pooled vehicle solution can be so beneficial to institutional investors. We are currently open with over 50 banks, ECAs, and supranationals that show us between 600 and 800 transactions a year.

At the same time, in financial markets, there's a very active dealer community and you can use a Bloomberg function called the New Issue Monitor (NIM) to see everything that's scheduled to come to market and what the price talk is. So you can line up a month in advance what you think is coming to market and what the impact is going to be.

In contrast, trade finance is a very fragmented market, despite the enormous volumes. There is no place you can go to get a comprehensive view of what's in the market and what's going on – it's very difficult to access.

In order for a bank to be able to structure and distribute trade, it also needs to be able to pay all the different profit centres at the bank that are involved, such as securities sales and syndication. But so far, there's been no willingness to absorb any of that expense.

TXF: ***What could trade finance banks do to help overcome this?***
BK: In order for trade finance to become more usable by financial investors, the first thing that the big trade finance banks have to do is agree on a standardised set of definitions.

The few definitions out there are written by bankers to address what they think investors want to know. But the divide between the commercial bankers that control trade finance and financial investors is incredible. There is virtually no understanding of what financial investors need.

There's a constituency at some of the larger commercial banks who insist that there's a magic bullet, that trade finance can be securitised. And so far there have been several attempts at that, none of which have been particularly successful.

But to get real institutional investors involved, you have to at the very least provide a good base of education about what trade finance is.

TXF: ***What role could ECAs play?***
BK: ECAs are in such a great position to be the sponsors of change. You have a finite number of ECAs globally. They can set the standard by just saying 'These are our definitions – this is how trade finance works' and simply taking it away from the commercial banks.

In the perfect vacuum that you have right now, whoever says 'These are the rules', those are the rules. It would be a pretty easy, inexpensive, effective thing for ECAs to do.

You might have some complaints from the commercial banks – 'We should be involved in this.' Well, why weren't you?

Berne Union members could also have a role in terms of helping put together structures that lay off risk or insure deals in some way, shape or form.

It's just a question of stepping in front of the banks. Commercial banks have had a monopoly on this – in terms of adjusted returns, it's probably been their most profitable business. ECAs could certainly be a little bit more aggressive in setting the standards for the business.

We welcome the opportunity to share our experiences with development banks, ECAs, and members of the official community.

TXF: ***What has Federated done to help close the education gap about trade finance assets?***
BK: When we first started going out speaking to institutions about trade finance, we spent a huge amount of time explaining how it works – what the mitigants were, what the risk identification protocols were, what our diversification tools were. And you could see eyes glaze over. So when we present now, we do it in reverse order – we explain 'this is what trade finance does'.

Global trade is expected to grow at a pace that banks and ECA balance sheets will struggle to keep up with. The last WTO research I saw sees global trade growing from about $18 trillion last year to over $100 trillion by 2050, with the majority of that growth coming from South-to-South trade. Those are the countries that need trade finance the most yet are at the most risk of being shut out. To effectively provide trade finance in those areas, you need ECAs and you need banks with a local presence.

So we've expanded our efforts to develop more relations with the ECAs and the developmental banks around the world that until recently had never even heard of us.

The other thing that has to happen is that trade finance has to become recognised by more of the consultants who advise the major pools of assets.

No matter how much a fund's chief investment officer (CIO) might like trade finance, almost every major pool of assets is working with one of the big consulting firms, and they require an enormous amount of due diligence.

We were told when we started the process that at best it's a 12 to 18-month process. And then when you're talking about the really big pools of assets – the huge pension funds in the US and sovereign wealth funds – that can also be a 12- to 18-month process. That is certainly what we have experienced.

TXF: ***Is there any change in the kinds of investors that are looking at trade finance?***
BK: There seems to be a lot more interest in trade finance assets among large corporates.

One thing that's surprised us is the size of the cash pools some of them are sitting on. Federated is known for its cash management capabilities so we thought we knew everything about all the major cash management operations around the world because most of them do business with us.

But we found that at a number of these corporates, their cash piles have become so large that they really don't need short-term access to the cash on a daily basis.

Some of them have put together teams of guys specialising in absolute return or alternatives, and they now almost resemble a fund of funds rather than a corporate cash management operation. Because with cash rates so low, you just need a relatively small percent allocated to something like trade finance to double or triple your cash returns.

So that was a surprise to us. We thought that corporate cash management was just super conservative – everything had to have daily liquidity, zero risk. But there are some truly huge corporate names looking at this.

TXF: ***How much interest have you seen from banks wanting to tap investor interest?***

BK: We have been approached by two of the major trade finance banks, wanting to sort of rent our name. Their proposal was that 'we the banks will choose the assets and you will be named as the manager.'

However, we would never do anything like that. If we're going to manage something, we have to have final say on what goes into it.

So they said 'Ok, well just give us the standards that you want for diversification and we will choose the assets to meet them.'

Again, because of the adverse selection risk in something like that, this is something we wouldn't do and something that none of the major institutions we've spoken to would accept.

With the compliance and regulatory world going in the direction that it is, anything that has that level of selection bias in it is going to have a very difficult time plus a huge amount of residual risk for whoever the financial advisor is. And that is why the rules for collateralised loan obligations (CLOs) have already changed in Europe and are about to change in the US, where the manager has to retain at least a small part of the risk on his own balance sheet.

TXF: ***What's the future for trade finance as an asset class for financial investors?***

BK: Whether it's for commercial banks or ECAs or developmental banks, the first step has to be education. The objective has to be getting trade finance recognised as a viable and very attractive asset.

Our vested self-interest is that it's not until other people get involved in the market – other major financial managers – that the asset class is going to grow. Now we have a reasonable slice of a very, very small pie, and we'd rather have a smaller slice of a much, much larger pie.

I think trade finance is probably at the beginning stages of the evolution that we've seen in a number of other markets. If you go back to the mortgage markets before documentation was standardised, there was no such thing as a new-issue high-yield bond until the late 1980s. Emerging market debt also took around 10 years to go through its evolutionary process.

Right now I think we're at the beginning of that stage with trade finance, but so far there hasn't been enough of a crisis to get the banks to move.

I'm not sure what that crisis will be, because trade finance really is an aggregation of idiosyncratic risk – there are very few things that can hit the entire market at once. It's going to take a pretty significant battering

In order for trade finance to become more usable by financial investors, the first thing that the big trade finance banks have to do is agree on a standardised set of definitions.

ram to break down the wall between the different profit centres in the major banks that dominate trade finance. But it's inevitable.

TXF: ***And for Federated?***

BK: So far we have not seen any of the other major asset managers offering a pure trade finance product.

We view our portfolio as an aggregation of idiosyncratic risks based on aggressive diversification and a clearly articulated credit based investment process.

What we have – and we didn't realise how powerful this is – is an extremely large and competent back-office capability. We were also able to get the right people in the right spot to come up the learning curve really quickly so things like the heavy level of documentation and the different accounting standards were all pretty effectively accommodated by our systems.

So we think that we probably have more scalability on that side and we're still going through that learning process, but we are confident we will continue to grow. ■

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Directory

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Members of the Berne Union

BRAZIL

ABGF
Brazilian Export Credit Insurance Agency

ABGF offers a modern instrument aimed at supporting Brazilian exporters in the international market. In MLT transactions, the policies are characterised by maturities that exceed two years and, in general, are related to projects involving capital goods, services and other specific contracts. Brazilian Federal resources cover these transactions through the FGE – Fundo de Garantia à Exportação (Export Guarantee Fund). ABGF acts on behalf of the State, providing all the technical analysis and management of export credit insurance policies.

General information
Brazillian Export Credit Insurance Agency
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www.abgf.gov.br
pedro.carrico@abgf.gov.br

History
Founded: 2013
Ownership: Brazilian Federal Government

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Vitor Sawczuk
COO
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Contact person(s)
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International Relations
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Major facilities
✓ Export credit insurance:
  - MLT cover: commercial and political risks
  - Percentage of cover for commercial risks: up to 95%. In the case of commercial risk transactions that hold a bank guarantee issued by acceptable financial institution, the percentage of cover may rise to up to 100%. Percentage of cover for political risks: up to 100%.
  - Supplier and buyer credit cover
  - Structured and project finance

USA

AIG
Global Trade & Political Risk Insurance

AIG has underwritten political risk insurance since 1978 and trade credit insurance since 1982. AIG issuing companies are rated A+.

General information
Global Trade & Political Risk Insurance
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NY 10038
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+1 212 458 6048
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carolyne.spackman@aig.com

History
Founded: 1978
Ownership: American International Group

Senior management
Harry Palumbo
Vice-President
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John Hegeman
Senior Vice-President
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Neil Ross
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William Clark
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John Salinger
President
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Maria Davila
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Major facilities
✓ Trade credit insurance: Coverage against non-payment of short-term trade receivables, both export and domestic. Tailored policies are available to meet the needs of large corporations, middle-market firms, and banks.
✓ Investment insurance: Confiscation, expropriation, nationalisation, currency inconvertibility and political violence for both equity investors and financial institutions.
✓ Political risk insurance: Contract frustration, wrongful calling of guarantees and a wide range of customised covers for importers and exporters.

INDONESIA

ASEI

PT. Asuransi Asei Indonesia

Is a general insurance company, established on 9 October 2014 as a result of a corporate spin-off from PT. Reasuransi Indonesia Utama (Indonesia-Re) or formerly known as PT. Asuransi Ekspor Indonesia (Persero). Where Indonesia-Re's main purpose is to decrease Indonesia's trade deficit particularly contributed by the insurance sector, PT. Asuransi Asei Indonesia (or Asuransi Asei) continues to undertake its function as the ECA of Indonesia and to support indonesia exports and the development and growth of the nation's economy in general. To support the demands of the Indonesian market, Asuransi Asei provides various types of insurance products which include export and domestic credit insurance, domestic credit guarantees, counter bank credit guarantees, import insurance and general insurance to Indonesian exporters/importers, domestic sellers/buyers and banks. Asuransi Asei is also deeply involved in the bonding sector as it is licensed to issue advance payment bonds, bid bonds, performance bonds, (retention) maintenance bonds and customs bonds. The service of network of Asuransi Asei comprises 21 branches and 31 marketing offices established in all of the major industrial cities across Indonesia.

General information
PT. Asuransi Asei Indonesia (Asuransi Asei)

Head office:
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History
Founded: originally founded in 1985, and spun-off its insurance and reinsurance business in 2014
Ownership: 99,998% owned by Indonesia-Re, 0.002% owned by ASEI's employee cooperative

Senior management
Eko Wari Santoso, CEO
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Syamsudin Cholid, Finance Director
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Contact person(s)
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Marah Kerma, Corporate Secretary Division Head
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Agung Budi Setiawan, Business Development and Corporate Planning Unit Head
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Major facilities
✓ short and medium term Export & Domestic Credit Insurance (post-shipment &pre-shipment financing)
✓ Counter Bank Credit Guarantees
✓ Surety Bonds
✓ General Insurance
✓ Inward Reinsurance (Financial Risk)

ISRAEL

ASHRA

The Israel Foreign Trade Risks Insurance Corporation Ltd

ASHRA (formerly IFTRIC) is a governmental corporation, established in October 1957 to promote Israeli exports and to protect the exporters against political and commercial risks related to international activities. ASHRA covers MLT credit risks and provides investment insurance. As the official export credit insurer, ASHRA covers non-marketable risks. The company's policies are backed by the full faith and credit of the Israeli government.

General information
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61201
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History
Founded: 1957
Ownership: 100% state-owned

Senior management
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Major facilities
✓ Export credit insurance: Medium and long-term (over one year) export credit insurance against political and commercial risks. Major insurance facilities: supplier's and buyer's credit coverage; credit lines; forfaiting and letters of credit insurance; bonds insurance.
✓ Investment insurance cover offered: conversion/transfer risks; war and civil war risks; expropriation/confiscation risks; breach of contract by the host government.

MULTILATERAL

ATI ✦

The African Trade Insurance Agency

ATI was founded in 2001 by African States to cover the trade and investment risks of companies doing business in Africa. ATI provides Political Risk, Surety Bonds, Trade Credit Insurance and Political Violence and Terrorism & Sabotage cover. As of 2014, ATI has supported over $17 billion in trade and investments across Africa in sectors such as agribusiness, energy, exports, housing, infrastructure, manufacturing, mining and telecommunications. ATI is the #1 ranked insurer in Africa with the 2014 renewal of its Long Term 'A/Stable' rating for Financial Strength and Counterparty Credit by Standard & Poor's.

General information
The African Trade Insurance Agency
Kenya Re Towers, 5th Floor, Upperhill off Ragati Road
P.O. Box 10620
Nairobi GPO 00100
+254 20 272 6999
+254 20 271 9701
www.ati-aca.org
underwriting@ati-aca.org

History
Founded: 2001
Ownership: ATI is currently owned by the following African member countries and public/private sector organisations: Benin, Burundi, Democratic Republic of Congo, Kenya, Madagascar, Malawi, Rwanda, Tanzania, Uganda, Zambia, African Development Bank, African Reinsurance Corporation, Atradius Group, Kenya Re, SACE, The Common Market of Eastern and Southern Africa (COMESA), The Eastern and Southern African Trade and Development Bank (PTA Bank), The PTA Re Insurance Company (ZepRe)

Senior management
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Jef Vincent, Chief Underwriting Officer
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Toavina Ramamonjiarisoa, Chief Financial Officer
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Contact person(s)
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Sheila Ongas, Communication Assistant
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Sherry Kennedy, Senior Communications Officer
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Major facilities
We offer two main insurance products that cover political and trade credit risks. Foreign direct investment risks fall under our political risk insurance. We also offer reinsurance coverage to insurance companies operating in or supporting business into or out of our African member states. Here is a selection of the political trade credit risks that are covered by our insurance policies: Expropriation, arbitral award default, transfer restriction, mobile assets, war, civil disturbance or civil commotion, unfair calling of bonds, embargo, comprehensive non-payment, terrorism, sabotage, political violence.

✦ *Member of The Prague Club*

NETHERLANDS

ATRADIUS

Atradius N.V.

ATRADIUS provides trade credit insurance, surety and collections services through 160 offices worldwide, and has a presence in 45 countries. Its products help protect companies from payment risks associated with selling products and services on credit.

General information
Atradius
David Ricardostraat 1
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+31 20 553 9111
www.atradius.com
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History
Founded: 1925
Ownership: Grupo CyC 64.23%; Grupo Catalana Occidente 35.77%

Senior management
Isidoro Unda
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info.nl@atradius.com

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Major facilities
- ✓ (Export) credit insurance: These services are designed to protect companies against the risk of non-payment by domestic and foreign customers. We also act as ECA for the Dutch government (ATRADIUS Dutch State Business).
- ✓ Global policy: This can be adapted for the specific structure and requirements of multinationals – umbrella cover with common terms for the group but with individual, localised policies for country subsidiaries.
- ✓ Bonding: Offered in France, Italy, Spain and the Nordic countries. Bonding products can protect companies against the failure of a supplier to meet agreed performance standards.
- ✓ Debt collections: ATRADIUS has a global network of debt collection professionals, with offices throughout Europe and North America.
- ✓ Reinsurance: The credit insurance and bonding business of primary insurers in many markets across the world is supported by the underwriting and reinsurance of premiums through Atradius Reinsurance.

MEXICO

BANCOMEXT

Banco Nacional de Comercio Exterior, SNC

Bancomext is organized in seven divisions (Business Financing, SME Development, Financing, Credit 6 Risk, Legal & Fiduciary, Administration and Finances and, lastly, Institutional and International Relations) supported by a top quality management. Bancomext has a very strong and solid corporate governance. We are managed by a Board of Advisers, a Committee for the Promotion and Support of International and Foreign Trade, our Chief Executive Officer, and our Board of Directors, which consists of 15 members, most of them senior goverment officials.

General information
Banco Nacional de Comercio Exterior, SNC
Periférico Sur 4333 Jardines de la Montaña, Tlalpan
Mexico City
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www.bancomext.com

History
In 1937, Banco Nacional de Comercio Exterior, was founded to promote, develop and organise Mexico's foreign trade. In 2013, the mission of Bancomext to promote economic and social growth by financing Mexico´s international trade is included in the National Development Plan. In 2015 Bancomext is the fastest growing bank in the Mexican banking industry, and has the seventh largest corporate loan portfolio in the Mexican financial system (a year to year growth of 41.3%).

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SPAIN

CESCE

CESCE Credit Insurance

CESCE was founded in 1970 to primarily operate in the field of export credit insurance for the account of the State, as an instrument to foster Spanish exports. After deregulation in 1990, CESCE started to actively compete for its own account on the open export credit and domestic credit insurance markets. The company is currently present in Spain, Portugal, France and Latin America (Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela). CESCE specializes in the comprehensive management of commercial risk and integrates INFORMA D&B, (the financial and commercial information provider) and CTI, (the provider of IT services).

General information
CESCE Credit Insurance
C/ Velázquez, 74
Madrid
28001
+34 91 423 48 05
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www.cesce.es
estudios@cesce.es

History
Founded: 1970
Ownership: CESCE is a limited company. 50.25% of its shares are held by the Spanish State, while the remainder is in the hands of Spain's main banking and insurance groups, among which are BSCH, BBVA, Banco Sabadell and Banco Popular.

Senior management
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President
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Beatriz Reguero
COO Chief Operating Officer, State Account Business
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Luis-Antonio Ibanez
COO Chief Operating Officer, Private Business
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Contact person(s)
Carmen Muñoz
Country Risk and Debt Management Department
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Major facilities
- ✓ Export Credit Insurance: Commercial and political cover for export markets and commercial cover for domestic markets; pre and post-shipment risks for both short-term and medium/longterm transactions.
- ✓ Investment Insurance: Conversion/transfer, war and civil war, breach of undertakings by host government, expropriation/ confiscation. Bonds and guarantees: unfair calling, fair calling of bonds, cover to banks, bonds/guarantees issued.

FRANCE

COFACE
Coface

Founded in 1946, Coface, a global player in credit insurance, is a private company. . .
It is a recognized expert in the analysis and management of macro- and micro-economic risks, it provides comprehensive, flexible and scalable solutions worldwide to protect every company, regardless of its size, nationality or sector of activity, against the risk of insolvency of its debtors – on their domestic and foreign market.Coface relies on its powerful international network to offer credit insurance in 99 countries.

Since 1946, Coface has been managing State guarantees on behalf of, and with the guarantee of, the French state, with the aim of promoting, supporting and securing French exports, in particular those financed in medium and long terms and investments.abroad Coface offers a wide range of insurance products to cover risks that cannot be covered in the private sector,.The various coverage allows businesses to be assisted throughout their export process..

General information
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bu-coface@coface.com

History Founded: 1946, listed company (Euronext, Paris - SBF 120.)
Ownership (at 31 Decembrer 2014): Floating capital : 58,51%- Natixis:41,24%- Employees: 0,25%

Senior management
Jean-Marc Pillu (CEO)

Contact person(s)
Anna Robert anna_robert@coface.com

Major facilities
Private Credit insurance to support customers at every stage of their development to anticipate, assess, and secure risks, and to make the best decisions in managing export and domestic receivables.

Coface State guarantees
✓ Export credit insurance : Business interruption and non-payment risks cover for medium/long term export transactions following commercial and/or political events;
✓ Foreign investment insurance against political risks
✓ Bonds and working capital guarantee (exporter's risk)
✓ Exchange risk insurance
✓ Market survey insurance

PORTUGAL

COSEC
Companhia De Seguro De Créditos, SA

COSEC – Companhia de Seguro de Créditos – began operating in 1969, as a limited company with the State as its major shareholder. Since November 1992, COSEC has been a private company and its shares held one of the largest banks in the Portuguese financial sector and the world leader in the credit insurance market.

COSEC is the leading insurer in Portugal for credit and bond insurance, offering credit control solutions both for internal and external markets, and is also responsible, for account and by order of the Portuguese State, for covering and managing credit and investment in political risk countries.

General information
Companhia de Seguro de Créditos, SA
Av. da República, 58
Lisbon
1069-057
+351217913700
+351217913720
www.cosec.pt
cosec@cosec.pt

History
1969 – COSEC is created on 29 December, mainly with public capital. 1975 – COSEC is nationalized. 1992 – COSEC's Privatization (100%). 1996 – BPI Bank becomes major shareholder. 2007 – Euler Hermes becomes shareholder of COSEC, together with BPI Bank, each one owning 50% of COSEC's share capital. 2014 – COSEC presents a new brand image

Senior management
Berta Dias da Cunha
Executive Member of the Board of Directors
berta.dias.cunha@cosec.pt

José Miguel Gomes da Costa
Chairman
gomes.da.costa@cosec.pt

José Vairinhos
Executive Member of the Board of Directors
jose.vairinhos@cosec.pt

Thierry Etheve
Chief Executive Officer
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Contact person(s)
André Granado
Marketing Coordinator
Andre.granado@cosec.pt

Maria José Melo
Director, International Dept.
mjose.melo@cosec.pt
+351 21 791 3826

Major facilities
✓ Export credit insurance: Export credit insurance short-term cover – commercial and political risks, pre-shipment and credit cover.
✓ Medium/long-term cover: Supplier and buyer credit facilities, lines of credit and project finance cover.
✓ Investment insurance: Covers offered – expropriation/ confiscation cover, conversion/transfer cover, war and civil war cover, breach of contract by the host government cover.
✓ Bonds and guarantees: Covers offered – bid bond performance bond, retention bond, advance payment bond, customs and tax authorities bonds, bonds/guarantees issued.

BELGIUM

CREDENDO GROUP

Credendo Group

Credendo Group (formerly known as ONDD Group) is the new identity of a European trade insurance group present throughout the continent and active in all segments of trade credit insurance, providing a range of products that cover risks worldwide. The group includes Delcredere | Ducroire, Credimundi (the new name of the entity insuring short-term business), KUPEG, INGO-ONDD, Garant and Trade Credit. In 2014, the Credendo Group covered €95 billion in international trade and issued €371 million in premiums.

Delcredere | Ducroire is the official Belgian export credit agency. Backed by the state, its mission is to promote international trade relations, providing companies and banks trade credit insurance against medium-term and long-term political and commercial risks worldwide. This business mainly relates to capital goods, contracted works, industrial projects and services. Delcredere | Ducroire's solidity is underlined by its AA rating from Standard & Poor's and cover capacity of €30 billion. As part of the Credendo Group, Delcredere | Ducroire shares the group philosophy: to be smarter about risk and closer to clients.

Credimundi (formerly known as Ducroire | Delcredere SA.NV) has a mission to provide companies within the European Union highly customised cover against political and commercial risks related to short-term trade credit and current trade transactions, principally in open account terms. It also issues legal and contractual bonds. Apart from its main office in Brussels, Credimundi is present with branch offices in London, Paris, Wiesbaden and Milan. As part of the Credendo Group, Credimundi shares the group philosophy: to be smarter about risk and closer to clients. For more information, visit www.credendogroup.com.

General information
Credendo Group
rue Montoyerstraat 3, Brussels 1000
+32 2 788 88 00
www.credendogroup.com
bu@credendogroup.com

History
Founded: 1921. Ownership: 100% state-owned.

Senior management
Dirk Terweduwe, CEO, k.moerman@credendogroup.com
Frank Vanwingh, Deputy CEO, f.vanwingh@credendogroup.com
Jijakli Nabil, Deputy CEO, n.jijjakli@credendogroup.com

Contact person(s)
Ivan Vertenten, Head Business Development and Communication
i.vertenten@credendogroup.com, 0032 2 788 8696

Major facilities
- ✓ Insurance products:
  - Supplier, buyer credits and project finance insurance
  - Unfair calling of bonds to be issued under the insured contracts
  - Cover can be provided in all leading OECD currencies. Occasionally, non-OECD currencies are eligible for cover
  - Investment insurance
- ✓ Other products:
  - Guarantees
  - Forfaiting
- ✓ Risks covered:
  - Pre-shipment risks
  - Non-payment risks
- ✓ Causes of loss covered:
  - Political (and similar) risks
  - Risks on private or public buyers/banks
- ✓ Amounts covered:
  - Principal and interest amounts, including interests on arrears during waiting period. Delcredere | Ducroire has a flexible attitude towards foreign content.

INDIA

ECGC

Export Credit Guarantee Corporation of India

ECGC was incorporated in the year 1957 under the Companies Act, 1956, to facilitate and strengthen India's exports by insuring the credit risk faced by Indian exporters / banks on lending to the exporters. The company is 100% owned by the Government of India. The company is managed by a Board of Directors comprising nominees of the Government of India, Reserve Bank of India, commercial banks, insurance companies and eminent persons from the exporting community.

The paid up capital of the company is currently Rs.12 billion (approximately $200 million) vs. the authorised capital of Rs.50 billion (approximately $850 million).

General information
ECGC Limited
Express Towers
10th Floor, Nariman Point
Mumbai
Maharashtra 400021
+91 22 6659 0500/ 6659 0776
+91 22 6659 0517/ 6659 0775
www.ecgc.in
cud@ecgc.in

History
Founded: 1957
Ownership: Company with 100% shareholding of the Government of India

Senior management
Geetha Muralidhar, Chairman cum Managing Director
geetha.muralidhar@ecgc.in, +91 22 66590514/15/16

M Senthilnathan, General Manager
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Manoj Kumar, General Manager
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R Padmavathy, General Manager
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Rohit Pandya, General Manager
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Sandeep Mukherjee, General Manager
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Tapasi De, General Manager
tapasi.de@ecgc.in, +91 22 66590523

Vasudevan Dharmarajan, General Manager
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Contact person(s)
Kumar Anshuman, Assistant General Manager
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Manoj Kumar, General Manager
manoj.kumar@ecgc.in, +91 22 66590721

Ranvir Kishore, Assistant Manager
cud@ecgc.in, +91 22 66138425

Major facilities
- ✓ Export credit insurance to exporters
- ✓ Export credit insurance to banks
- ✓ Overseas investment insurance

SOUTH AFRICA

ECIC SA ✦

Export Credit Insurance Corporation of South Africa SOC Ltd

ECIC SA was established in 2001 in terms of the Export Credit and Foreign Investments Insurance Act, 1957, as amended. It is a registered insurer and a public company with limited liability. ECIC provides insurance that enables South African exporters to offer their services and products on the international market, with a particular focus on emerging markets in Africa that are considered too risky by conventional insurers. Its overarching goal and its mandate from the South African government as its sole shareholder is to make South African exporters attractive to international buyers to attract foreign income, stimulate local economic growth and create local jobs.

General information
Export Credit Insurance Corporation SOC LTD
Block C7, Eco Origins Office Park, 349 Witch Hazel Ave,
Highveld Ext 79, Centurion, 0157
Pretoria
+27 12 471 3800
+27 12 471 3851
www.ecic.co.za
info@ecic.co.za

History
Founded: 2001
Ownership: ECIC is fully owned by the South African Government

Senior management
Kutoane Kutoane, Chief Executive Officer
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Lesego Mosupye, Chief Risk Officer
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Lindelani Mphaphuli, General Counsel
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Mandisi Nkuhlu, Chief Operations Officer
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+2712 471 3800

Sedzani Mudau, Chief Financial Officer
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Contact person(s)
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+2712 471 3800

Ismail Carr
Head: Marketing and Communications
ICarr@ecic.co.za
+2712 471 3800

Major facilities
- ✓ Export credit insurance: Underwrites loans (buyer and supplier credit as well as project finance facilities) over the medium/long-term, against commercial and political events of default, breach of contract, currency inconvertibility and transfer risk etc.
- ✓ Investment insurance: Cover offered to investors (equity, shareholder loans as well as commercial loans) against expropriation, confiscation, nationalisation, war, armed hostilities, civil war, rebellion, revolution or similar disturbances, currency inconvertibility and transfer risk.
- ✓ Performance bond insurance: Cover for performance bonds issued on behalf of exporters participating in exports of capital goods and/or services.

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SINGAPORE

ECICS

ECICS Limited

ECICS Limited, a wholly-owned subsidiary of IFS Capital Limited (IFS), provides a wide range of risk management solutions through its offer of domestic and export credit insurance policies, bonds and guarantees and general insurance business in Singapore. As a pioneer in this area with over 30 years of risk management experience, ECICS is well-equipped to assist Singaporen companies and branches of foreign companies.

General information
ECICS Limited
7 Temasek Boulevard, #10-01 Suntec Tower One
Singapore
038987
+65 6337 4779
+65 6338 9267
www.ecics.com.sg
enquiries@ecics.com.sg

History
Founded: 1975
Ownership: IFS Capital Limited – 100%

Senior management
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+65 – 63030183

Terence Teo, CEO
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Vincent Lim, Underwriting
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+65 – 63030172

Contact person(s)
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+65 – 63030173

Sengliat Loke, Underwriting
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Serene Hong, CEO Office
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+65 – 63030169

Vincent Lim, Underwriting
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+65 – 63030172

Major facilities
- ✓ Credit insurance
- ✓ Comprehensive short-term policies (export/domestic)
- ✓ Bonds & guarantees
  - Performance bond
  - Foreign worker bond
  - Advance payment bond
  - Qualifying certificate bond
  - Bid and tender guarantee – deferred
  - Payment bond
  - Maintenance bond
  - Account payment bond
  - Customs bond
  - Tenancy/rental bond

General Insurance – Personal & Commercial Lines

CANADA

EDC
Export Development Canada

EDC is Canada's export credit agency, established to support and develop, directly and indirectly, Canada's export trade, as well as Canadian capacity to engage in that trade and to respond to international business opportunities. EDC is financially self-sustaining and operates on commercial principles. In addition to being a direct lender and insurer, EDC acts as a catalyst to leverage private capital and establishes partnerships both domestically and abroad.

General information
Export Development Canada
150 Slater St., Ottawa
Ontario
K1A 1K3
+1 613 598 2500
+1 613 237 2690
www.edc.ca
info@edc.ca

History
Founded: 1944
Ownership: EDC is fully owned by the Government of Canada

Senior management
Benoit Daignault
President and Chief Executive Officer

Kevin Warn-Schindel
Chairman of the Board

Contact person(s)
info@edc.ca

Major facilities
- ✓ Insurance: Credit insurance for export transactions, including policies issued to financial institutions to cover foreign bank payment obligations and purchased receivables. Contract insurance for capital goods, service contracts and projects: Political risk insurance for equity investments, assets and debt, as well as comprehensive insurance policies issued to financial institutions for payment default on sovereign or quasi-sovereign debt obligations.
- ✓ Financing: Flexible financing solutions including buyer credits, supplier credits, bank guarantees, equity products and financing to support foreign direct investment.
- ✓ Bonding: Guarantee and insurance products to support performance bonding and surety bonds as well as foreign exchange facilities.

AUSTRALIA

EFIC
The Export Finance and Insurance Corporation

EFIC provides finance and insurance solutions to help Australian companies exporting and/or investing offshore to overcome financial barriers. We offer ways to unlock export finance and/or facilitate overseas investments where their banks and/or insurers are unable to provide all the support they need.

General information
The Export Finance and Insurance Corporation
Level 10, 22 Pitt Street
Sydney
NSW 2000
+61 2 8273 5333
+61 2 9271 0641
www.efic.gov.au
info@efic.gov.au

History
Founded: 1957
Ownership: Wholly owned and guaranteed by the Commonwealth of Australia

Senior management
Andrew Hunter, Managing Director & CEO
ahunter@efic.gov.au

Andrew Watson, Executive Director Export Finance
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David Graham, Executive Director, Corporate, Sovereign and PF
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James Millar, Chairman of the Board
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John Hopkins, Board Secretary & General Counsel
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John Pacey, Chief Credit Officer
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Stuart Neilson, Chief Financial Officer
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Contact person(s)
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cfoo@efic.gov.au
+61 2 8273 5431

Major facilities
- ✓ Export finance and insurance: Direct loans; unconditional guarantees and indemnities to financial institutions including specialist foreign exchange companies; medium-term payment insurance covering commercial and political risks; pre-shipment finance; lines of credit.
- ✓ Project financing: Limited-recourse lending/guarantee in support of Australian exports to, or Australian sponsored investments in, overseas projects.
- ✓ Political risk insurance: Cover to investors, financiers (loan and commodity hedge providers) and contractors – CITB, war damage and PV, expropriation/confiscation, forced abandonment, deprivation, selective discrimination and breach of contract/arbitration award default.
- ✓ Bonds, sureties and guarantees: Cover against unfair calling of bonds; issuer of contract or surety bonds, including for the US market.

CZECH REPUBLIC

EGAP ✦

Export Guarantee and Insurance Corporation

Export Guarantee and Insurance Corporation is a joint-stock company. The offered export credit insurance with state support is in full compliance with the arrangement on officially supported export credits, EU law and with BU understandings. EGAP still holds a 34% share in a subsidiary – Commercial Credit Insurance Company EGAP (KUPEG) – offering short-term credit insurance on commercial terms without any state support. A 66% share is held by DUCROIRE – DELCREDERE SA. N.V. (Belgium).

General information
Export Guarantee and Insurance Corporation
Vodickova 34/701
Prague
11121
+420 222841111
+420 222844100
www.egap.cz
interrel@egap.cz

History
Founded: 1992
Ownership: EGAP is fully owned by the state. Shareholder's rights are exercised by Ministry of Finance (40% of votes), Ministry of Industry and Trade (36%), Ministry of Agriculture (12%) and Ministry of Foreign Affairs (12%).

Senior management
Jan Prochazka
CEO
prochazka@egap.cz

Miroslav Somol
Deputy CEO; Claims Settlement and Dept Recovery Section
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Contact person(s)
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Director & Spokesperson; PR and Communication Department
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+420 222 842 015

Josef Jirkal
Director; International Relations Department
jirkal@egap.cz
+420 222 842 530

Major facilities
- ✓ Insurance with state support against commercial and political risks
- ✓ Export credit insurance (buyer and supplier credits)
- ✓ Insurance of supplier credits financed by a bank
- ✓ Insurance of export contract-related bonds (advance payment bonds, bid bonds and performance bonds) against unfair and fair calling
- ✓ Manufacturing risks insurance
- ✓ Pre-export financing insurance
- ✓ Insurance of a confirmed letter of credit
- ✓ Investment insurance
- ✓ Insurance of a credit for financing of investments
- ✓ Insurance of market prospection

✦ *Member of The Prague Club*

GERMANY

EH GERMANY (State)

Euler Hermes Aktiengesellschaft

Euler Hermes Aktiengesellschaft (EH GERMANY – State), as a new company officially registered in early February 2014, has taken over all state account activities of Euler Hermes Deutschland AG. The new company is treated as a partial legal successor of Euler Hermes Deutschland AG.

Since 1949 EH GERMANY (State) and PricewaterhouseCoopers AG have been entrusted by the German Federal Ministry of Economics and Energy with administering the Official Export Guarantee Scheme, for which purpose the two companies entered into a consortium under the lead management of EH GERMANY (State). The company handles short-term and medium/long-term export credit guarantees, whole-turnover policies and pre-shipment risk cover.

General information
Euler Hermes Aktiengesellschaft
Gasstrasse 27
Hamburg
22761
+49 40 8834 9000
www.agaportal.de/ega
bu-hermes@eulerhermes.com

History
Founded: 1917
Ownership: 100% Euler Hermes S.A., Paris

Senior management
Edna Schoene
Member of the Board of Management responsible for the Federal Export Credit Guarantees

Ronald van het Hof
Chairman of the Board of Management

Contact person(s)
Hannelore B. Bergs
BU Matters, Issues in General

Uwe Stumpenhusen
BU Matters, IT and Reporting

Major facilities
- ✓ Export Credit Insurance:
  - Political and commercial risks cover for short-term and medium-/long-term transactions;
  - Special facilities available.
- ✓ Bonds and Guarantees:
  - Cover against unfair and fair calling.
- ✓ Debt Collection

DIRECTORY

GERMANY

EH Germany (Private)

Euler Hermes SA,
represented by Branch Office Euler Hermes Germany

The company is market leader in Germany and part of the Euler Hermes Group, Paris, the world market leader in credit insurance. EH GERMANY (Private) is owned by Allianz Group as ultimate shareholder. The company offers risk transfer solutions for their clients to support their business development in domestic and export markets. The products of EH GERMANY (Private) secure the financial stability of the customers.

General information
Euler Hermes SA
c/o
Euler Hermes Deutschland
Friedensallee 254
22763 Hamburg
+49 40 8834 0
www.eulerhermes.de
verband@eulerhermes.com

History
Founded: 1917
Ownership: 100% Euler Hermes S.A., Brussels

Senior management
Thomas Krings, Regional Director Risk Underwriting, Information & Claims

Isabelle Giradet, Head of Transactional Cover Unit

Contact person(s)
Uwe Kniehs, Head of Communications

Major facilities
- ✓ Credit Insurance
- ✓ Bonding/ Surety Business
- ✓ Fidelity Insurance
- ✓ Risk Management
- ✓ Debt Collection

DENMARK

EKF

Eksport Kredit Fonden

EKF is the official Danish export credit agency. It is an independent entity under the Danish Ministry of Business and Growth. EKF offers insurance cover for companies – national or foreign – that take risks on exports and investments containing a Danish economic interest. Goods, capital goods, turn-key projects, services and investments are covered by the guarantees.
EKF offers both political and commercial risk cover.

General information
Eksport Kredit Fonden
Lautrupsgade 11
Copenhangen
2100
+45 35 46 26 00
+45 35 46 26 11
www.ekf.dk
ae@ekf.dk

History
Founded: 1922
Ownership: 100% state-owned agency with the Danish Ministry of Business and Growth as the guardian authority

Senior management
Anette Eberhard, Chief Executive Officer
ae@ekf.dk

Christian Ølgaard, Deputy CEO
col@ekf.dk

Jan Vassard, Deputy CEO
jvs@ekf.dk

Lars Caspersen, Deputy CEO
lca@ekf.dk

Contact person(s)
Mariane Sondergaard-Jensen, Director, International Relations
msj@ekf.dk

Major facilities
- ✓ Export credit insurance: Political and commercial risk cover via supplier and buyer credit facilities, lines of credit and shopping lines.
- ✓ Project finance: Special project finance facility.
- ✓ SME guarantees: Offering a buyer abroad long-term credit on a specific export order.
- ✓ Export loans: Loans to foreign buyers through a bank.
- ✓ Investment guarantees: Insurance facility for emerging markets.
- ✓ Bond and guarantees: Cover against unfair calling.
- ✓ Working capital guarantees: Securing credit from the bank to pay for materials, wages and suppliers.

SWEDEN

EKN
Exportkreditnämnden

EKN supports Swedish exports and the internationalisation of Swedish business. We do this by offering exporting companies and banks guarantees for payment and financing.

General information
Exportkreditnämnden
Box 3064
Stockholm
SE-103 61
+46 8 788 00 00
+46 8 411 81 49
www.ekn.se
info@ekn.se

History
Founded: 1933
Ownership: 100% governmental agency

Senior management
Carl-Johan Karlsson, Director, Small and Medium-Sized Enterprises
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Helen Seemann, Director, Large Corporates
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Karin Apelman, Director General
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Patrick Nimander, Director, Finance
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Stefan Karlsson, Director, Risk Advisory & CSR
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+46 788 00 02

Contact person(s)
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Major facilities
- ✓ Export credit insurance:
  - Cover for commercial and political risks.
  - Short-term pre-shipment and credit cover.
  - Medium/long-term pre-shipment cover and supplier and buyer credit facilities.
- ✓ Project finance:
  - Project finance transactions underwritten within EKN's normal guarantee facility.
- ✓ Bonds and guarantees:
  - Cover for exporter against unfair calling.
  - Counter guarantee for issuer of bond against exporter risk.
  - Guarantee for confirmed LC.
- ✓ Investment insurance:
  - Conversion and transfer cover, war and civil war cover, expropriation/confiscation cover.
- ✓ Other products:
  - Bill of exchange guarantee.
  - Working capital guarantee for SMEs.

HUNGARY

EXIM HUNGARY ✦
Hungarian Export-Import Bank

The Hungarian Export-Import Bank (Eximbank) – together with the Hungarian Export Credit Insurance (MEHIB) – was established through the de-merger of Export Guarantee Insurance, in accordance with Act XLII of 1994, with the basic objective of facilitating the sale of Hungarian goods and services in foreign markets. Since 23 May 2012, Eximbank and MEHIB operate within an integrated framework and carry out their duties with a shared organisation and corporate identity, under the name of EXIM.

Both companies are solely owned by the State of Hungary, and since 23 May 2012 the owner's rights have been exercised on behalf of the State of Hungary by the Minister for the National Economy.

Eximbank's share capital is HUF 10.1 billion, and the Hungarian State undertakes a payment guarantee in respect of all its borrowings. MEHIB's share capital is HUF 4.25 billion.

General information
Hungarian Export-Import Bank Plc
Nagymezö utca 46-48
Budapest
H-1065
+361 374 9200
+361 269 1198
www.exim.hu
exim@exim.hu

History
Founded: 1994
Ownership: Hungarian State directly 100%

Senior management
László Lengyel, Director, International Relations and Analysis
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Roland Nátrán, CEO
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Viktor Nagy, Deputy CEO, Business Operations
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Zsuzsanna Bugár, International Relations Advisor
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Major facilities
- ✓ Short-term insurance: policy with cover for commercial and political risks including pre-shipment credit period. Cover for purchased debts.
- ✓ Medium and long-term insurance: political and commercial risks; pre-shipment and credit period; bond insurance, supplier credit, buyer credit; lease transactions, tied aid insurance.
- ✓ Investment Insurance: cover also for investments abroad against political risks.

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JAMAICA

EXIM J

National Export Import Bank of Jamaica

EXIM J is an independent public sector trade financing institution, which provides trade credit insurance, ST foreign currency financing through foreign lines of credit and a range of ST and MT local currency financing programmes to the productive sector, with emphasis on the exporting sector.

General information
National Export Import Bank of Jamaica Limited
85 Hope Road
Kingston 6
Jamaica W.I.
+1 876 630 1400
www.eximbankja.com
info@eximbankja.com

History
Founded: 1986
Ownership: 100% government of Jamaica

Senior management
Lisa Bell
Managing Director
The Hon. William Clarke
Chairman

Contact person(s)
Audrey Morris
Chief Officer, Operations & Insurance
amorris@eximbankja.com
+1 310 320 4760

Shernett Manning
Chief Officer, Operations and Insurance
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+1 310 320 476

Major facilities
- ✓ Trade credit insurance: The bank provides the Jamaican productive sector with ST insurance protection against non-payment by foreign and local buyers. The trade credit insurance policy covers both commercial and political risks, to a maximum of 85% and 90% respectively.
- ✓ Export financing: The bank offers ST working capital financing to the exporting sector through pre and post-shipment facilities. MT loan facilities are also offered to the tourism sector, a major earner of foreign exchange, for facilities upgrading, and to the exporting sector for retooling and upgrading.
- ✓ FacilitatImport financing: Fe the procuroreign currement of importency loans ared raw mate granted toerial, equipment and machinery for the productive sector.

SLOVAK REPUBLIC

EXIMBANKA SR ✦

Export-Import Bank of the Slovak Republic

Export-Import Bank of the Slovak Republic is the official export credit agency of Slovakia established by the Act No. 80/1997 Coll. as amended. Its main goal is to increase the competitiveness of Slovak exporters at the international market via providing a wide range of export credit and investment insurance, insurance and other related financial services.

General information
Export-Import Bank of the Slovak Republic
Grösslingova 1
Bratislava
813 50
+421 2 59398 408
+421 2 52931 624
www.eximbanka.sk
press@eximbanka.sk

History
Founded: 1997
Ownership: 100% sovereign

Senior management
Igor Lichnovský
Chairman of the Bank Board and CEO
kolekova@eximbanka.sk

Milan Horváth
Member of the Bank Board and Deputy CEO for Insurance Division
danisova@eximbanka.sk

Pavel Mockovčiak
Member of the Bank Board and Deputy CEO for Banking Division
kralova@eximbanka.sk

Rudolf Sihlovec
Member of the Bank Board and Deputy CEO for Finance and Economic Division
bohumelova@eximbanka.sk

Contact person(s)
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Director of Export Credit Insurance
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+421 2 59398 416

Silvia Gavorníková
Director of International Relations
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+421 2 59398 408

Major facilities
- ✓ Insurance products:
  - ST cover against commercial and political risks: export and domestic receivables.
  - Insurance of export guarantees, production risk, confirmed irrevocable LCs.
  - Insurance of MLT export credits – suppliers', buyers' credit. Insurance of foreign investments.
  - Insurance of pre-export financing.
- ✓ Banking products:
  - Direct loans.
  - Bills of exchange and promissory notes-based loans.
  - Discounting of exporters' short-term accounts receivables.
  - Refinancing loans.
  - Guarantees and bonds.

✦ *Member of The Prague Club*

USA

FCIA

FCIA Management Company, Inc

FCIA Management Company (FCIA) and its associated organisation, the Foreign Credit Insurance Association, have provided trade credit and political risk insurance since 1961. FCIA, a wholly owned subsidiary of Great American Insurance Company (GAIC) since 1991, underwrites and services Great American's broad line of trade credit and political risk insurance products, offering both cancellable and non-cancellable limit policy options. GAIC is the insurer on policies underwritten by FCIA and is rated A+ by S&P.

General information
FCIA Management Company, Inc
125 Park Avenue, 14th floor
New York
NY 10017
+1 212 885 1500
+1 212 885 1535
www.fcia.com
service@fcia.com

History
Founded: 1961 (Foreign Credit Insurance Association)
Ownership: Great American Insurance Company

Senior management
Carol G McEvoy
Senior Vice-President – General Counsel

Kenneth J Cavanagh
Senior Vice-President

Lindley M Franklin
President & CEO

Philip Lally
Executive Vice-President
plally@fcia.com

Contact person(s)
Lindley M Franklin
President & CEO

Nasrin Nourizadeh
Vice-President – Business Development
nnourizadeh@fcia.com

Major facilities
- ✓ Trade Credit Insurance for Companies: Insurance against non-payment of accounts receivable. Coverage for multiple buyers or single buyers, export and/or domestic sales, pre-shipment and post-shipment risks, short-term and medium-term tenors.
- ✓ Trade Financing Insurance for Financial Institutions: Coverage for confirmation of LCs issued by foreign banks, import/export/pre-export financings, purchased receivables and trade payables financings.
- ✓ Political Risk Insurance: Coverage for contract frustration, wrongful calling of advance payment and other bonds and investor losses on foreign assets caused by confiscation, expropriation, nationalisation, political violence and other perils customised to meet transaction requirements. Policy periods up to seven years.

FINLAND

FINNVERA

Finnvera Plc

Specialised financing company FINNVERA has two roles in the Finnish economy: it is the official Finnish export credit guarantee agency (ECA) offering a full range of export credit guarantee products to promote exports and internationalisation of enterprises, and a domestic risk financier promoting the activities of small and medium-sized companies. FINNVERA's subsidiary FEC offers interest rate equalisation at CIRR rates, and can fund export credits arranged by commercial banks. All services are available through FINNVERA.

General information
Finnvera plc
Contact: PO Box 1010, 00101 Helsinki, Finland
Visiting address: Eteläesplanadi 8, Helsinki, Finland
Helsinki 00101
+358 204 6011
+358 294 60 2778
www.finnvera.fi
givenname.surname@finnvera.fi

History
Founded: 1963
Ownership: 100% state-owned

Senior management
Anita Muona, Managing Director, FEC
anita.muona@finnvera.fi

Eeva-Maija Pietikäinen, Head of Trade Finance
eeva-maija.pietikainen@finnvera.fi

Jussi Haarasilta, Executive Vice-President
jussi.haarasilta@finnvera.fi

Pauli Heikkilä, CEO
pauli.heikkila@finnvera.fi

Raija Rissanen, Vice-President, Country Risks
raija.rissanen@finnvera.fi

Topi Vesteri, CCO, Deputy CEO
topi.vesteri@finnvera.fi
+358400702002

Tuukka Andersén, Vice-President, Head of Underwriting
tuukka.andersen@finnvera.fi

Contact person(s)
Pekka Karkovirta, Vice-President
Pekka.Karkovirta@finnvera.fi

Major facilities
- ✓ Export credit insurance:
  - Cover for credit and pre-credit risks against commercial and political risks
  - Short-term credit insurance
  - Medium and long-term insurance for supplier and buyer credit transactions including project finance
- ✓ Investment insurance: Cover provided against political risks
- ✓ Bonds and guarantees: Counter security for banks on behalf of exporter (fair calling of the bond) and risk insurance for exporter (unfair calling of the bond or calling of the bond due to political reasons)
- ✓ Financing of export credits and interest equalisation services via Finnish Export Credit (FEC)

NORWAY

GIEK
Garantiinstituttet for eksportkreditt

GIEK is to promote exports of Norwegian goods and services, and Norwegian investments abroad. GIEK issues guarantees and insurances on behalf of the Norwegian government.

General information
Garantiinstituttet for eksportkreditt
Mailing address: PO box 1763 Vika, 0122 Oslo
Visiting address: Dronning Mauds gate 15, Oslo
Oslo 0122
+47 22 87 62 00
+47 22 83 24 45
www.giek.no
giek@giek.no

History
Founded: 1929
Ownership: GIEK is an independent governmental enterprise.

Senior management
Britt Skåtun, Director Offshore
bsk@giek.no

Cay Bakkehaug, CFO
cba@giek.no

Elizabeth Lee Marinelli, Director Legal and Risk Advisory
elm@giek.no

Øyvind Ajer, Director Underwriting, Deputy CEO
oaj@giek.no

Solveig Frøland, Director Shipping, Yards and Offshore Projects
sfr@giek.no

Ulla Wangestad, Director Strategic Staff
uwa@giek.no

Wenche Nistad, CEO
wenche.nistad@giek.no

Contact person(s)
Cecilie Grønntun, Senior Adviser
cgr@giek.no
+4790652638

Major facilities
✓ Cover for credit and pre-credit risks
✓ Investment insurance
✓ Counter guarantees for bonds
✓ Working capital scheme for ships and devices at sea
✓ Short-term credit insurance is carried out by our subsidiary: GIEK Kredittforsikring AS, tel: +47 46 87 20 00, visiting address: Rådhusgata 25, 0158 Oslo Norway, fax: +47 22 83 73 58, post@giekkreditt.no; www.giekkreditt.no

BERMUDA

HISCOX
Hiscox

Hiscox, headquartered in Bermuda, is a specialist insurer, underwriting a particular range of personal and commercial risks. Our focus gives us two significant and distinctive advantages. First, we can often insure risks other companies find too complex or unusual to cover; second, we can tailor policies very closely to the individual customer's requirements. This combination of selectivity and exceptional expertise has, over the course of a century, driven us from a single underwriter based at Lloyd's into a FTSE 250 company with offices in 14 countries and customers around the world.

General information
HISCOX
1 Great St Helens
London
EC3A 6HX
+44 (0)20 7448 6617
+44 (0)20 7448 6799
www.hiscox.com
victoria.padfield@hiscox.com

History
Founded: 1901
Ownership: Public Limited Company

Contact person(s)
Claire Simpson
Head of Political Risks
claire.simpson@hiscox.com

Victoria Padfield
Deputy Head of Political Risks
victoria.padfield@hiscox.com

Major facilities
We offer insurance protection for trade finance, commodity finance, export finance and other structured credit transactions. Cover can be tailor made to add pre-shipment perils and the unfair calling of on demand bonds. We also cover investment insurance and political violence including war and terrorism.

HONG KONG

HKEC
Hong Kong Export Credit Insurance Corporation

The Hong Kong Export Credit Insurance Corporation (HKEC) was created by statute in 1966 to protect Hong Kong exporters against non-payment risks arising from commercial and political events. Its contingent liability under contracts of insurance is guaranteed by the Government of the Hong Kong Special Administrative Region, with the statutory maximum liability currently standing at HK$40bn.

HKEC provides a wide range of insurance facilities covering export of goods and services on credit periods up to 180 days. HKEC also provides tailor-made facilities to cater for the varying needs of different export sectors. For export of capital goods, HKEC may offer medium and long-term cover for credit periods up to five years or beyond.

General information
Hong Kong Export Credit Insurance Corporation
2/F, Tower 1, South Seas Centre,
75 Mody Road, Tsimshatsui East
Kowloon
+852 2723 3883
+852 2722 6277
www.hkecic.com
bu@hkecic.com

History
Founded: 1966
Ownership: A statutory corporation under the Government of the Hong Kong Special Administrative Region

Senior management
Amy Wai
Deputy General Manager

Ralph Lai
Commissioner

Contact person(s)
Iyria Fan
Deputy General Manager
bu@hkecic.com

Major facilities
- ✓ Export credit insurance (supplier credit)
- ✓ Short-term (up to one year) / Medium and long-term (over one year) cover: commercial and political risks; pre-shipment and post-shipment cover.

MULTILATERAL

ICIEC ✦
The Islamic Corporation for the Insurance of Investment and Export Credit

ICIEC, Aa3 rated, is a member of the IDB Group. Established in August 1994 as an international institution with full juridical personality, ICIEC's objective is to increase the scope of trade transactions from OIC member countries, and to facilitate foreign direct investment into these countries by providing export credit and investment insurance/ reinsurance facilities to its customers in member countries.

General information
The Islamic Corporation for the Insurance of Investment and Export Credit
PO Box 15722
Jeddah
21454
+966 2 644 5666
+966 2 637 9504
www.iciec.com
iciec@isdb.org

History
Founded: 1994
Ownership: The authorised capital of ICIEC is $620 million, subscribed by the Islamic Development Bank (IDB) and 40 member countries of the Organisation of the Islamic Conference (OIC).

Senior management
Adil A. Babiker
Director Legal Affairs

Dr Abdel-Rahman El -Tayeb Taha
Chief Executive Officer

Dr Ahmed Mohamed Ali
Chairman of the Board

Khemais El-Gazzah
Chief Operating Officer
gazzah@isdb.org

Muhammad Azam Arif
Director, Accounts and Finance

Contact person(s)
Eng Yasser Alaki
Acting Director, Business Development Dept.
yalaki@isdb.org

Jamel Eddine Naga
Head of Promotion & International Relations Unit
jnaga@isdb.org

Mourad Mizouri
Acting Head of Customer Relations Division
mmizouri@isdb.org

Major facilities
ICIEC provides the following facilities in accordance with the principles of shariah:
- ✓ Export credit insurance: ICIEC offers services to exporters and banks in ICIEC member countries for both short-term and medium-term (up to seven years) covering commercial and political risks.
- ✓ Foreign investment insurance: ICIEC offers cover to investors and financiers of the projects from anywhere in the world to invest into ICIEC member countries.
- ✓ Reinsurance services: ICIEC offers reinsurance services to ECAs and commercial insurance companies in ICIEC member countries and can also participate with international ECAs.

✦ *Member of The Prague Club*

DIRECTORY

KOREA

KSURE

Korea Trade Insurance Corporation

Korea Trade Insurance Corporation (K-sure) was established in July 1992 as the official export credit agency of Korea pursuant to the Export Insurance Act of 1968 with the mission to support exports, thereby contributing to the national economy. Under the supervisory authority of the Ministry of Knowledge Economy, K-sure protects Korean business in their export and overseas investment activities through its export credit insurance, overseas investment insurance, credit guarantees and various other programmes and services.

General information
Korea Trade Insurance Corporation
6th Floor, Seoul Central Bldg, 136 Seorin-dong, Jongno-gu
Seoul
110-729
+82 2 399 6800/6801
+82 2 399 6129
www.ksure.or.kr
lkb00706@ksure.or.kr

History
Founded: 1992
Ownership: 100% state-owned

Senior management
Kim Kyungchul
Head of International Relations
kkc0480@ksure.or.kr
+82 2 399 6919

Contact person(s)
Kim Kyungchul
Head of International Relations
kkc0480@ksure.or.kr
+82 2 399 6919

Sunghyun Park
Assistant Manager
lkb00706@ksure.or.kr
+82 399 7441

Major facilities
- ✓ Export credit insurance: Short-term (up to two-years) cover, Medium and long-term (over two years).
- ✓ Working capital guarantee.
- ✓ Investment insurance: Cover offered: transfer; war expropriation breach of contract.
- ✓ Bonds and guarantees: Bid Bond; AP Bond; P Bond etc.

POLAND

KUKE ✦

Export Credit Insurance Corporation

Export Credit Insurance Corporation Joint Stock Company (KUKE) is the official export credit agency of the Republic of Poland, which on the basis of the Act on export insurance guaranteed by the State Treasury administers officially supported export insurance scheme. KUKE's mission is to support exporters and institutions financing supplies of Polish goods and services, by providing insurance and guarantees that allow Polish exporters to win foreign markets and to provide efficient and tailor-made service for them. KUKE also provides standard cover for short-term export and domestic receivables on the company's own account.

General information
KUKE S.A.
39 Sienna Street
Warsaw, 00-121
Poland
+48 22 35 68 300
www.kuke.com.pl
inform@kuke.com.pl

History
Founded: 1991
Ownership: The State Treasury represented by the Minister of Finance – 63,31%, State Economy Bank – 36,69%

Senior management
Dariusz Poniewierka, President, dariusz.poniewierka@kuke.com.pl
Aleksandra Hanzel, Vice-President
Piotr Stolarczyk – Vice-President

Contact person(s)
Agnieszka Zoltowska, Chief Expert
inform@kuke.com.pl

Major facilities
- ✓ Export credit insurance
- ✓ Short-term cover: marketable and non-marketable risk
- ✓ Medium and long-term cover: supplier credit and buyer credit facilities
- ✓ Investment insurance
- ✓ Bonds and guarantees
- ✓ Domestic credit insurance

✦ *Member of The Prague Club*

MALAYSIA

MEXIM

Export-Import Bank of Malaysia Berhad

Eximbank of Malaysia provides insurance, guarantee and financing facilities to Malaysian exporters and investors as well as foreign buyers of Malaysian products and services. Eximbank of Malaysia has various financing programmes providing short- to long-term credit to help promote Malaysian exports.

General information
Export-Import Bank of Malaysia Berhad
Export-Import Bank of Malaysia Berhad Aras 1, Exim Bank Jalan Sultan Ismail P.O.Box 13028
Kuala Lumpur
50250
+603 26012000
+603 26012463
www.exim.com.my
bumexim@exim.com.my

History
Founded: 1977 (MECIB)
Ownership: 100% owned by the Ministry of Finance

Senior management
Datuk Mohd Hashim b Hassan, Chairman
hashim@exim.com.my

Mr Aminuddin Bashah, Chief Credit Officer
aminuddin@exim.com.my

Mr Chairil Mohd Tamil, Chief Business Officer
chairil@exim.com.my

Ms Norlela Suleiman, Chief Financial Officer
norlela@exim.com.my

Ms Norzilah Mohammed, Chief Operating Officer/Acting CEO
norzilah@exim.com.my

Zulkefli Samat, Chief Risk Officer
zulkefli@exim.com.my

Contact person(s)
Khoo Kah Jin, Vice-President
khookahjin@exim.com.my

Zabedah Giw, Vice-President
zabedah@exim.com.my
+603 260 1 2000

Major facilities
- ✓ Export credit insurance:
  - Short-term (up to one-year) cover: Commercial and political risks; pre-shipment cover; credit and domestic cover.
  - Medium/long-term (over one year): Supplier and buyer credit facilities; line of credit.
- ✓ Project finance: Special project finance facility.
- ✓ Investment insurance: Cover: conversion/transfer cover; war and civil disturbance; expropriation/confiscation; breach of contract by host government.
- ✓ Bonds and guarantees: Cover: conversion/transfer cover; war and civil disturbance; expropriation/confiscation; breach of contract by host government.

MULTILATERAL

MIGA

Multilateral Investment Guarantee Agency

MIGA, a member of the World Bank Group, was established to promote foreign direct investment into emerging economies to improve people's lives and reduce poverty. MIGA encourages investment by providing investors and lenders protection against non-commercial risks through its political risk insurance.

MIGA has issued over $27 billion in guarantee coverage in more than 100 developing member countries. MIGA can cover equity investments, shareholder loans, shareholder loan guarantees, and non-shareholder loans. Investment projects must be financially and economically viable and meet MIGA's social and environmental performance standards.

General information
Multilateral Investment Guarantee Agency
World Bank Group, 1818 H Street
NW, Washington, DC,
20433
+1 202 458 2538
+1 202 522 2630
www.miga.org
migainquiry@worldbank.org

History
Founded: 1988
Ownership: MIGA is owned by 179 member countries.

Senior management
Edith P. Quintrell
Director of Operations
equintrell@worldbank.org
+1 202 473 7723

Contact person(s)
Marc Roex
Head Reinsurance
mroex@worldbank.org
+1 202 458 0354

Major facilities
Through its investment guarantees, MIGA offers protection for cross-border investments against the following non-commercial risks: transfer restriction; expropriation; war and civil disturbance; breach of contract; and non-honoring of sovereign financial obligations.

JAPAN

NEXI

Nippon Export and Investment Insurance

Nippon Export and Investment Insurance (NEXI) is an incorporated administrative agency formed on 1 April, 2001 under the Trade and Investment Insurance Act.

NEXI was launched as a successor to the trade and investment insurance administered by the Japanese government, although as the authority the government (Ministry of Economy, Trade and Industry) retains ultimate responsibility.

NEXI commits itself to contributing to the economy and society of Japan through efficient and effective insurance business operations.

NEXI does this by responding precisely to customers' needs with a quick perception of market changes and by underwriting the risks inherent in international transactions that cannot be adequately protected by conventional insurance.

General information
Nippon Export Investment Insurance
Chiyoda First Building, East Wing 3rd Floor,
3-8-1, Nishi- Kanda, Chiyoda-ku
Tokyo 101-8359
+81 3 3512 7655
+81 3 3512 7660
www.nexi.go.jp
bu-nexi@nexi.go.jp

History
Founded: 2001
Ownership: 100% state-owned

Senior management
Kazuhiko Bando, Chairman and CEO
bu-nexi@nexi.go.jp

Satoru Koyama, Vice-Chairman
bu-nexi@nexi.go.jp

Tadaharu Uehara, Vice-Chairman
bu-nexi@nexi.go.jp

Tetsuya Koizumi, Vice-Chairman
bu-nexi@nexi.go.jp

Contact person(s)
Yoshitaka Fukushima, Assistant Director
bu-nexi@nexi.go.jp
+81 3 3512 7734

Major facilities
- ✓ Export credit insurance: Insurance for export, intermediary trade, and technical cooperation, insurance for export of licences, insurance for loans (buyer's credit).
- ✓ Insurance for project finance: Special project financing facilities.
- ✓ Investment insurance and untied loan insurance: Cover offered: conversion/transfer cover; war and civil war cover; expropriation/confiscation cover; force majeure events cover; breach of contract cover.
- ✓ Bonds and guarantees: Cover against unfair calling.

LUXEMBOURG

ODL

Luxembourg Export Credit Agency

The ODL, Luxembourg's one-stop shop for exporters, is designed to support Luxembourg exporters while trading internationally, mainly by providing credit insurance schemes for exports, imports and investments abroad.

Since the co-operation agreement of 29 April, 2002 between the ODL and the Luxembourg Government, establishing the COPEL (Comité pour la promotion des exportations luxembourgeoises), the ODL supports Luxembourg exports by means of a partial contribution in the promotion, exhibition and export training expenses.

Furthermore, the ODL performs its assignment of supporting Luxembourg exports in participating in external trade instruments such as « Luxembourg for Business ».

General information
Luxembourg Export Credit Agency
Mailing Address: L-2981 Luxembourg
Visiting Address: 7, rue Alcide de Gasperi,
L-1615 Luxembourg
+352 42 39 39 320
+352 42 39 39 821
www.odl.lu
odl@odl.lu

History
Founded: 1961
Ownership: The ODL is an autonomous public institution

Senior management
Etienne Reuter, President
etienne.reuter@northstareurope.eu
etienne.reuter@fi.etat.lu
+35224782605

Contact person(s)
Simone Joachim, Secretary General
odl@odl.lu
+352423939342

Major facilities
- ✓ Export credit insurance (short, medium and long-term)
- ✓ Foreign investment insurance

Other activities
- ✓ Promotion of Luxembourg exports by financial supports through the COPEL (Committee for the promotion of Luxembourg exports) on behalf of the Ministry for Foreign Trade.

AUSTRIA

OeKB

Oesterreichische Kontrollbank Aktiengesesllschaft

OeKB is a joint-stock company providing export-related services and carrying out capital market activities. In the field of export credit and investment insurance, OeKB operates on the government's account as agent of the Republic of Austria, covering non-marketable risks only. The refinancing facilities offered to financial institutions are operated on OeKB's own account.

ST credit insurance (up to 24 months) is carried out by the private credit insurer Acredia Versicherung AG (51% subsidiary of OeKB, brands: OeKB Versicherung and PRISMA Die Kreditversicherung. OeKB also holds a majority stake in "Österreichischer Exportfonds" GmbH and 100% of Oesterreichische Entwicklungsbank AG (OeEB), which acts as the official development bank of Austria, mandated by the Austrian Government.

General information
Oesterreichische Kontrollbank Aktiengesellschaft
Am Hof 4
Vienna
A-1011
+43 1 531 27 0
+43 1 531 27 5693
www.oekb.at
bu@oekb.at

History
Founded: 1946
Ownership: Commercial banks

Senior management
Angelika Sommer-Hemetsberger
Member of the Board of Executive Directors
angelika.sommer-hemetsberger@oekb.at

Ferdinand Schipfer
Director, Head of Export Guarantees Department
Ferdinand.Schipfer@oekb.at

Rudolf Scholten
Member of the Board of Executive Directors
rudolf.scholten@oekb.at

Sylvia Doritsch-Isepp
Director, Head of Research, Analyses & International Relations Department
sylvia.doritsch-isepp@oekb.at

Contact person(s)
Sylvia Doritsch-Isepp
Director, Head of Research, Analyses & International Relations Department
sylvia.doritsch-isepp@oekb.at

Major facilities
✓ Export credit insurance for capital goods: Multiple or single transactions; supplier and buyer credits; commercial and political risks; pre-shipment and credit risks.
✓ Project finance: Special project finance facility.
✓ Investment insurance: Cover offered against risk of expropriation/confiscation; war and civil war as well as non-conversion/non-transfer.
✓ Bonds and guarantees: Cover against unfair calling.

USA

OPIC

Overseas Private Investment Corporation

OPIC is the US Government's development finance institution. It mobilises private capital to help solve critical development challenges and in doing so, advances US foreign policy and national security objectives. Because OPIC works with the US private sector, it helps US businesses gain footholds in emerging markets, catalysing revenues, jobs and growth opportunities both at home and abroad. OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds.

General information
Overseas Private Investment Corporation
1100 New York
Insurance Department
Washington DC
20527
www.opic.gov
Diane.Ferrier@opic.gov

History
OPIC was established as an agency of the US Government in 1971. OPIC operates on a self-sustaining basis at no net cost to American taxpayers. OPIC services are available for new and expanding business enterprises in more than 150 countrries worldwide. To date, OPIC has supported more than $200 billion of investment in over 4,000 projects, generated an estimated $76 billion in US exports and supported more than 278,000 American jobs.

Senior management
Elizabeth L. Littlefield, President and CEO
Elizabeth.Littlefield@opic.gov, 202-336-8400

John E. Morton, Chief Operating Officer
John.Morton@opic.gov, 202-336-8400

John F. Moran, Vice President, Insurance
John.Moran@opic.gov, 202-336-8674

Cindy Shepard, Associate General Counsel, Insurance
Cindy.Shepard@opic.gov, 202-336-8435

Margaret L. Kuhlow, Vice President, Office of Investment Policy,
Margaret.Kuhlow@opic.gov, 202-336-8468

Contact person(s)
Diane M. Ferrier, Berne Union Admin
Diane.Ferrier@opic.gov, 202-336-8596

JoAnn Young, Office Manager, Insurance
JoAnn.Young@opic.gov, 202-336-8577

John F. Moran, Vice President for Insurance and Berne Union Delegate
John.Moran@opic.gov, 202-336-8674

Major facilities
✓ INSURANCE: while developing markets can offer great opportunity, they can also present a variety of political risks beyond an investor's control. OPIC's political risk insurance provides innovative, comprehensive, and cost effective risk mitigation products to cover losses to tangible assets, investment value, and earnings that result from political perils.
✓ FINANCE: OPIC financing provides medium-to-long term funding through direct loans and loan guarantees to eligible investment projects in developing countries and emerging markets. By complementing the private sector, OPIC can provide financing in countries where conventional financial institutions often are reluctant or unable to lend.
✓ INVESTMENT FUNDS: OPIC also provides support for the creation of privately-owned and managed investment funds. These funds make direct equity and equity-related investments in new, expanding or privatising emerging market companies.

GERMANY

PwC
PricewaterhouseCoopers AG

Since 1959, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, together with Euler Hermes Aktiengesellschaft, has been entrusted by the German Federal Ministry for Economic Affairs and Energy with administering the federal government's Overseas Investment Insurance Scheme. For this purpose the two companies entered into a consortium under the lead management of PwC. PwC is a leading auditing and consulting firm in Germany and an independent member of the international PwC network.

General information
PricewaterhouseCoopers AG
New-York-Ring 13
Hamburg
22297
+49 40 8834 9451
+49 40 8834 9499
www.agaportal.de
kapitalanlagen@de.pwc.com

History
Founded: 1922
Ownership: Senior Management (Partners), 100%

Senior management
Norbert Winkeljohann
Chairman
kapitalanlagen@de.pwc.com

Contact person(s)
Michael Huber-Saffer
Partner
michael.huber-saffer@de.pwc.com
+49 40 8834-9452

Markus Löbke
Manager
markus.loebke@de.pwc.com
+49 40 8834-9477

Nicole Haubold
Senior Consultant
nicole.haubold@de.pwc.com
+49 40 8834-9462

Major facilities
- ✓ Investment insurance. Cover offered: conversion/transfer cover, war/civil war cover, expropriation/confiscation cover and breach of host country commitments.

ITALY

SACE
Sace

SACE is a leading provider of export credit, credit insurance, foreign investment protection services, financial guarantees, sureties and factoring services.

With operations worth over €76 billion assured in 189 countries, SACE supports the competitiveness of Italian and foreign businesses, guaranteeing more stable cash flows and transforming insolvency risks into development opportunities.

The experience acquired in over 30 years of activity in international markets enables SACE to identify and assess risks to support customers even in challenging conditions.

Its close-knit yet globally distributed network covers major emerging and industrialised markets, to meet the needs of 25,000 businesses worldwide.

Headquartered in Italy, SACE has representative offices in Bucharest, Dubai, Hong Kong, Istanbul, Johannesburg, Mexico City, Moscow, Mumbai and Sao Paulo, as well as an operative desk in Nairobi (c/o ATI).

General information
SACE
Piazza Poli 37/42
Rome
00187
+39 06 67 361
www.sace.it

History
Founded: 1977
Ownership: Cassa Depositi e Prestiti (CDP)

Senior management
Alessandro Castellano, Chief Executive Officer
Roberto Taricco, Chief Financial Officer
Alessandra Ricci, Chief Business Officer

Contact person(s)
Michal Ron, Head of International Business
relazioni@sace.it

Major facilities
- ✓ EXPORT CREDIT - We support the purchases of Italian goods and services by guaranteeing or insuring medium- and long-term loans to i nternational buyers. Loans may be denominated in euro, U.S. dollars or select foreign currencies.
- ✓ STRUCTURED & PROJECT FINANCE - We guarantee non-recourse or limited-recourse loans to finance major international capital projects involving Italian exporters and projects of strategic importance for the Italian economy in sectors such as infrastructure and renewable energy.
- ✓ INTERNATIONALISATION - We help Italian enterprises access financing to support their international development, by guaranteeing loans granted for export-related activities or foreign investments. We also protect their investments abroad against political risks.
- ✓ SURETY - We offer guarantees to cover the contractual and legal obligations of companies participating in tenders and suppliers that win orders in Italy and abroad. We also provide construction risk insurance.
- ✓ CREDIT INSURANCE - We provide Italian exporters with a variety of credit insurance policies, enabling international buyers of Italian goods and services to benefit from extended credit terms.
- ✓ FACTORING - We offer recourse and non-recourse factoring, with a specific range of services for suppliers to public sector customers.
- ✓ ADVISORY SERVICES - Among others services we advise ECA's in emerging markets and others financial institutions, providing training programs aimed at transferring own experience and know how.

SWITZERLAND

SERV
Swiss Export Risk Insurance

SERV insurances protect Switzerland's exporters from all industries and financial institutions from the risk of default. SERV insures the financing of exports of consumer and capital goods as well as services. As an institution of the Swiss Confederation under public law, SERV's activities focus exclusively on areas of the credit insurance market that are not served by private insurers or only to a limited degree. SERV's main objective is to create and preserve Swiss jobs and to help Switzerland's export industry to compete successfully around the world.

General information
SERV Swiss Export Risk Insurance
Zeltweg 63
8032 Zurich
Switzerland
+41 58 551 55 55
www.serv-ch.com
info@serv-ch.com

History
Founded: Export Risk Guarantee ERG in 1934. On 1 January 2007, ERG was replaced by SERV.
Ownership: Institution of the Swiss Confederation under public law

Contact person(s)
Robert Suter, Head of International Relations & Projects
robert.suter@serv-ch.com
+41 58 551 55 49

Major facilities
✓ Export credit insurance – supplier or buyer credit insurance
✓ Pre-shipment risk insurance
✓ Letter of credit confirmation insurance
✓ Contract bond insurance and counter guarantee
✓ Working capital insurance
✓ Confiscation risk insurance
✓ Refinancing guarantee

SLOVENIA

SID ✦
SID Inc, Ljubljana

SID Bank is an export and development bank and the national export credit agency (ECA) which performs insurance against non-marketable risks on the state account, as well as promotional and development activities in the area of international trade, entrepreneurship, development, research and innovation, ecology, energy, and infrastructure, with the primary aim to cover market gaps in the mentioned areas. By supporting development projects, ensuring safety in the internationalisation of operations and providing all modern financial services in one place, SID Bank encourages Slovene companies to exploit the opportunities for international economic and development cooperation.

SID Bank subsidiaries are: SID – First Credit Inusrance Company, Ljubljana (short-term credit insurance against marketable risks), Pro Kolekt (debt collection agency), Prvi faktor (factoring services) and CMSR – Centre for International Cooperation and Development (country risk analysis).

General information
SID Bank
Ulica Josipine Turnograjske 6
Ljubljana
SI-1000
+386 1 200 7500
+386 1 200 7575
www.sid.si
info@sid.si

History
Founded: 1992
Ownership: 100% state-owned

Senior management
Sibil Svilan
President of the Management Board & CEO
tajnistvo.uprave@sid.si

Jožef Bradeško
Member of the Management Board
tajnistvo.uprave@sid.si

Contact person(s)
Matjaz Music
Credit Insurance Manager
matjaz.music@sid.si

Major facilities
✓ Export credit insurance: ST/MLT commercial and non-commercial non-marketable risks, pre/post-shipment cover
✓ Investment insurance: Conversion/transfer risk, expropriation/confiscation risk, war/civil unrests, breach of contract, denial of justice, catastrophic risk, commercial risk
✓ Cover of bonds
✓ Financing: Supplier/buyer credits and credit lines; financing exports, SMEs, environmental protection, research, sustainable development projects, etc

✦ Member of The Prague Club

CHINA

SINOSURE
China Export & Credit Insurance Corporation

China Export & Credit Insurance Corporation (SINOSURE) is a state-funded policy-oriented insurance company, with an independent status of legal person, established for promoting China's foreign trade and economic co-operation. SINOSURE's service network comprises 24 business offices nationwide and an overseas representative office in London, UK.

General information
China Export & Credit Insurance Corporation
North Wing, Fortune Times Building,
No 11 Fenghuiyuan, Xicheng District
Beijing
100033
+86 10 6658 2288
+86 10 6651 6758
www.sinosure.com.cn
bu-sir@sinosure.com.cn

History
Founded: 2001
Ownership: State-owned

Senior management
Huang Zhiqiang, Vice-President
bu-sir@sinosure.com.cn

Luo Xi, President
bu-sir@sinosure.com.cn

Nie Qingshan, Vice-President
bu-sir@sinosure.com.cn

Wang Yi, Chairman
bu-sir@sinosure.com.cn

Xie Zhibin, Assistant-President
bu-sir@sinosure.com.cn

Xu Aiting, Chief Compliance Officer
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Yin Yanhui, Assistant-President
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Zha Weimin, Vice-President
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Zhou Liqun, Chairman of Board of Supervisors
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Pu Yu, Berne Union Division, International Department
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Sun Yifeng, Division Manager, Berne Union Division, International Department
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Wan Haoyun, Berne Union Division, International Department
wanhy@sinosure.com.cn

Zhu Lei, Berne Union Divsion, International Department
zhulei@sinosure.com.cn

Major facilities
- ✓ Export credit insurance
- ✓ Investment insurance
- ✓ Domestic trade credit insurance
- ✓ Bond and guarantee
- ✓ Debt collection service
- ✓ Credit rating service

SRI LANKA

SLECIC
Sri Lanka Export Credit Insurance Corporation

The Sri Lanka Export Credit Insurance Corporation (SLECIC) was established by Act No 15 of 1978 and commenced operations on 8 February, 1979. The main objective of SLECIC is to provide support services of export credit insurance and guarantees for the development of exports from Sri Lanka. SLECIC's comprehensive export credit solutions help exporters to compete in more than 100 countries including high-risk and emerging markets.

General information
SLECIC
Level 4, DHPL Building,
Export Guarantee House,
No 42, Nawam Mawatha
Colombo 2
+94 11 5378161 65 or +94 11 4883561 64
+94 11 4719400
www.slecic.lk
info@slecic.lk

History
Founded: 1978
Ownership: Government-backed export credit agency

Senior management
A.S.M. Misbah, Chairman & Managing Director
mibahsathar@slecic.lk

D.P. Aluthge, Assistant General Manager
dammika@slecic.lk

Dilruk Ranasinghe, General Manager
dilruk@slecic.lk, +94 112 307 606

Mayuri Mudalige, Assistant General Manager
mayuri@slecic.lk

R.M.U.N Peiris, Deputy General Manager
nilanjani@slecic.lk

S.M.T Silva, Assistant General Manager
mohan@slecic.lk

Contact person(s)
Dilruk Ranasinghe, General Manager
dilruk@slecic.lk
+94 112 307 606

Major facilities
- ✓ Export credit insurance (seller's risk): Short-term (up to 180 days) cover against commercial and political risks. Whole turnover and specific insurance policies. Tailor-made insurance policies where cover is available for export of services, entrepot trade and consignment stocks as well.
- ✓ Export credit guarantees: Whole turnover credit guarantees (WTG) that underwrite the entire short-term export finance portfolios of commercial banks. Individual export production credit guarantees and pre and post-shipment credit guarantees to enable exporters to obtain working capital from banks. Credit guarantees to banks that enable migrant workers to obtain pre-departure loans from banks (APARA).
- ✓ Export performance guarantees: Counter-guarantees to banks on account of exporters covering bid bonds, performance bonds etc. Demand guarantees to the International Chamber of Commerce of Sri Lanka (ICC) covering the ATA Carnet System. Demand counter-guarantees to banks on account of freight forwarders covering their commitments to airlines.
- ✓ Other services: Providing financial status reports to commercial banks (Bizinfo). Debt collection service.

BERMUDA

SOVEREIGN RISK

Sovereign Risk Insurance Limited

Sovereign Risk Insurance is one of the world's leading providers of medium/long-term political risk insurance and sovereign credit insurance for commercial banks, investment banks, capital markets and equity investors. Sovereign is also very active in supporting ECAs and multilateral agencies with co-insurance and re-insurance.

General information
Sovereign Risk Insurance Ltd
17 Woodbourne Avenue
Hamilton
HM 08
+1 441 296 4279
+1 441 296 4281
www.sovereignbermuda.com
svninfo@ace.bm

History
Founded: 1997
Ownership: ACE Bermuda Insurance Ltd, a wholly-owned subsidiary of ACE Limited

Senior management
Barker Keith, General Counsel
barker.keith@acegroup.com
+1.441.298-8051

Christina Westholm-Schroder, Chief Underwriter
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+1.441.298-8055

Natalie Luthi, SVP & Senior Underwriter
natalie.luthi@ace.bm
+1.441.298-8057

Price Lowenstein, President & CEO
price.lowenstein@acegroup.com
+1.441.298-8056

Contact person(s)
Christina Westholm-Schroder, Chief Underwriter
christina.westholm-schroder@acegroup.com
+1.441.298-8055

Major facilities
- ✓ Sovereign and Sub-Sovereign Non-Payment: Non-payment by sovereign and sub-sovereign borrowers, and non-honouring of sovereign and sub-sovereign guarantees. Maximum line per project: $80 million; maximum tenor: 15 years.
- ✓ Investment Insurance: Currency inconvertibility, non-transfer and expropriation of funds, political violence, expropriatory actions (direct and creeping), breach of contract, wrongful calling of on-demand guarantees, licence/concession cancellation, embargo and other customised political risks. Maximum line per project: $80 million; maximum tenor: 15 years.

CHINESE TAIPEI

TEBC

Taipei Export-Import Bank of China

TEBC is the official export credit agency of Chinese Taipei. The bank's mission is to promote economic development and enhance international co-operation. TEBC's operations are, amongst others, to assist local firms in expanding external trade, and to engage in overseas investments. It does not compete with commercial banks in providing financial services. TEBC offers financial solutions to facilitate the export of capital goods and services, overseas investments, etc. These financial solutions include export credit insurance and overseas investment insurance since 1979. These insurance services are used to protect exporters against commercial and political risks. TEBC has also offered loans or guarantees on a short, medium and long-term basis.

General information
Taipei Export-Import Bank of China
Head Office, 8th Floor,
No 3, Nanhai Road
Chinese Taipei
+886 2 2321 0511
+886 2 2357 8054
www.eximbank.com.tw
tebc@eximbank.com.tw

History
Founded: 1979
Ownership: 100% government-owned

Major facilities
- ✓ Export credit insurance: Short-term (up to one-year)/medium and long-term cover: Commercial and political risks.
- ✓ Investment insurance: Conversion/transfer cover; war and civil war cover; expropriation/confiscation cover.
- ✓ Export finance: As direct lender; short, medium and long-term export finance.
- ✓ Guarantees: Bid bonds; performance bonds; bonds/guarantees issued.

DIRECTORY

THAILAND

THAI EXIMBANK ✦

Export-Import Bank of Thailand

Export-Import Bank of Thailand (THAI EXIMBANK) is a financial institution wholly-owned by the Royal Thai Government under the supervision of the Ministry of Finance. The bank's main objective is to serve the financial needs of Thai exporters, Thai investments overseas, and other businesses earning or saving foreign exchange. THAI EXIMBANK provides financial services customary to commercial bank practices, except for accepting deposits from the general public.

General information
Export-Import Bank of Thailand
1193 Exim Building, Phaholyothin Rd, Phayathai
Bangkok
10400
+662 271 3700, +662 278 0047, +662 617 2111
+662 271 3629
www.exim.go.th
bun@exim.go.th

History
Founded: 1993
Ownership: Royal Thai Government 100%

Senior management
Taner Sayer
taner.sayar@eximbank.gov.tr

Tugba Solak
tsolak@eximbank.gov.tr

Contact person(s)
Jarupat Panitying
First Vice-President, Export Credit Insurance Department
jarupatp@exim.go.th
+00662 271 3700

Major facilities
- ✓ Financial services similar to those offered by commercial banks:
  - Revolving credits for exports
  - Negotiation of export bills
  - Term loan for business expansion
- ✓ Other specialised financial facilities to support Thai exporters or investors investing abroad:
  - Export credit insurance
  - Short-term (less than 180 days)
  - Medium and long-term (up to five years)
  - Investment insurance
  - Merchant marine financing

✦ Member of The Prague Club

TURKEY

TURK EXIM

Export Credit Bank of Turkey

Turk Eximbank is a fully state-owned bank acting as the Turkish government's major export incentive instrument in Turkey's sustainable export strategy. As Turkey's official export credit agency, Turk Eximbank has been mandated to support foreign trade and Turkish contractors/investors operating overseas.

Turk Eximbank's main objectives are promoting Turkey's exports through diversification of exported goods and services by increasing the share of Turkish exporters in international trade, finding new markets for traditional and non-traditional export goods and providing exporters and overseas contractors with support to increase their competitiveness and to ensure a risk-free environment in international markets.

General information
Turk Eximbank
Saray Mh. Ahmet Tevfik İleri Sk.
No19 Umraniye
Istanbul
34768
+90 (216) 666 55 00
+90 (216) 666 55 99
www.eximbank.gov.tr
reinsurance@eximbank.gov.tr

History
Founded: 1987

Senior management
Enis Gültekin
Deputy General Manager
egultekin@eximbank.gov.tr

Contact person(s)
Banu Erkok, Manager
berkok@eximbank.gov.tr
00902166665680

Kerime Aycan Ertugrul, Assistant Specialist
ksen@eximbank.gov.tr
00902166665728

Major facilities
- ✓ Export Credit Insurance: Short-term (up to one year) cover: commercial and political risks; pre and post shipment cover.
- ✓ Medium and long-term (over one year) cover: commercial and political risks; pre and post shipment cover.
- ✓ Domestic Credit Insurance: Short-term (up to one year): commercial risks, post shipment cover.
- ✓ Project Loans: Project loans extended to various countries for capital goods exports and turn-key contracts of Turkish companies. Domestic Investment Loans for export-oriented projects
- ✓ Export Finance: As direct lender; pre-shipment finance; working capital facility, various special-purpose facilities and foreign exchange earning services.
- ✓ Bonds and Guarantees: Bonds/guarantees issued. Unfair calling of bond insurance cover is available.

UNITED KINGDOM

UKEF

UK Export Finance

UK Export Finance is the UK's export credit agency. As a government department that operates under an act of parliament, it complements the private market by providing government assistance to exporters and investors, principally in the form of insurance policies and guarantees on bank loans.

General information
Export Credits Guarantee Department
1 Horse Guards Road
London
SW1A 2HQ
+44 (0)20 7271 8010
+44 20 7512 7691
www.gov.uk/uk-export-finance
cxo@ukef.gsi.gov.uk

History
Founded: 1919
Ownership: UK government

Senior management
Louis Taylor, Chief Executive
louis.taylor@ukef.gsi.gov.uk

Contact person(s)
Gareth Waterhouse, International and Strategy Manager
gareth.waterhouse@ukef.gsi.gov.uk

Simon Foister, Senior International Policy Advisor
simon.foister@ukef.gsi.gov.uk

Major facilities
✓ Buyer credit facility
✓ Supplier credit financing facility
✓ Lines of credit
✓ Project financing
✓ Export insurance policy
✓ Bond insurance policy
✓ Overseas investment insurance
✓ Letter of credit guarantee scheme
✓ Bond support scheme
✓ Export working capital scheme
✓ Direct lending facility
✓ Export refinancing facility
✓ Foreign exchange credit support scheme

USA

US EXIMBANK

Export-Import Bank of the United States

The official ECA of the United States supports US jobs by financing the export of US goods and services. The bank does not compete with the private sector but assumes commercial and political risks that the private sector is unable or unwilling to accept. US Ex-Im Bank also helps to level the playing field for US exporters by providing export credits that are comparable to financing offered by foreign governments. Historically, 80% or more of US Ex-Im Bank's authorisations have been for small businesses.

General information
Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington
DC 20571
+1 202 565 3946/800-565-3946
+1 202 565 3840
www.exim.gov
info@exim.gov

History
Founded: 1934
Ownership: 100% federal government-owned independent agency

Senior management
Fred Hochberg, President and Chairman
fred.hochberg@exim.gov

Jim Cruse, Senior Vice President – Policy and Planning
james.cruse@exim.gov
202-565-3761

Contact person(s)
Isabel Galdiz, Vice President, International Relations
Isabel.galdiz@exim.gov
202-565-3763

Jim Cruse, Senior Vice President – Policy and Planning
james.cruse@exim.gov
202-565-3761

Major facilities
✓ Export credit insurance: Policies protect against political and commercial risks of nonpayment. Single and multi-buyer short-term policies (90-100% cover) and single-buyer medium-term policies are available (100% cover).
✓ Export finance: Provides fixed-rate loans to private and public sector creditworthy international buyers of US goods and services.
✓ Export loan guarantees: Provides medium and long-term loan guarantees that cover 100% of principal and interest of a commercial loan against political and commercial risks of non-payment.
✓ Export working capital loan guarantees: Provides exporters with the liquidity to produce US goods and services intended for export, helping them compete more effectively internationally.
✓ Project finance: Offers project finance for projects that rely on project revenues for repayment. Project finance offers maximum flexibility for project sponsors and helps US exporters compete globally.

UNITED KINGDOM

XL Catlin

XL Insurance Company SE

We're risk specialists. Our knowledge and strength help unleash the world's capacity to advance. At XL Catlin, we know the world needs risk to move forward. As the need to innovate drives you and your business, your risks grow ever more complex.

Risk is our business. Our brand expresses how we think about risk, and our unique approach to it. Our brand also reflects our history – with an eye on the future. We look at risk in new ways. We're open to new ideas; ready to provide innovative, creative solutions to the risks of your changing world. To work with you and help you unleash your capacity to advance.

It's why at XL Catlin we say: 'Make Your World Go'.

General information
XL Insurance Company SE
70 Gracechurch Street
London
xlgroup.com/insurance

History
The U.S. liability insurance crisis of the 1980s: capacity halved, premiums doubled. Then they doubled again. Nobody was prepared to cover the risks, so nobody was prepared to take them. In 1986, 68 of the world's largest companies came together and founded what became XL Group plc to solve complex risks. We managed to unstick what was stuck. We found an answer to the problem. We changed the rules.

Senior management
Jeffrey Abramson
Global Head Trade Receivables
jeff.abramson@xlcatlin.com

Joe Blenkinsopp
Global Head Political Risk & Trade Credit Insurance
joe.blenkinsopp@xlcatlin.com

Rafael Docavo-Malvezzi
Global Head of Risk Management PRTC Insurance
rafael.docavo@xlcatlin.com

Major facilities
- ✓ Political unrest and credit risk headlines are in the news every day, adding to businesses' global risk management concerns. XL Catlin's highly experienced underwriting and analytical team helps businesses manage the complex and ever-changing risks of a global marketplace, designing special risk mitigation solutions. Coverage can be arranged for Political Risk Investment Insurance, Contract Frustration, Trade Credit and Trade Receivables Insurance with up to $200 million capacity available per policy.

USA

ZURICH

Zurich Surety, Credit & Political Risk

Zurich Credit & Political Risk is a global political risk and credit insurance business based in Washington DC, with offices in New York, Miami, Toronto, Houston, London, Singapore, Beijing, Hong Kong, Tokyo, Sydney, Paris, Barcelona, Frankfurt, and Zurich. Zurich collaborates with a wide range of organisations, including export credit agencies, international banks and private insurers, to structure deals in all business sectors. To date, Zurich has written policies covering risks in more than 150 countries.

General information
Zurich
1201 F Street, NW
Suite 950
Washington
DC 20004
+1 202 585 3100
+1 202 628 2216
www.zurichna.com/en/prodsols/trade
james.thomas@zurich.com

History
Founded: 1997
Ownership: Zurich Financial Services Group

Senior management
Jim Thomas
Senior Vice President & Acting Managing Director
james.thomas@zurich.com
202-585-3123

Contact person(s)
Daniel Riordan
CEO Zurich Global Corporate in North America
daniel.riordan@zurich.com
+1212-553-3313

Jim Thomas
Senior Vice President & Acting Managing Director
james.thomas@zurich.com
202-585-3123

Major facilities
- ✓ Political Risk Insurance: Coverage against: expropriation; political violence; currency inconvertibility; non-honouring of sovereign and sub-sovereign debt obligations; arbitration award default; wrongful calling; non-repossession; and other perils customised to fit transaction requirements. Policy terms up to 15 years; capacity up to $150 million per transaction; indemnities from 90-100%.
- ✓ Credit Insurance: Cover offered: comprehensive payment default, whether occurring due to political risk events or commercial reasons. Policy terms up to seven years; capacity up to $75 million per transaction. Zurich's Excess of Loss Credit Insurance product covers payment default related to short-term receivables.

Members of the Prague Club

SERBIA

AOFI

Serbian Export Credit and Insurance Agency

AOFI was established by the government of the Republic of Serbia as a joint stock company in 2005. AOFI's main objective is stimulating and promotion of exports, development of economic relations of the Republic of Serbia with foreign business entities and the reduction of risks resulting from the disposal of products and services abroad.

General information
Serbian Export Credit and Insurance Agency
5, Ljuba Stojanovića
25, Savska
Užice
31000
+381 11 22 05 770
+ 381 11 311 80 16
www.aofi.rs
office@aofi.rs

History
Founded: 2005
Ownership: state ownership – 100 %

Senior management
Danilo Ćirković, Executive director for Insurance and member of the Executive Board
danilo.cirkovic@aofi.rs

Dejan Vukotić, CEO and President of the Executive Board
dejan.vukotic@aofi.rs

Nikola Tegeltija, Executive director for Finance and member of Executive Board
nikola.tegeltija@aofi.rs

Contact person(s)
Biljana Stankovic, Associate in Sector for Insurance
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+381116558263

Nina Jeremic, Head of Underwriting, Medium and Long-term Export Credit Insurance
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+381116558269

Major facilities
- ✓ Export credit insurance
- ✓ Loans and guarantees
- ✓ Factoring

BULGARIA

BAEZ

Bulgarian Export Insurance Agency

BAEZ was established as a joint stock company and now the sole shareholder, with 100% capital share, is the Republic of Bulgaria, represented by the Minister of Economy, energy and Tourism. BAEZ performs activity on its own account and on the account of the state. The mission of BAEZ is to protect Bulgarian exporters from financial losses and to support the realisation of their production on international markets by export insurance mechanisms. BAEZ has also developed schemes that facilitate access of the companies to credits and financing.

General information
Bulgarian Export Insurance Agency
55, Alexander Stamboliiski Blvd
Sofia
1301
+359 2 923 69 11/+359 2 923 69 17
+359 2 987 06 65
www.baez-bg.com
baez@baez-bg.com

History
Founded: 1998
Ownership: Full state ownership

Contact person(s)
Marketing user
marketing
baez@baez-bg.com

Major facilities
- ✓ Export credit insurance: Insurance against short-term commercial risk (marketable and non-marketable); insurance against short-term political risk; domestic credit insurance.
- ✓ Export financing: Pre and post-shipment financing. Investment insurance; insurance of letters of credit; insurance of bank guarantees.
- ✓ Insurance of credit and financing: Covering the risk of delayed payment on behalf of the debtor or insolvency/over-indebtedness or bankruptcy of the debtor.

BOTSWANA

BECI

Export Credit Insurance & Guarantee Company (Botswana) (Pty) Ltd

BECI has since its inception in 1996, continued to affirm its position in the market by growing its product base from offering only export credit insurance, to later introducing domestic credit insurance, construction related guarantees, invoice discounting and debt collection. The political risks are reinsured by the Government of Botswana whilst commercial risks are reinsured in the private reinsurance market. BECI continues to explore new business opportunities.

General information
Export Credit Insurance & Guarantee Company (Botswana) (Pty) Ltd
Private Bag BO 279
Gaborone
00 267 3188015
00 267 3188017
www.beci.co.bw
beci@beci.co.bw

History
Founded: 1996
Ownership: Botswana Development Corporation Limited

Senior management
Bonani Dube, Marketing Manager
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+267 3188015

Cowell Habana, General Manager
cowell@beci.co.bw
+267 3188015

Harold Kuvenga, Finance Manager
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+267 3188015

Rocky Ramalefo, Underwriting Manager
rocky@beci.co.bw
+267 3188015

Contact person(s)
Cowell Habana, General Manager
cowell@beci.co.bw
+267 3188015

Major facilities
✓ Export and domestic credit insurance
✓ Construction-related guarantees
✓ Invoice discounting
✓ Debt collection

MULTILATERAL

DHAMAN

The Arab Investment & Export Credit Guarantee Corporation

Rated AA by Standard & Poor's, DHAMAN is a multilateral credit and political risk insurer owned by 21 Arab countries. It has been playing since 1974 a significant role in promoting Arab domestic and foreign trade as well as investment flows into Arab countries. DHAMAN has built a large and solid network of partners worldwide, including credit insurers, reinsurers and brokers.

General information
The Arab Investment & Export Credit Guarantee Corporation
PO Box 23568
Safat
13096
+965 24 959 555
+965 24 959 596/7
www.dhaman.org
operations@dhaman.org

History
Founded: 1974
Ownership: All Arab countries

Senior management
Fahad R. Al Ibrahim, Director General
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Mohamed F. Chatti, Director, Operations Department
chatti@dhaman.org, +965 24959548

Contact person(s)
Azza Huneidi, Assistant Director, Financial Institutions
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Mazen Tina, Head, Investment Insurance
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Mohamed F. Chatti, Director, Operations Department
chatti@dhaman.org, +965 24959548

Slim Al Lehyani, Head, Marketing
slim@dhaman.org, + 965 24959515

Yasser Ragab, Assistant Director, Export Credit Insurance
yasser@dhaman.org, + 965 24959511

Major facilities
✓ Investment insurance: DHAMAN protects Arab and non-Arab investors investing in Arab countries against losses arising from political risks: expropriation and nationalisation, currency inconvertibility and transfer restrictions, war and civil disturbances and breach of contract. Both new and existing investments are eligible.
✓ Trade credit insurance: Dhaman provides cover against political and commercial risks (bankruptcy and protracted default) for:
  - Arab countries' domestic trade,
  - Arab exports worldwide,
  - Arab countries' imports of capital goods and strategic commodities of non-Arab countries
✓ Financial institutions: Dhaman provides financial institutions with adequate insurance contracts which include:
  - The Documentary Credit Insurance Policy (DCIP) which protects the confirming bank against the default of the issuing bank.
  - The Leasing Insurance Policy (LIP) which protects the lessor against the default of the Lessee.
  - The Facturing Insurance Policy (FIP) which protects the factor against the default of the obligors.

OMAN

ECGA O
Export Credit Guarantee Agency of Oman SAOC

Export Credit Guarantee Agency of Oman SAOC (ECGA O) was established in 1991 as a national export credit agency of Oman, with the primary goal of promoting Oman non-oil exports. ECGA O plays an instrumental role by extending its services towards enhancing export activities of Omani non-oil goods and thus contributing to the national economy.

General information
Export Credit Guarantee Agency of Oman SAOC
PO 2031
Muscat
PC 111
+968 24813979
+968 24812380
www.ecgaoman.com
info@ecgaoman.com.om

History
Founded: 1991
Ownership: Fully owned by the Goverment of Oman

Senior management
Nasir Al-Ismaily
GM nasir@ecgaoman.com.om
+968 24346650

Ahmed Al-Abdali, Head of Admin
ahmeda@ecgaoman.com.om
+968 24346633

Imaad Al-Harthy, Head of Claims & Recovery
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+968 24346622

Contact person(s)
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GM nasir@ecgaoman.com.om
+968 24346650

Ahmed Al-Abdali, Head of Admin
ahmeda@ecgaoman.com.om +968 24346633

Major facilities
- ✓ Export credit insurance: Provides short-term cover against commercial and political risks.
- ✓ Domestic credit insurance: Provides short-term cover against commercial risks.
- ✓ Pre-shipment credit guarantee: Issues pre-shipment credit guarantee to enable the exporters to obtain working capital credit facilities from commercial banks.
- ✓ Post-shipment credit facilities: Assists exporters to avail post-shipment credit facilities through commercial banks.
- ✓ Gurantees on Conformation of latter of credit (DCLC)

EGYPT

ECGE E
Export Credit Guarantee Company of Egypt

ECGE is the government export credit agency offering its clients global credit solutions including credit insurance, factoring, information reports and debt recovery.

General information
Export Credit Guarantee Company of Egypt
5 El Nast Road,
Nasr City, 4th Floor
Cairo
+202 2263 6740/ 6745 / 6762
+202 2263 6825
www.ecgegypt.net
ecgegypt@ecgegypt.net

History
Founded: 1993
Ownership: Export Development Bank of Egypt 70%, National Investment Bank 21%

Senior management
Ola Gadallah
Chairman and Managing Director
ola_gadallah@ecgegypt.net

Contact person(s)
Alaa Gouda
General Manager
alaa_gouda@ecgegypt.net

Major facilities
- ✓ Export and domestic credit insurance
- ✓ Whole turnover policy
- ✓ Single shipment policy
- ✓ Unconfirmed letters of credit policy
- ✓ Services policy
- ✓ Export, import and domestic factoring
- ✓ Insurance, finance and collection of export and domestic trade receivables on recourse and non-recourse basis

UNITED ARAB EMIRATES

ECIE

Export Credit Insurance Company of the Emirates

INSURING TRADE, ENSURING GROWTH

The Export Credit Insurance Company of the Emirates (ECIE) is an export credit agency that was established as part of H.H. Sheikh Mohammed Bin Rashid Al Maktoum's vision, in his capacity as Vice-President and Prime Minister of the UAE, and Ruler of Dubai; to help UAE-based companies make use of opportunities to grow their exports safely, and facilitate sustainable economic development and prosperity. ECIE's trade credit insurance policies cover a UAE-based seller against the risk of non-payment by its customers. ECIE's business activities are governed by the UAE Insurance Authority, and its relations with companies and banks are conducted on a commercial basis. ECIE is a member of the Berne Union Prague Club, the Organisation of the Credit Alliance and the Aman Union – an association of Arab and Islamic trade credit insurers.

General information
Export Credit Insurance Company of the Emirates
Clock Tower Square,
Business Village,
Block A,
3th Floor
P.O. Box 121616
Dubai
+971 4 4455333
+971 4 4455393
www.ecie.ae
info@ecie.ae

History
Founded: 2008
Ownership: 100% Government of Dubai

Senior management
Eng. Saed Al Awadi
Managing Director & CEO

Ms. Mariam Al Afridi
Director

Contact person(s)
Mr Mohammad Feras Al Hamwi
Sales Manager

Major facilities
- ✓ Conventional and shariah-compliant export trade credit policies
- ✓ Short-term marketable and non marketable credit risk cover
- ✓ Medium to long-term credit risk cover
- ✓ Excess of loss cover
- ✓ Foreign investment insurance cover
- ✓ Specific transaction cover in case of locally produced/value-added goods
- ✓ Credit risk cover for banks and financial institutions
- ✓ Debt collections & recoveries, corporate credit quality labels & ratings

GREECE

ECIO

Export Credit Insurance Organisation

ECIO was established in 1988 by Law 1796/1988 and it is an autonomous "Public Entity in Private Law". It is governed by a nine-member Board of Directors which is appointed by the supervising Minister of "Development, Competitiveness, Infrastructure, Transportation and Networks". Its Reserve Capital amounts to €140 million.

General information
Export Credit Insurance Organisation
57, Panepistimiou Street
Athens
105 64
+30 210 331 0017
+30 210 331 8410
www.oaep.gr
info@oaep.gr

History
Founded: 1988
Ownership: 100% State Ownership

Senior management
Aggelos Kotsiopoulos, General Manager
kotsiopoulos@oaep.gr
+302119966204

Themis Kalpaktsoglou, President
kalpaktsoglou@oaep.gr
+302119966207

Contact person(s)
Aris Krevvatas, Head of Insurance & Customer Support Dpt.
krevvatas@oaep.gr
+302119966205

Katerina Idreou, Head of Short Term Underwriting & Credit Information Dpt
idreou@oaep.gr
+302119966216

Katerina Mansouri, Head of MLT & Special Contract
mansouri@oaep.gr
+302119966219

Katia Sarantaki, Head of Claims and Recoveries Dpt
ksarantaki@oaep.gr
+302119966265

Lydia Mouratidou, Head of Insurance & Customer Support Dpt. Thessaloniki Branch
mouratidou@oaep.gr
+302310548718

Major facilities
- ✓ Insurance for ST Export Credits against commercial and political risks
- ✓ Insurance for MLT Export Credits against commercial and political risks
- ✓ Investment Insurance for Greek investments undertaken abroad, against political risks

IRAN

EGFI

Export Guarantee Fund of Iran

Export Guarantee Fund Of Iran

EGFI, established in 1973, is the Iranian state-owned export credit insurance company affiliated to I.R. of Iran's Ministry of Industry, Mine & Trade whose responsibility is to help export promotion through providing Iranian exporters with:

- Overseas insurance policies to cover the major political & commercial risks involved in their export operations;

- Credit guarantees to help them meet their financial requirements.

General information
Export Guarantee Fund of Iran (EGFI)
No. 5, 16th St., Bucharest Ave., Argentina Sq., Tehran, 1514837114, Iran
Tel: +98 21 88739267 & +98 21 88733370
Fax: +98 21 88733376
www.egfi.org / www.egfi.ir
intl@egfi.org

History
Founded: 1973/1994
Ownership: Wholly state-owned

Senior management
Seyed Kamal Seyed Ali, Chairman & CEO
Arash Shahraini, Board Member
Mojtaba Kavousi, Board Member

Contact person(s)
Arash Shahraini, Board Member & Deputy CEO
Shahraini@egfi.org
Shahraini@egfi.ir
+98 21 88738633-4
Katayoon Valizadeh, Country Risk & International Cooperation Manager
intl@egfi.org
valizadeh@egfi.ir
+98 21 88739267

Major facilities
1. Policies:
- ✓ Whole turnover policy
- ✓ Technical & engineering services policy
- ✓ Specific policy
- ✓ Investment policy
- ✓ Export contract frustration policy
- ✓ Discounting of export bills insurance policy
- ✓ Sight LCs insurance policy

2. Guarantees:
- ✓ Manufacturer's credit guarantee
- ✓ Local currency credit guarantee
- ✓ Foreign exchange credit guarantee
- ✓ Buyer's credit guarantee
- ✓ Cover for bank's bonds (domestic)

3. Bonds & cover for bank's bonds

ARMENIA

EIAA

Export Insurance Agency of Armenia

EXPORT INSURANCE AGENCY OF ARMENIA

EIAA is 100% state-owned export credit agency of Armenia. EIAA mission is to promote Armenian export. The Board of Directors consists of senior executives of the Armenian government

General information
Export Insurance Agency of Armenia
26/1 V. Sargsyan str.,
Erebuni Plaza
Office 405
Yerevan
0010
+37410582929
www.eia.am
info@eia.am

History
Founded at the end of 2013, started full operations in 2015. Focused on short term supplier's credit.

Senior management
Armen Khachatryan
Chief legal officer
a.khachatryan@eia.am

Vazgen Abgaryan
Acting Executive Director
v.abgaryan@eia.am
(+374 10) 58 29 29

Contact person(s)
Tatevik Muradyan
Advisor to the Management Board
t.muradyan@eia.am

Vazgen Abgaryan
Acting Executive Director
v.abgaryan@eia.am
(+374 10) 58 29 29

RUSSIA

EXIAR
Export Insurance Agency of Russia

EXIAR is the national export credit agency of Russia. EXIAR mandate is to support Russian export and investment abroad. EXIAR covers short, medium and long-term risks. The charter capital makes up RUB31 billion. The Board of Directors consists of senior executives of the Russian government and independent directors. The Agency's activities are backed by the Russian Federation in line with the budget legislation.

General information
Export Insurance Agency of Russia
3, 1st Zachatievsky Lane, Bldg. 1
Moscow
119034
+ 7 495 783 1188
+7 495 783 1122
www.exiar.ru
info@exiar.ru

History
Founded: 2011
Ownership: Sole shareholder – Vnesheconombank (VEB), 100% State-owned

Senior management
Alexey Tyupanov
CEO, Chairman of the Management Board
tyupanov@exiar.ru
+7 495 783-11-88

Hanieh Ferdowsi
Managing Director, International Business Development
ferdowsi@exiar.ru
+7 495 783-11-88

Contact person(s)
Arthur Lyaschenko
Director, External Communications
lyaschenko@exiar.ru
+7 495 783 11 88 (ext.1210)

Ekaterina Karasina
Managing Director, External communications
karasina@exiar.ru
+7 495 783-11-88

Major facilities
✓ Export credit insurance
✓ Investment insurance

ROMANIA

EXIM R
Eximbank of Romania

Banca de Export Import a României EximBank S.A. has been established in 1992 as a joint stock company with the Romanian state as major shareholder. EximBank has been entrusted with the public mandate to support Romanian exporters, as well as projects in the areas important for the long-term sustainable development of the Romanian economy, such as: infrastructure, public utilities, regional development, research & development, employment & training of personnel, or environmental protection. EximBank has also a strategic focus on Romanian SME support.
In August 2010 Compania de Asigurari-Reasigurari Exim Romania S.A., a joint stock company with EximBank Romania as major shareholder, was set up for short-term export credit insurance against marketable risk.
EximBank Romania cooperates with a wide range of export credit agencies, local and international banks and related organisations to strengthen the operating potential and competitiveness of Romanian companies on domestic and international markets.

General information
6A, Barbu Delavrancea St.,
Bucharest 1
+40 21 405 30 96
www.eximbank.ro
informatii@eximbank.ro

History
Ownership: 95.374% – the Romanian state 4.626% – five regional investment funds

Senior management
Traian Halalai, Executive President
Crina Cosma, Executive Vice-President
Paul Ichim, Executive Vice-President

Contact person(s)
Corina Vulpes
Director, Head of International Financial Relations Department

Major facilities
✓ Financing of strategic economic sectors
✓ Bonds and guarantees
✓ Export credit insurance
  - Short-term pre-shipment and credit cover against non-marketable risks
  - Medium and long-term export credit insurance (supplier and buyer credits) against commercial and political risks
✓ Insurance of Romanian capital investments abroad

BELARUS

EXIMGARANT
Eximgarant of Belarus

Eximgarant of Belarus is the official export credit agency of the Republic of Belarus vested with the exclusive right of conducting Export credit insurance with State support. The strategic goal of the company is the development and improvement of export potential of the Republic of Belarus.
Along with principal activities Eximgarant of Belarus contributes to the attraction of foreign direct investments in the Republic of Belarus. Eximgarant of Belarus carries out classical types of insurance and has the license for reinsurance. This enables to cover the whole range of risks associated with the implementation of any investment project in Belarus.

General information
2, Melnikaite street
Minsk 220004
Republic of Belarus
Tel: (+375 17) 209 40 28
Fax: (+375 17) 209 40 67
www.eximgarant.by
E-mail: info@eximgarant.by

History
Founded: 2001
Ownership: 100% government-owned

Senior management
Gennady Mitskevich, Director General
Mikhail Olshansky, First Deputy Director General
Igor Lyskovets, Deputy Director General
Oleg Aniskevich, Deputy Director General
Oleg Pavlovskiy, Deputy Director General

Contact person(s)
Polina Maslova, Head of International Business Development Department
p.maslova@eximgarant.by
+37517 203 14 11
Elizaveta Kharkovets, International Business Development Department
e.harkovec@eximgarant.by
+37517 203 14 11

Major facilities
1. 1. Export credit insurance (ST, MLT):
✓ Insurance of Export Contracts against Political and/or Commercial Risks
✓ Buyer Credit Insurance
✓ Investment Insurance
✓ Pre-Export Risk Insurance
✓ International Lease Insurance
✓ Pre-Export Financing Insurance
✓ Investment Financing Insurance
✓ Bank guarantees and L/C Insurance
✓ Export Factoring Insurance

1. 2. Domestic credit insurance (available for foreign banks and companies cooperating with Belorussian entities):
✓ Insurance of Contracts against Commercial Risks
✓ Insurance against Risk of Non-redemption of a Loan

1. 3. Classic insurance (available for foreign companies implementing investment projects in Belarus):
✓ Insurance against construction and assembly risks
✓ Insurance of legal entities' property against fire and other dangers
Cargo insurance
✓ Insurance against employees medical expenses
✓ Other types

1. 4. Reinsurance

CROATIA

HBOR
Croatian Bank for Reconstruction and Development

Croatian Bank for Reconstruction and Development (HBOR) is the national development and export bank, and export credit insurer with a task of supporting sustainable economic growth pursuant to the overall strategic goals of the Republic of Croatia.

Via different financing programmes, HBOR supports SMEs, infrastructure projects, tourism, industry, agriculture, environmental protection, energy efficiency and renewable energy resources as well as export. HBOR also gives loans for incentives to SME start-ups and loans to improve liquidity, loans for innovations and new technology projects.

HBOR provides insurance and reinsurance of export against non-marketable risks. By establishing the Croatian Credit Insurance JSC (HKO) for commercial credit insurance, HBOR Group was incorporated.

HBOR is a member of different associations, clubs and other institutions that share a similar background and similar interests committed to global development. The bank also co-operates with the export credit agencies, international banks and supranational institutions to meet the needs of Croatian entrepreneurs.

General information
Croatian Bank for Reconstruction and Development
Strossmayerov trg 9
Zagreb
10000
+385 1 4591 539/ +385 1 4591 546
+385 1 4591 547/ +385 1 4591 527
www.hbor.hr
insurance@hbor.hr

History
Founded: 1992
Ownership: 100% State-owned

Senior management
Dusan Tomasevic, President of the Managing
hbor@hbor.hr
+385 1 45 91 706

Goran Filipic, Member of the Managing Board
gfilipic@hbor.hr
+385 1 45 91 522

Martina Jus, Member of the Managing Board
mjus@hbor.hr
+385 1 45 91 522

Contact person(s)
Andrea Mergedus, Managing Director
insurance@hbor.hr
+385 1 45 91 545

Major facilities
✓ Financing of the economy
✓ Export finance: pre- and post-shipment export finance, supplier/buyer credit, credit lines
✓ Export credit insurance: pre-export financing insurance, pre-shipment insurance, guarantee insurance, ST insurance & reinsurance, MLT insurance (supplier & buyer credit insurance)
✓ Guarantees

BOSNIA AND HERZEGOVINA

IGA

Export Credit Agency Bosnia & Herzegovina

IGA is the ECA of Bosnia and Herzegovina, established in September 1996 by the decree of the government of Bosnia and Herzegovina. The start-up activity was non-commercial risk insurance of foreign enterprises and financial institutions having trade exposure in Bosnia and Herzegovina. In 1999, IGA expanded its activities, assuming the role of the state ECA.

General information
Export Credit Agency Bosnia & Herzegovina
Hamdije Cemerlica 2/I
Sarajevo
71000
+387 33 720 140 or +387 33 720 151
+387 33 720 148
www.iga.gov.ba
iga@iga.gov.ba

History
Founded: 1996
Ownership: Full state ownership

Senior management
Lamija Kozaric-Rahman, General Director
lamijakozaric@igabih.com
00387 33 720 140

Ljiljana Bevanda, Deputy General Director
Ljiljana.Bevanda@iga.gov.ba

Mirko Dejanovic, Deputy General Director
d.mirko@inecco.net

Contact person(s)
Aldijana Dubravic, Credit Insurance Associate
Aldijana.Dubravic@iga.gov.ba
00387 33 720 144

Lamija Kozaric-Rahman, General Director
lamijakozaric@igabih.com
00387 33 720 140

Major facilities
- ✓ ST and MT financing for domestic export companies
- ✓ Working capital loan guarantees, to local banks providing financing to export companies
- ✓ Performance, bid and advance payment bonds facility for domestic companies performing works abroad
- ✓ Factoring facility for domestic exporting companies
- ✓ Export credit insurance
- ✓ Domestic credit insurance
- ✓ Import credit reinsurance facility for foreign ECAs and insurance companies
- ✓ Credit information facility on domestic companies
- ✓ Political risk insurance for foreign traders with domestic companies and sovereign

JORDAN

JLGC

Jordan Loan Guarantee Corporation

The Jordan Loan Guarantee Corporation (JLGC) was established as a public shareholding company in accordance with the Jordanian Companies' Law and registered in the registry of the public shareholding companies under number 242 on March 26, 1994. Its establishment was formally declared in the Founders Assembly meeting held on April 17, 1994. The corporation was given permission to start operating as of May 7, 1994.

The establishment of JLGC came in response to the decision undertaken by the Cabinet session of 24/8/1993, which approved the establishment of a public shareholding company for guaranteeing loans to small and medium-sized organisations.

In 1997, JLGC took on the functions of the Export Credit Guarantee Department and the Counselling Services Unit. JLGC's capital was subsequently increased to JD10mn (US$1mn).

General information
Jordan Loan Guarantee Corporation
24 Prince Shaker Bin Zaid Street,
Al Shmeisani
P.O.Box 830703
Amman
11183
00962 6 5625400-06
00962 6 5625408/09
www.jlgc.com
mail@jlgc.com

History
Founded: 1994
Ownership: Limited public shareholding company

Senior management
Dr. Mohamed Al Jafari, Director General
mjafari@jlgc.com

Mohannad Rashdan, Assistance Director General for Technical & Operational Group

Zaid Al Kayed, Head of the Export Credit Department
zkayed@jlgc.com

Contact person(s)
Dr. Mohamed Al Jafari, Director General
mjafari@jlgc.com

Zaid Al Kayed, Head of the Export Credit Department
zkayed@jlgc.com

Major facilities
- ✓ Loan guarantees
- ✓ Export credit guarantees

KAZAKHSTAN

KAZEXPORTGARANT

KazExportGarant Export Credit Insurance Corporation

Export Credit Insurance Corporation (KazExportGarant) performs its activities as an export credit agency of the Republic of Kazakhstan in order to stimulate non-oil export and investments abroad by providing insurance against commercial and political risks. Since 2010 KazExportGarant provides post-export trade financing for exporters in non-oil sector. Insurance financial strength rating assigned by Moody's Investors Service is Baa2, outlook – "Stable".

General information
KazExportGarant Export Credit Insurance Corporation
80 Zenkov Str
Almaty
050010
+7 727 250 00 21
+7 727 293 88 37
www.keg.kz
info@keg.kz

History
Founded: 2003
Ownership: Joint stock company, 100 % government-owned

Senior management
Yerken Sadykov
Chairman of the Board
info@keg.kz

Contact person(s)
Ruslan Bekturganov
Senior Manager of Marketing and PR Department
bekturganov@keg.kz

Major facilities
✓ Export credit insurance: pre-shipment risks, supplier credit insurance, buyer credit insurance. LC insurance, investment insurance. Reinsurance, bank guarantee insurance. Export trade finance: post-shipment export finance through partner banks

ESTONIA

KREDEX

KredEx Credit Insurance Ltd

KredEx Credit Insurance Ltd is a self-sustaining insurance company in the jurisdiction of Estonian State, whose goal is to support the development of Estonian exports. The company provides various insurance solutions, which serve to manage the export risks of enterprises KredEx Credit Insurance Ltd acts on the principles and self-sustaining diversified portfolio.

General information
KredEx Credit Insurance Ltd
Hobujaama 4
Tallinn
10151
+372 667 4100
+372 667 4101
www.krediidikindlustus.ee
krediidikindlustus@kredex.ee

History
Founded: 2009
Ownership: Ministry of Economic Affairs & Communications 2/3; Credit and Export Guarantee Fund KredEx 1/3

Senior management
Meelis Tambla
Head of the Board
meelis.tambla@kredex.ee
+372 667 4138

Contact person(s)
Mariko Rukholm
Member of the Board
mariko.rukholm@kredex.ee
+372 6674 139

Major facilities
✓ ST credit insurance
✓ MLT credit insurance
✓ Pre-shipment insurance
✓ Investment insurance

LEBANON

LCI

The Lebanese Credit Insurer

The Lebanese Credit Insurer s.a.l. (LCI) is the first independent specialised credit insurance company in Lebanon and the Middle East. LCI is active through its partners in Saudi Arabia, UAE, Kuwait, Qatar, Jordan, Egypt, Bahrain, Oman, Syria, Nigeria, Serbia, Cyprus and Croatia.

General information
The Lebanese Credit Insurer
Sodeco Square, Block B, 15th Floor
Beirut
+961 1 615 616
+961 1 611 044
www.lci.com.lb
info@lci.com.lb

History
Founded: 2001
Ownership: Atradius Participations Holding B.V (49%), Regional Insurance Companies (21%) and Private Investors (30%)

Senior management
Karim Nasrallah
General Manager
karim.nasrallah@lci.com.lb

Naser Abu Ghazaleh
Head of Business development
naser.abughazaleh@lci.com.lb

Contact person(s)
Diana Loutfy
Corporate Communications Deputy Manager
diana.loutfy@lci.com.lb

Major facilities
- ✓ LCI focuses on domestic and export trade credit insurance (trade receivables insurance). Policies cover manufacturers, trading companies and providers of services, against the risk of non-payment of their local and foreign customers. Trade receivables management tools are also offered such as Credit Information, Debt Collection, and Risk Management Solutions through its 100% owned subsidiary LCI Services s.a.l.

LATVIA

LGA

Latvian Guarantee Agency

SIA Latvijas Garantiju aģentūra [Latvian Guarantee Agency Ltd] (LGA) is a Limited Liability company, which provides support to Latvian businesses for implementing business ideas. LGA helps entrepreneurs to attract new finance by establishing risk capital funds that provide seed, start-up and expansion capital as well as directly issuing credit and export guarantees, and providing mezzanine loans.

General information
Latvian Guarantee Agency
Zigfrida Annas Meierovica bulvaris 14
Riga
LV-1050
+371 6721 6081
+371 6735 9374
www.lga.lv
lga@lga.lv

History
Founded: 1998
Ownership: LGA is 100% state-owned Limited liability company; the holder of state shares is the Ministry of Economics

Senior management
Klavs Vasks, Chairman of the board

Andris Gadmanis, Member of the board

Inese Matvejeva, Member of the board

Ivars Golsts, Director

Contact person(s)
Ivars Golsts
Director
ivars.golsts@lga.lv
+371 6735 9373

INDONESIA

LPEI
Indonesia Eximbank

Indonesia Eximbank is a special financial institution established under the Law the Republic of Indonesia No. 2 Year 2009.

To be able to perform and to function effectively, Indonesia Eximbank operates independently based on a separate law (lex specialis) and with a status of a sovereign entity. As an extension of the Government of Indonesia, Indonesia Eximbank is expected to help provide funding in markets not served by commercial banks or financial institutions (fill the market gap) or due to lack of capacity in competitive financing and ability in absorbing risks, in order to support the national export development programme through National Export Financing (PEN).

General information
Indonesia Eximbank
Gedung Bursa Efek Indonesia Menara II
Lantai 8
Sudirman CBD Jl. Jend. Sudirman
Kav. 52-53
Jakarta
Indonesia
www.indonesiaeximbank.go.id
corpsec@indonesiaeximbank.go.id

Senior management
Ngalim Sawega, Chief Executive Officer
corpsec@indonesiaeximbank.go.id
+62215154638

Dwi Wahyudi, Managing Director I
corpsec@indonesiaeximbank.go.id
+62215154638

Isnen Sutopo, Managing Director II
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+62215154638

Basuki Setyadjid, Managing Director III
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+62215154638

Arif Setiawan, Managing Director IV
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+62215154638

Omar Baginda Pane, Managing Director V
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M. Syafruddin
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adin.msy@indonesiaeximbank.go.id
+62215154638

Major facilities
✓ SMEs Financing
✓ Guarantee
✓ Sharia
✓ Insurance
✓ Consulting Services

MACEDONIA

MBDP
Macedonian Bank for Development Promotion

Macedonian Bank for Development Promotion via commercial banks provides financial support for start-ups and developing SMEs. The lending programme consists of a variety of ST and MLT credit lines offering favourable credit terms and technical assistance tailored according to the entrepreneurs' specific needs. The bank performs the role of an official export credit agency of the Republic of Macedonia providing export support for companies through pre-shipment finance loans and export credit insurance.

General information
Macedonian Bank for Development Promotion
26, Veljko Vlahovik str, PO Box 379
Skopje
1000
+ 389 2 3115 844
+ 389 2 3239 688
www.mbdp.com.mk
darko.stefanovski@mbdp.com.mk

History
Founded: November 1998
Ownership: A shareholding company: 100% government-owned

Senior management
Dragan Martinovski,
Chief Executive Officer
dragan.martinovski@mbdp.com.mk

Qenan Idrizi
Chief Operative Officer

Contact person(s)
Darko Stefanovski
Manager of Credit Export Department
darko.stefanovski@mbdp.com.mk

Jasmina Kolekeska, Senior underwriter

Major facilities
✓ Investment loans
✓ ST export credit insurance,
✓ Pre-shipment finance loans
✓ Factoring

SUDAN

NAIFE

National Agency for Insurance and Finance of Export (NAIFE)-Sudan

The agency was founded under special ordinance in August 2005, passed by the transitional National Assembly. The headquarters is in Khartoum and can establish branches in any Sudanese state or abroad. The agency maintains separate accounts for policyholders' funds and shareholders' funds.

The main objectives of the agency:
- To encourage and develop Sudanese exports
- Support the export sector

To achieve those objectives, the agency practises the following activities:
- Insurance and reinsurance of Sudan's exports proceeds
- To compensate insured exporters against risks as stipulated on different policies
- To provide finance and guarantees that enhances the competitive position and increase the volume of exports and their proceeds.
- To participate in promotion of financing for Sudan's exports in international markets
- Conduct marketing researches and studies
- Provide and extend credit to exporters

General information
National Agency for Insurance and Finance of Export – Sudan
Mustafa Abu Ella Street, Saving & Social Development Bank Tower, 6th Floor
Khartoum
+24 9183 747 107
+24 9183 747 109
www.naife.org
info@naife.org

History
Founded: May 15, 2005
Ownership: Ministry of Finance & National Economy, Central bank of Sudan, Commercial banks and Insurance companies

Senior management
Mustafa Yousef Holi, General Manager

Elhadi A.M. Saeed, Manager Export Insurance Department

A/Moniem A/Elateef Saad, Promotion and Planning Manager

Hamid Elrasheed Ahmed, Finance and Investment and Financial Manager

Major facilities
- ✓ Export Credit Insurance
- ✓ Credit Faculties
- ✓ Promotion and Planning Activities
- ✓ Co-coordinator for Export Activities, with Various Concerned Unit

NEW ZEALAND

NZECO

The New Zealand Export Credit Office

New Zealand Export Credit Office

The NZECO operates as a business unit within the New Zealand Treasury. Its mission is to help New Zealand exporters manage risk and capitalise on trade opportunities around the globe by providing guarantee and insurance solutions that complement those in the private sector. The Secretary to the Treasury has been delegated the power from the Minister of Finance to provide these guarantee and insurance products pursuant to the Public Finance Act 1989.

General information
The New Zealand Export Credit Office
1 The Terrace,
PO Box 3724
level 5
Wellington
6140
+64 4 917 6060
+64 4 917 6956
www.nzeco.govt.nz
nzeco@treasury.govt.nz

History
Founded: 2001
Ownership: Wholly owned and guaranteed by the New Zealand Government

Senior management
Chris Chapman, Manager
chris.chapman@treasury.govt.nz
0064 4 917 6004

Kim Tate, Head of Underwriting
kim.tate@treasury.govt.nz
0064 4 917 6018

Peter Rowe, Head of Business Origination
peter.rowe@treasury.govt.nz
0064 4 917 6080

Contact person(s)
Sophie Le Corre, Team Assistant
Sophie.LeCorre@treasury.govt.nz
+64 4 917 6060

Major facilities
- ✓ Export credit insurance:
  - Covers commercial and political risks on export transactions
  - Short-term trade credit cover (including co-insurance with private sector) where the private sector lacks the capacity or willingness
  - Medium/long-term (over one-year credit period) cover for supplier and buyer credit facilities
  - Guarantees for Letters of Credit
- ✓ Bonds, sureties and guarantees:
  - Guarantee products to support bid bonds, advance payment bonds, performance bonds, warranty bonds and US and Canadian surety bonds
- ✓ Other products:
  - Bill of exchange guarantee
  - Loan guarantee

SAUDI ARABIA

SEP
Saudi Export Programme

The SEP was established under the auspices of the Saudi Fund for Development (SFD) in 1999 to act as the national ECA of Saudi Arabia, which provides different facilities to support Saudi non-crude oil goods and services, which contain 25% or above of the Saudi value-added component.

General information
Saudi Export Program
PO Box 50483
Riyadh
11523
+966 1 465 9399
+966 1 465 9699
www.sep.gov.sa
guarantees@sep.gov.sa

History
Founded: 1974
Ownership: Government of Saudi Arabia

Senior management
Eng. Yousef AL-Bassam
Vice-Chairman and Managing Director, Saudi Fund For Development

Contact person(s)
Ahmed Al-Ghannam
Director General of Saudi Export Program
ghannam@sfd.gov.sa
+966 1 2794466

Sultan Al-Marshad
Acting Director of Credit Insurance & Guarantee
sultan@sep.gov.sa
+966 1 279 4149

Major facilities
- ✓ Credit Insurance and export guarantees:
  - Whole turnover export credit insurance policies
  - Single transaction policies
  - Documentary credit insurance policies (DCIP)
  - Documentary credit confirmation insurance contract (DCCIC)
  - Working capital guarantee cover (WCGC)
- ✓ Direct lending to major export transactions:
  - Buyer credit
  - Supplier credit
  - Lines of credit
  - Murabaha (profit sharing)

SENEGAL

SONAC
Société Nationale d'Assurances du Crédit et du Cautionnement

Société Nationale d'Assurances du Crédit et du Cautionnement
55, rue Wagane Diouf
Immeuble TRIANON – 1 erétage
Dakar
BP: 3939
Tel:+221 33 889 82 10
Fax:+221 33 821 36 11
www.sonac.sn
sonacourrier@sonac.sn

Contact person(s)
Yacine Badji
yacinebadji@sonac.sn

QATAR

TASDEER

Qatar Export Development Agency

TASDEER was launched in 2011, having the following objectives:

- To develop, support, and globally promote exports from Qatar.
- To act as a public ECA offering export credit Insurance (risk covers) and export financing solutions and services to mitigate national exporters risks

All Qatari exporters, regardless of their size, ownership, export contract volume, sector or turnover are eligible for TASDEER support.

General information
Qatar Export Development Agency
Qatar Development Bank,
P.O.Box 22789,
Grand Hamad (Banks) Street
Doha
(+974) 44 30 0000
(+974) 44 31 66 13
www.qdb.qa
aladdin_zard@qdb.qa

History
Founded: 2011
Ownership: Government of Qatar

Senior management
Mansoor I. Al Mahmoud
CEO, Qatar Development Bank

Hassan K. Al Mansoori
TASDEER Executive Director

Contact person(s)
Aladdin Zard
ECA Manager
aladdin_zard@qdb.qa

Major facilities
✓ Receivables financing (factoring, bill discounting)
✓ Pre-shipment and contracts financing
✓ Pre and post-shipment credit insurance
✓ Takaful shariah-compliant credit insurance

UKRAINE

UKREXIMBANK

Joint Stock Company State Export-Import Bank of Ukraine

The only Ukrainian bank acting on behalf of the government as a financial agent with respect to foreign loans guaranteed by Ukraine. Ukreximbank's mission is to create favourable conditions for economic development of Ukraine by supporting national manufacturers, especially in the export-oriented sectors. Having diversified its operations over the last decade, Ukreximbank currently provides a wide range of banking services, with a strong focus on export-import banking. Ukreximbank services a considerable part of foreign economic activity of Ukrainian enterprises, which represent key branches of the national economy.

Ukreximbank has the widest network of correspondents and partners among Ukrainian banks, including over 800 commercial banks that provide over 100 clean credit lines, 35 export credit agencies that recognise Ukreximbank as a direct borrower and guarantor, and a number of international financial institutions and development banks, such as IBRD, EBRD, EIB, KfW and others, that partner Ukreximbank under special programmes.

General information
Joint Stock Company The State Export-Import Bank of Ukraine
127, Gorkogo St
Kyiv
03150
+380 44 247-8085
+(380) 44 247-8082
www.eximb.com/eng
bank@eximb.com

History
Founded: 1992
Ownership: 100% state-owned

Senior management
Oleksandr Hrytsenko, Chairman of the Board

Oleksandr Shchur, Member of the Board

Sergii Manokha, First Deputy Chairman of the Board

Sergii Myskiv, Deputy Chairman of the Board

Contact person(s)
Oleksii Kushnir, Head of Insurance Division
akushnir@hq.eximb.com

Olena Kozoriz, Head of Financial Institutions & Trade Finance
lkozorez@hq.eximb.com

Sviatoslav Kuzmych, Head of International Borrowings
kuzmych@hq.eximb.com

Major facilities
✓ Agency services for the government of Ukraine
✓ Financing of the real economy and support of SME development: project financing, special purpose programmes with IFIs
✓ Export-import banking: MLT structured finance, ST trade finance, documentary credits and guarantees, FX and money market, international settlements
✓ Retail and investment banking

UZBEKISTAN

UZBEKINVEST

Uzbekinvest National Export-Import Insurance Company

UZBEKINVEST

Uzbekinvest was established in 1994 by the government of the Republic of Uzbekistan as a national insurance company. In 1997 Uzbekinvest was reorganised into the national export-import insurance company. Uzbekinvest is acting as the national export credit agency of Uzbekistan to promote export operations by providing export credit insurance to Uzbek exporters and commercial banks.

UIIC (London, UK) is designed to protect the business and assets of companies investing or doing business in Uzbekistan. Coverage is provided for investment and trade transactions against certain political risks and events in Uzbekistan taken towards investors and lenders.

General information
National Export-Import Insurance Company
2, A. Kodiriy Street
Tashkent
100017
+998 71 235 78 01, 120 03 59
+998 71 235 94 09
www.uzbekinvest.uz
export@uzbekinvest.uz

History
Founded: 1994
Ownership: 100% state-owned (Ministry of Finance of the Republic of Uzbekistan – 17%, National Bank for Foreign Economic Activities of Uzbekistan -83%)

Senior management
Fakhritdin Saidakhmedov
Director General, UNIC
gen_dir@uzbekinvest.uz
+998 71 2357801

Hasan Mamadjonov
CEO, UIIC
Hasan.Mamadjonov@AIG.com
+44 207 954 8397

Kamil Khasanov
General Manager, Export Risks and Investments Insurance Department
innovation@uzbekinvest.uz
+998 71 1200359

Contact person(s)
Umida Musalieva
Manager, Export Risks and Investments Insurance Department
export@uzbekinvest.uz
+998 71 1200359

Major facilities
- ✓ ST export credit insurance
- ✓ Documentary credit/guarantee insurance
- ✓ Advance payment insurance
- ✓ Domestic credit insurance
- ✓ Investment insurance
- ✓ Political risks insurance: CEN, war, contract repudiation, non-honouring of bank LC, wrongful calling of guarantee (provided by UIIC only)

berneunion

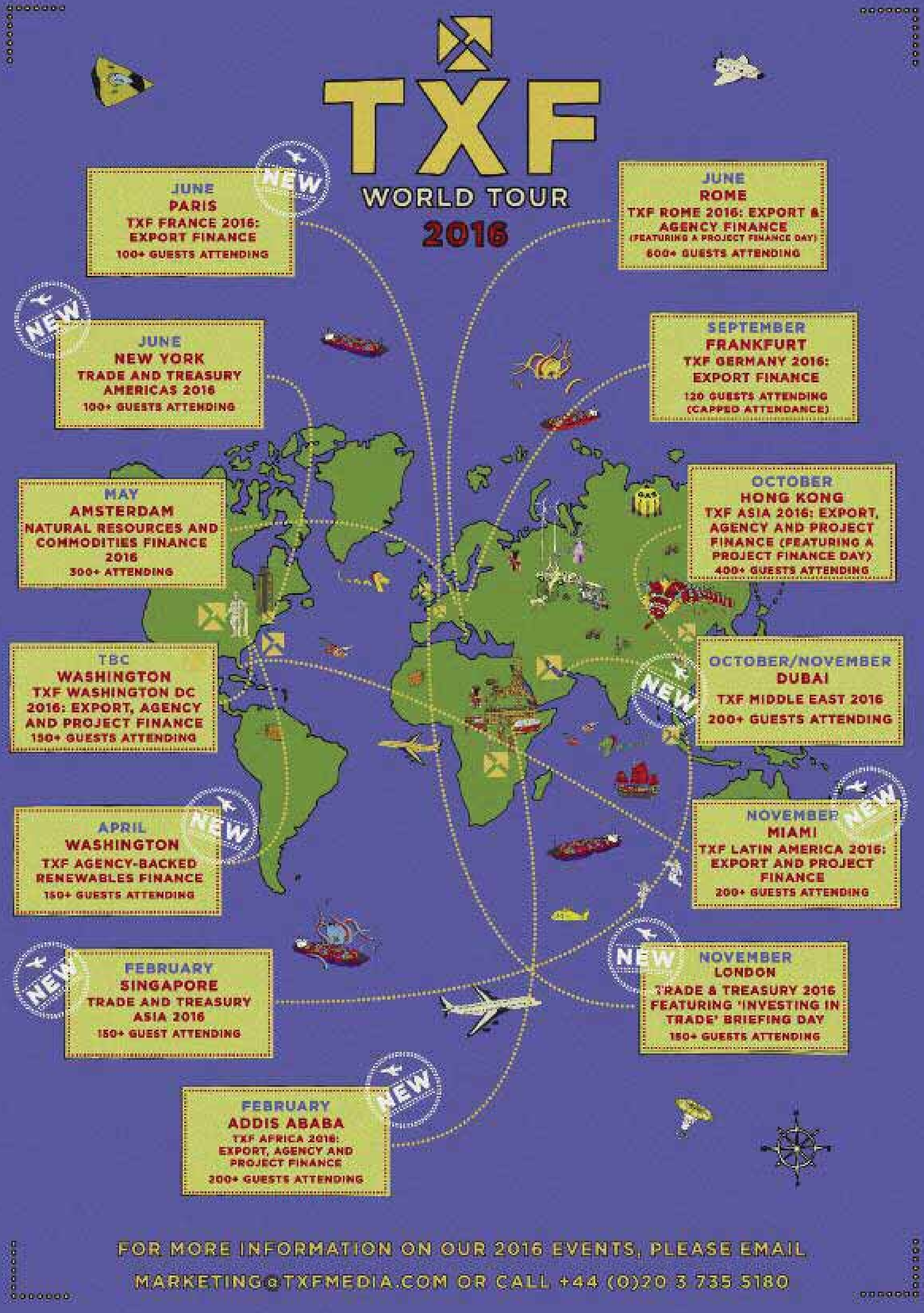
Value statement

We are committed to operate in a professional manner that is financially responsible, respectful of the environment and which demonstrates high ethical values – all in the best interests of the long-term success of our industry.

Guiding principles

1. We conduct our business in a manner that contributes to the stability and expansion of global trade and investment on a sound basis, that is in accordance with applicable laws and relevant international agreements.
2. We carefully review and manage the risks we undertake.
3. We promote export credit and investment insurance terms that reflect sound business practices.
4. We aim to generate adequate revenues to sustain long-term operations reflective of the risks we undertake.
5. We manage claims and recoveries in a professional manner, while at all times recognising the insureds' and obligors' rights.
6. We are sensitive about environmental issues and take such issues into account in the conduct of our business.
7. We support international efforts to combat corruption and money laundering.
8. We promote best practices through exchange of information on our activities, policies and procedures, and through the development of relevant agreements and standards, where these are deemed necessary to govern the provision of export credit and investment insurance.
9. We are committed to furthering transparency amongst members and in the reporting of our overall business activities, reflective of international practices and respectful of the confidentiality of third party information.
10. We encourage cooperation and partnering with commercial, bilateral, multilateral, and other organisations involved in export trade and investment business.

Notes


TXF
WORLD TOUR
2016
JUNE
PARIS
TXF FRANCE 2016: EXPORT FINANCE
100+ GUESTS ATTENDING
JUNE
ROME
TXF ROME 2016: EXPORT & AGENCY FINANCE
(FEATURING A PROJECT FINANCE DAY)
600+ GUESTS ATTENDING
JUNE
NEW YORK
TRADE AND TREASURY AMERICAS 2016
100+ GUESTS ATTENDING
SEPTEMBER
FRANKFURT
TXF GERMANY 2016: EXPORT FINANCE
120 GUESTS ATTENDING
(CAPPED ATTENDANCE)
MAY
AMSTERDAM
NATURAL RESOURCES AND COMMODITIES FINANCE 2016
300+ ATTENDING
OCTOBER
HONG KONG
TXF ASIA 2016: EXPORT, AGENCY AND PROJECT FINANCE (FEATURING A PROJECT FINANCE DAY)
400+ GUESTS ATTENDING
TBC
WASHINGTON
TXF WASHINGTON DC 2016: EXPORT, AGENCY AND PROJECT FINANCE
150+ GUESTS ATTENDING
OCTOBER/NOVEMBER
DUBAI
TXF MIDDLE EAST 2016
200+ GUESTS ATTENDING
APRIL
WASHINGTON
TXF AGENCY-BACKED RENEWABLES FINANCE
150+ GUESTS ATTENDING
NOVEMBER
MIAMI
TXF LATIN AMERICA 2016: EXPORT AND PROJECT FINANCE
200+ GUESTS ATTENDING
FEBRUARY
SINGAPORE
TRADE AND TREASURY ASIA 2016
150+ GUEST ATTENDING
NOVEMBER
LONDON
TRADE & TREASURY 2016 FEATURING 'INVESTING IN TRADE' BRIEFING DAY
150+ GUESTS ATTENDING
FEBRUARY
ADDIS ABABA
TXF AFRICA 2016: EXPORT, AGENCY AND PROJECT FINANCE
200+ GUESTS ATTENDING
NEW
FOR MORE INFORMATION ON OUR 2016 EVENTS, PLEASE EMAIL
MARKETING@TXFMEDIA.COM OR CALL +44 (0)20 3 735 5180

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