



TXF Exporter's Roundtable, Stockholm, 20th April 2018

Roundtable 1: Value chain & local content

1. How does the ECA support the early stage of the bidding process and how can this be improved?
 - Transparency and predictability, business is about people and well supported.
 - However, for smaller transactions or short-term high-volume transactions the time-period can be inhibitive, there is a need to increase the speed of execution as well as agility
 - ECA can support the bidding process by working more closely with exporters. Especially in corporate risk
 - Help with ball park figures in early stages, Sovereign risks can be improved by using Swedfund and pre-studies by preferably Swedish consultants, however, some exporters are not used to working with Swedfund even though they are aware of it
 - Could develop data tools to get information quickly
 - The sales process becomes more and more complex with multiple stakeholders
 - Get transparency on what is and is not possible
 - Connecting people
 - Sales processes, turn around time is 5+ years
 - There are several opportunities in both private financing and public
 - Standardise the rules of the ECA package, however less standardisation provides flexibility and agility
 - The clarity of transactions with non-OECD compliant countries is attractive in comparison
 - Borrowers should be more aware of the ECA rules
 - "Love letters", delegations and dialogue with specific customers/markets work well as ice breakers. More of these! Also set up organizations in different parts of the world so we can be agile at embassy offices or other. These are very important and there should be better follow up on these trips and cataloguing of outcomes as the results otherwise seem to disappear
2. How to better support Swedish exporters in large projects with multiple suppliers and a lack of clarity on who the co-coordinator is.
 - In large HPOs there is a clear need for a coordinator to maximise the opportunities especially for EPC contractors, however, who should ideally take the lead?
 - Cross-selling a country by bringing in other suppliers causes problems with regards to KYC and competition



- Direct lending on separate contracts would solve some of the problems, however EU regulation has made competition more difficult
- Knowledge and understanding of the local market is key here

3. Working with local content rules to make sure Swedish interests are supported when dealing with multinational organisations with global manufacturing bases.

- Local content of 30% is OK, however its hardware that is financed, not really “support” services
- Increasing local content up to 50% in longer transportation transactions would be helpful
- EKN and SEK must develop their services more to lease and rent projects
- There should be a positive evaluation if you use local services for maintenance, etc.
- For SEK and EKN the question is if content % is a key factor; if you want to be ‘in’ you may have to adopt local content rules
- There is a clear need to understand what is in the corporate interest and what is in the countries interest
- Local content rules do not reflect the reality due to the pace of change, and it is in the Swedish interest that global corporates survive in Sweden
- There is a need to modernise the governments local content rules, EKN cannot support all OECD countries and needs to realise the need for greater creativity and innovation to compete. The OECD needs to change; however, nobody is sure what the OECD’s timeline for change is
- There could be more clarity when describing local content, other ECAs are becoming more flexible in their relative definitions which is increasing their competitiveness, for instance UKEF and SACE
- Key word is flexibility since as Swedes we are a small fish in a fast-changing market

4. How to ensure clarity on mandate when structuring and contracts are arranged.

- Commercial content can initially be very confusing and needs to be clearer
- Knowing where all goods are coming from; often procurement is arranged later on
- Normally an internal issue not transferred to clients
- Clarity of mandate is difficult for the banks since it might change over time during bidding phase. Important thing is structure and communication



Roundtable 2: Digitalization.

- We are not digital today
- Blockchain could be used even though there are challenges
- The lead future platform needs to be identified since right now we work on a variety of complex systems
- Many services are being developed and identified by companies such as ABB and WSP where customer value and business model is not yet defined where digital systems with sensors and scanners replace manual systems
- Credit services that are developed to cover these new projects needs to be developed.
- SEK and EKN need to optimize services for customers, especially for small and medium projects where the cost of the service is too high compared to the project. The results of digitalization would therefore cut costs, time make the process more efficient.
- There is no preferred unified platform today
- We need a way to screen proposals faster
- We need a future that makes the platform simple, fast, global and transparent. Preferably in an app

Roundtable 3: KYC and Sustainability

1. How can banks be incentivised to take on new clients while meeting KYC regulations?

- Compliance is growing, however there is uncertainty as to how much the government know; the government should consider what is necessary for the transaction vs. what is needed to be compliant
- The complexity of the KYC structures and rules is a serious barrier, these need to be much clearer
- Additionally, the cost of the KYC is approximately 700, 000 SEK per client per year and is the biggest impediment to lending as often it's not worth it
- There should be a standardised centralised KYC platform (international) for all borrowers, this would speed up and reduce costs of KYC. At present KYC is undertaken independently by all companies, this is resource hungry and delays transactions
- Currently, in nearly all costs with regards to taking on new clients, it is not worth it, more cost effective to focus on existing clients
- Bankers cannot change the rules, however demand from exporters may be able to initiate changes. There needs to be pushing in the EU to ease this up, as there is currently too much regulation by FCA, BaFin and OECD etc.
- Foreign Ministry appears to be unaware of the impact on industries and exporters
- Exporters are likely to choose banks that have the least stringent KYC compliance rules, this provides a competitive advantage to non-compliant banks. GDPR could help here
- Local banks are dependent on transparency and trust- KYC is therefore essential yet the associated costs greater. There should be a consensus on who handles the burden of proof- bank, borrower or ECA?



2. Sustainability and ethical considerations within transactions are a cornerstone of the Swedish system, how can we work to ensure that environmental, social and human rights standards are upheld?
 - For EIS studies, there is a need to know what the 'S' stands for, what defines good enough?
 - Work with banks, but it's much more the exporters side, whose responsibility should it be?
 - For the ECA its not KYC so much as risk assessment now, the ECAs are learning the hard way; while the plan may be good it doesn't go into the risk, the state buyer needs to know what the conditions are. There should be transparency about what is required, rather than the current 'black box' of CSR followed by "the 3 Ps: Passion, Patience and Plan B!"
 - There is currently enough CSR, however the repetition throughout the value chain is incredibly inefficient
 - Focusing on the human rights issues, EKN's introductions of new questions to assess of client is compliant has been difficult as only EKN requires these and specific guarantees, they should be in line with the other OECD countries, their increase in compliance compared to other countries is a barrier to trade

3. How can the inclusion of these standards and their associated costs be made more competitive against other ECAs that are not as regulated?
 - There is a lot of trust for the Scandinavian processes and especially trademark Sweden
 - EKN do a fantastic job for the export industry in general
 - OECD can be interpreted in various ways, the Swedish risk-based approach results in much higher regulation than is necessary
 - The competition (from China and India) can always beat on price but not on quality and sustainability. However, procurement is often tricky to assess
 - There should be a greater dialogue for governments to talk, ADB feasibility includes this, tender does not

4. Give the points discussed, how do we want our system to look in 10 years' time?
 - Digitised, universal KYC platform, transparency, communication, greater global compliance by countries