

BRITISH EXPORTERS ASSOCIATION

Export Credit Agencies

Support available to British exporters

2nd ECGD benchmarking paper – *October 2011*

Incorporating ECGD 2010-11 results

BEXA

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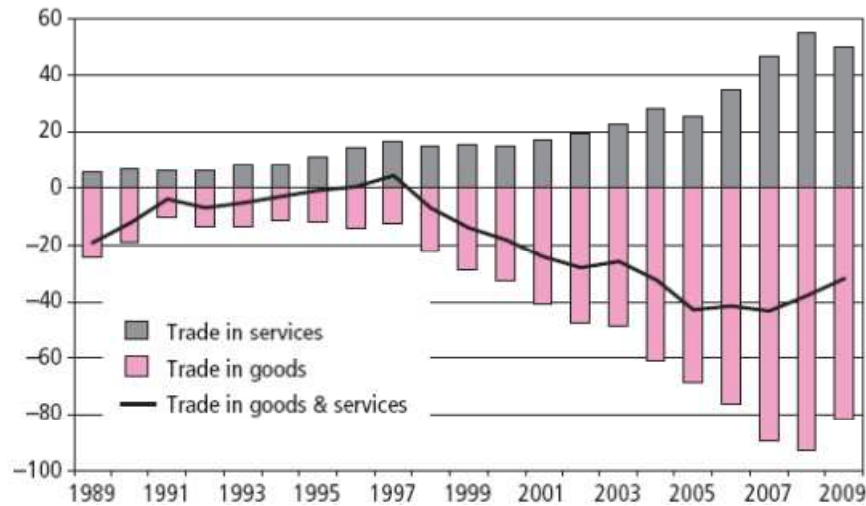
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1. The importance of UK exports

Graph 1: UK's balance of payments (£'Bn) – Trade in goods and services (credits less debits)



Source: Latest Pink Book data¹

UK balance of trade

The 2009 UK balance of payments (the latest UK government statistics available) shows a slight improvement, but this is likely to reflect the impact of the recession resulting in lower imports rather than increased exports. The UK economy in 2011 is showing minimal growth. GDP grew 0.2% between April and June 2011² and the OECD forecasts³ that the UK economy will grow just 1.5% in 2011. Exporters say they need a strong domestic economy in order to support export initiatives.

UK export volume in 2010 was \$410.3 billion⁴, up from \$356.4 billion in 2009. World Trade in 2010⁵ was \$15.18 trillion up from \$12.52 trillion in 2009, so this suggests the UK's share of world trade dropped 0.1% to 2.7% (2008: 2.9%⁶). Over half of the UK's exports go to half a dozen countries that are suffering low growth.

Table 1: UK's largest export markets

| Ranking | UK's largest export markets ⁷ | % share of UK exports | Destination country's 2010 GDP growth ⁸ | Destination country's GDP 2010 \$bn |
|---------|--|-----------------------|--|-------------------------------------|
| 1 | US | 14.7% | 2.5% | 14,720 |
| 2 | Germany | 11.1% | 1.4% | 2,960 |
| 3 | France | 8.0% | 1.4% | 2,160 |
| 4 | Netherlands | 7.8% | 0.7% | 680 |
| 5 | Ireland | 6.9% | -2.3% | 172 |
| 6 | Belgium | 4.7% | 0.8% | 394 |
| | Total: | 53.20% | | |

¹ <http://www.ons.gov.uk/ons/rel/bop/united-kingdom-balance-of-payments/2010/the-pink-book.pdf>

² <http://www.ons.gov.uk/ons/rel/naa2/second-estimate-of-gdp/q2-2011/stb---q2-2011.html>

³ <http://uk.reuters.com/article/2011/03/16/uk-britain-oecd-idUKTRE72F4TJ20110316>

⁴ <https://www.cia.gov/library/publications/the-world-factbook/geos/uk.html>

⁵ <https://www.cia.gov/library/publications/the-world-factbook/geos/xx.html>

⁶ http://www.wto.org/english/res_e/statis_e/its2009_e/section1_e/i06.xls

⁷ <https://www.cia.gov/library/publications/the-world-factbook/geos/uk.html>

⁸ <http://stats.oecd.org/economicoutlook/>



There is a political will to re-balance the economy. Lord Green, as Trade Minister, has started a number of initiatives to improve UK exports, including measures to get SMEs exporting⁹. The Foreign Office has now a brief to strive to support more exports. There has been an increase in trade delegations led by senior Government ministers, and the Prime Minister has an active, more visible, involvement.

However, it is important that export support is not solely concentrated on the fast growing BRIC or CIVETS¹⁰ countries. While we have long standing trading relationships with some of these markets such as India and China, other exporting countries will have stronger trading relationships with countries such as Vietnam and Colombia. The UK should seek to build sales with countries that are assured of UK qualities, including the Middle East and Africa. Within Europe, we should also look to Poland where we have strong ties and the economy is growing at around 3.9% p.a.¹¹

Furthermore, the UK's skill is in innovation and adding value. We have some of the best project management companies and engineers. We have leading research institutions and developmental companies and expertise in providing technological solutions to improve 'dirty' industries so that they are more energy efficient and less polluting. This Government has a manifesto pledge¹² to increase high tech exports and champion exports of green technology. BExA (the British Exporters Association) argues that this is valuable, but support is needed on a much wider spectrum.

The current low exchange rate is perceived as a help for exporters. However, it is only of benefit in relation to the home-produced element of our exports; most exports involve materials, components and energy purchases which are either denominated in foreign exchange or related to world prices which are typically in US Dollar.

UK exporters also need continued finance support. Government initiatives outlined in the Trade White Paper, coupled with Project Merlin¹³, have improved lending to businesses. However, with Basle III on the horizon, ECA (Export Credit Agency) support is also critical to enable exporters to offer competitive commercial terms to their customers.

The world economic slowdown has led to a deferral of a number of capital projects, resulting in an overall slowdown in trade. As and when volumes pick up, UK exporters will need to be well-versed in the assistance that is available to help them to get product to market on good commercial terms.

The UK is not the only advanced economy to be seeing budget constraints at home. Competition for export orders is fierce and it is definitely a buyer's market for capital goods.

⁹ BExA uses a definition of Small and Medium sized Entity (SME) as a company employing fewer than 250 staff.

¹⁰ BRIC – Brazil, Russia, India, China. CIVETS – Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa.

¹¹ http://www.oecd.org/document/0,3746,en_2649_201185_46462759_1_1_1_1,00.html

¹² <http://bexa.co.uk/news.html>

¹³ <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/8527097/UK-banks-miss-lending-targets-because-of-regulation-not-reluctance.html>

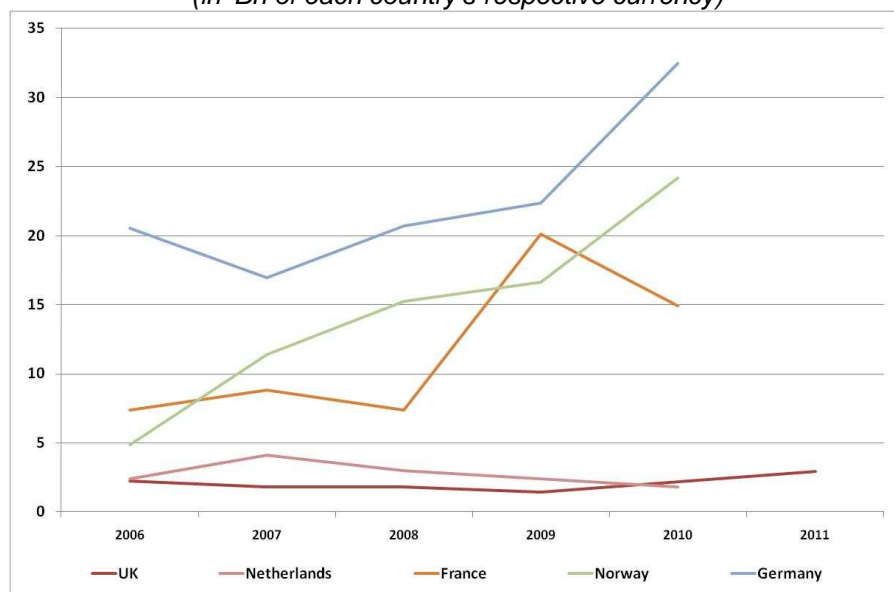


2. Executive summary

BExA was pleased that the Coalition's Trade White Paper released in February 2011 paved the way for new Government-supported products, and with their later launch in Q1 and Q2. The focus of the new products is on SMEs. With the timing coinciding with ECGD (the UK's Export Credits Guarantee Department)'s year end, there was no immediate impact visible in ECGD results for the year to March 2011.

ECGD supported 32% more exports last year than in the year ending March 2010. This is a pleasing trend. As well as continued support for aerospace (principally Airbus related), there was a good increase in support for industrial and other sales, and these now comprise one third of the business. None-the-less, ECGD turnover is still very low in comparison with other ECAs.

Graph 2: Comparison of those 5 ECAs' business volumes over last 5 years (in 'Bn of each country's respective currency)



A healthy, proactive ECGD, is vital. UK exporters are competing for international orders with exporters from other industrialised nations whose ECAs were far from asleep during the last decade (see Graph 2 above for the last 5 years trend). Our competitor countries' ECAs continued to push ahead with aggressive agendas and a wide range of tools to support export. Most increased their turnover markedly, some by several hundred percent (see 12.2).

ECGD's traditional expertise facilitates exports for larger manufacturers and their supply chains. The UK exporting community has been calling for ECGD to provide cover where commercial insurers have no appetite.

The Trade White Paper confirmed the focus to be on support for SMEs, however the UK has a long way to go. The US and Germany should be seen as role models. Both these countries' ECAs have spent considerable energy, with clear results, in terms of SME support.

The UK has between 4 and 5 million SMEs, a large portion of whom do not export, but there are suggestions that there may be 100,000 SMEs that currently do not export but, if encouraged to do so, could increase productivity and be able to offer their UK customers lower unit values because of the extra turnover generated. There is a challenge in reaching these companies, and ECGD, along with UKTI, has a key role. ECGD burdens SMEs, and other business, with excessive demands in terms of documentation, a part of which is now overtaken by the Bribery Act 2010 which came into effect this July.



Although ECGD has increased its product range since last year, it has also withdrawn one, the Fixed Rate Export Finance scheme. This will disadvantage UK exporters by comparison with exporters from other countries because a government-supported fixed interest rate scheme (as per the OECD guidelines) can be necessary to be compliant with requests for financing when bidding for export contracts.

While ECGD offers more products, it still lags behind its main competitor countries' ECAs when it comes to the range of support for UK exporters.

Table 2: ECGD's product range evolution since BExA's 1st benchmarking paper

| Products | Short-term insurance | Export credit schemes | Fixed rate financing (CIRR) | Foreign exchange risk cover | Direct lending | Investment insurance | Bond support scheme | Unfair calling insurance | Letter of credit guarantee scheme | Working capital facility | Score (out of 10) | |
|--------------|----------------------|-----------------------|-----------------------------|-----------------------------|----------------|----------------------|---------------------|--------------------------|-----------------------------------|--------------------------|-------------------|-------------------|
| | | | | | | | | | | | ECGD | All ECAs' average |
| April 2010 | ✗ | ✓ | ✓ | ✗ | ✗ | ✓ | ✗ | ✓ | ✓ | ✗ | 5 | 7.11 |
| October 2011 | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | 7 | 7.28 |

The UK has slipped one place to 10th in world export rankings by volume. BExA believes there is a correlation between a nation's exports and the activities of its ECA. BExA has observed that, in countries of a similar economic size to the UK, an active ECA contributes to healthy exports overall. Other similar sized countries with an active ECA have a higher export ranking than their GDP ranking would suggest.

While the management of ECGD has a vision to expand, there would seem to be no strategy for efficiencies through outsourcing or sharing HQ costs. ECGD's ability to generate wealth for the UK is clear: each £1 of ECGD operating costs helps to generate £130 of UK-sourced orders (up from £85 in 2010) and all at no cost to the UK taxpayer. While this is a good trend, it is still way below the likes of Germany which outsources non-essential parts of its delivery.

Government should consider exporting as an economic enabler to maintain and create jobs. Its current, energetic, strategy will need to be maintained for a number of years, outliving the current Parliament. Furthermore, a number of factors will act as a drag on the UK's ability to grow its exports. These include:

- The economies of trading partners
- Bank lending constraints
- Bank liquidity for large contracts
- Regulation, including Basle III and Solvency II

ECGD has gone a long way in the 15 months since BExA's 1st benchmarking paper, however there is scope for further improvements. Meanwhile other ECAs are powering ahead with both innovation and increasing the export turnover that they insure.

We have made key recommendations at the end of this paper. In short, there have been positive developments at ECGD during the last 12 months, including the overall focus, the launch of new products and the improved mix of business, but there is more to achieve in terms of the detail, service, marketing, and product range. The UK Government needs to take a more entrepreneurial attitude to support for export.



3. BExA research

3.1. About BExA

The British Exporters Association is an independent, national, trade association established in 1940 to represent the exporters of capital goods and other products, and their service providers. Since its establishment, BExA has consistently taken a particular interest in matters relating to export credit insurance, trade finance and export finance.

January 2011 saw the commencement of Lord Green's role as Trade Minister. He presided over the introduction in late Spring of new export credit and finance products from the UK's Department for Business Innovation and Skills (BIS) and ECGD. BExA was, and continues to be, actively involved in the development, marketing and implementation of these facilities to suit all sizes of exporters, with particular reference to the needs of Small & Medium sized Enterprises (SMEs) and where commercially available solutions fall short in terms of appetite (as opposed to being refused on grounds of risk).

Some of BExA's other current initiatives include:

- Campaigning for UK Trade & Investment (UKTI) to change its fee structure so that its marketing services for SMEs are more appropriate to the winning of export orders rather than, as at present, invoiced up front.
- Distribution of BExA's comprehensive and practical 2011 Guide to Export Compliance
- Contribution to the 2011 EC Consultation on Credit Insurance
- Continuing contribution to the debate about the proposal to introduce a European Contract Law.
- Active involvement in Lord Green's strategy to get companies exporting.
- A Young Exporter of the Year Award
- Researching the numbers of jobs directly supported by members' exporting activities.
- Preparing for our 2012 half-day seminar.

3.2. About our research

BExA has conducted this research through accessing publicly available information. That ECGD is one of the most transparent ECAs makes our job in comparing it with other ECAs relatively straightforward. ECGD includes in its Annual Report¹⁴ a list of contracts underwritten during the year along with some detail for prior years.

BExA's 1st benchmarking paper was produced in July 2010, shortly after the release of ECGD's 2009-10 results and two months after the change in Government. In that paper, we outlined the serious shortfall in ECGD's offering compared with its peers in Europe, America and, where available, other OECD and industrialised non-OECD countries.

The intervening twelve months has seen renewed vigour at Government level for a re-balancing of the economy by encouraging exports. Export orders, none-the-less, have not been flooding in. This may be because the global economy has yet to pick up, because capital investments that were shelved during the recession are taking longer to be re-initiated (and thereby they are not sucking in related orders of consumables), or simply because most of the UK's traditional export markets are slow-growing. Clearly successful stimulation of exports is a long-term game and stakeholders should not expect measurable results in the short term or be in a rush to judge the model.

¹⁴ <http://www.ecgd.gov.uk/publications/plans-and-reports/annual-report>



4. Role of ECAs

ECAs distribute government support to their country's exporters in the form of export credit insurance and financial guarantees. Agencies can be government-owned or -sponsored, or the government facilities can be administered by private companies (typically credit insurers).

4.1. International framework

International agreements aim to prevent undue subsidies, and/or a credit race. The OECD "Arrangement on Guidelines for Officially Supported Export Credits" applies guidelines to the official support of credits longer than 24 months. Together with linked agreements on premium rates (the Malzkuhn-Drysdale Package), these Arrangements are intended to ensure that competition takes place via pricing and the quality of the goods exported, and not in terms of how much support a state provides for its exporters. Official support that is compliant with the Arrangement is recognised as a permitted exception to Article 3 of the WTO Agreement on Subsidies and Countervailing Measures which otherwise prohibits this form of export subsidisation.

The Arrangements do not extend to all exports: agricultural commodities and military equipment have different frameworks. Of the 33 Members of the OECD, 30 countries are members of the OECD's Export Credits Group (ECG), (Chile, Iceland and Israel being the absentees). Of the 30 ECG members, Ireland has no official export credit programmes. Whilst some non-OECD countries have observer status, they are not bound by the Arrangement (notably, the ECAs of China and India do not comply with them and there is little to suggest this will change anytime soon).

At EU level:

- Compliance with the Arrangement is incorporated into EU Community law and is therefore mandatory for all EU member countries as a result of Council Decision 93/112/EEC (as amended by Decision 97/530/EC)¹⁵.
- The European Commission, in particular DG Trade, plays a role in the harmonisation of ECAs and the co-ordination of policy statements and negotiation positions as a result of Council Decisions 73/391/EEC and 76/641/EEC. These decisions provide for prior consultations among member states on long term export credits. Member states may ask each other if they are considering finance of a specific transaction with official export credit support.
- EU members may not provide "State Aid" for intra-EU exports.

The International Union of Credit & Investment Insurers (known as the Berne Union) is an international organisation for the export credit and investment insurance industry.

Impact of Basle III on trade finance

There are many challenges facing the export finance community at present which could have a far reaching impact on the depth of this well established and mature product.

- **Basle III**

The Basle Committee on Banking Supervision introduced measures to strengthen the regulation, supervision, risk management and capital requirements of the banking sector in response to the financial crisis of 2008. Whereas Basle II focused on counterparty risk, ECA-supported assets attracting very low risk weightings, Basle III looks more at liquidity risk with no account taken for the quality of risk mitigation. The impact is that under Basle II, bank appetite for ECA-supported assets was almost unlimited, now banks are considering total lending volumes. High volume lending is looking less attractive.

¹⁵ <http://eur-lex.europa.eu/JOIndex.do>



- **Traditional Buyer Credits and Project Finance to become more expensive**

Project finance and the aviation sector are traditionally heavy users of ECA supported loans. As banks seek to meet the Basle III capital criteria they are becoming more selective around lending choices and there is clearly an upward impact on pricing.

ECAs that provide direct lending will enable the impact of Basle III to be minimal in relation to large projects. In section 6 we outline the impact of the Euro debt crisis on bank liquidity.

4.2. UK exporters' needs

Having considered the level of support available to exporters from the UK's main competitor countries, BEXA considers that ECGD support should be available where commercial financial institutions and insurers either have limited appetite or are offering exorbitant terms.

The ECGD product range should therefore at least include:

A. Short-term credit insurance cover for:

- A company's first export;
- Small value exports, individual exports or small export portfolios <£1m, whatever the destination;
- Very large exports where there is limited capacity in the commercial market: an ECA could take a share in a syndication led by a commercial insurer or provide reinsurance capacity to achieve the same result;
- Sales to 'non-marketable risk' countries such as non-OECD and to countries in Europe and the OECD that are temporarily non-marketable such as is currently the case for Greece.

The quality of such cover should be the best. A first time exporter or an SME needs a policy that is simple to understand, quick to put in place, affordable, and have minimal exclusions. The exporter needs all-round assurance that if there is insolvency, a political event, a natural disaster, licence cancellation or similar, then a claim will be paid if the policy terms have been adhered to. In particular, SMEs will need short claims waiting periods.

ECAs improve the number of alternatives available to an exporter. Indeed for instance a company that sells to OECD buyers may be protected by commercial risk-only credit insurance. If the company receives a single order from a non-OECD country, it can buy ECA cover (including political risk insurance) for that one risk, and avoid the need to move its whole portfolio to the small number of whole turnover insurers that offer both commercial and political risk covers.

B. Medium-term and long-term support (credit insurance and financing) for all export destinations in terms of:

- Traditional ECA-backed Buyer Credit, Supplier Credit and Project Finance facilities;
- Working capital support where there is limited appetite amongst banks or to add security that will provide stability of facilities to an exporter, either for individual contracts or for a committed export facility such as for the export element of foreign exchange;
- Bond issue support, supporting the guarantees and warranties necessary for capital and semi-capital goods exports;
- Fixed rate export finance;
- Tender to contract cover;
- Direct lending for very large contracts/projects.

The focus should be on creating and sustaining UK jobs. In our view, the UK Government should promote ECGD's role as being similar to that of the Export-Import Bank of the US (US Ex-im) which includes in its mission statement that it enables US companies - large and small - to turn export opportunities into real sales that help to maintain and create US jobs and contribute to a stronger national economy.



5. About ECGD

ECGD is the UK's official ECA. Whereas UKTI directly assists exporters in winning business, ECGD's role is to 'provide payment insurance and enable the export contracts to be financed'¹⁶. In this way, ECGD's credit and political risk protection helps UK exporters to win business by bidding attractive commercial terms, and undertake overseas contracts with confidence, including contracts that have extensive design and build phases.

ECGD provides:

- Insurance for UK exporters against non-payment by overseas buyers;
- Guarantees to facilitate the provision by banks of short, medium and long term finance of individual export contracts relating to the provision of UK goods and services; and
- Political risk insurance for UK companies making investments in overseas markets.

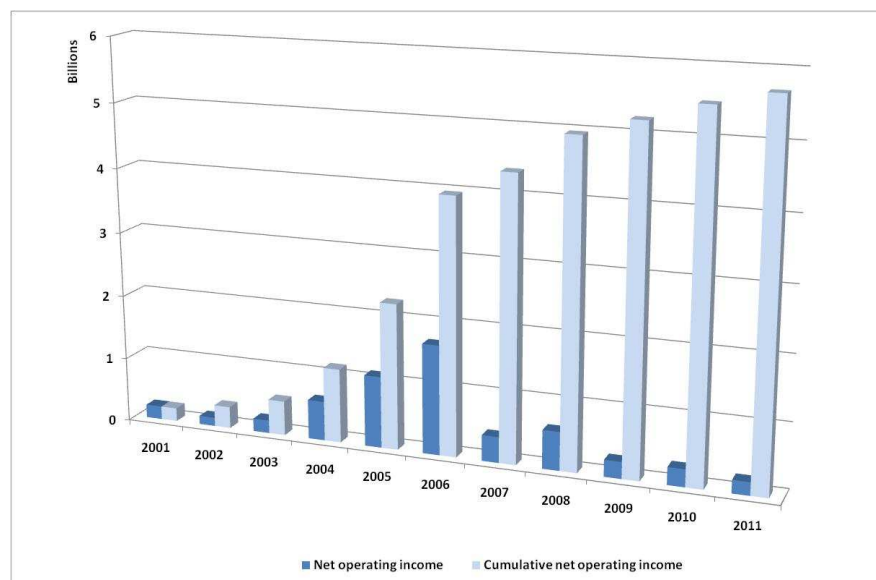
ECGD does not provide:

- Cover for exports to the EU and certain OECD countries where the manufacturing period and/or any period of credit given to the buyer total less than two years; and
- Cover for raw materials (e.g. agricultural products etc) and consumables (e.g. foods, clothing etc) unless it can be demonstrated that cover is unavailable from the private sector.

5.1. No net cost to the UK taxpayer

ECGD is funded entirely by the premiums it collects from UK exporters, banks and investors. Although its operations are guaranteed by UK taxpayers, ECGD has operated at no net cost to the UK taxpayers since 2000 (first year of publication of its Resource Accounts) and, indeed, has actually been a net contributor of over £5.5bn to the UK's Public finances (see Graph 3 below) over this period. Data available for Germany's ECA scheme operated jointly by Euler Hermes and PwC also show a positive net return although not as impressive as for ECGD.

Graph 3: Annual and cumulative net operating income since 2001



¹⁶ ECGD's statutory powers are set out in the Export and Investment Guarantees Act 1991 (as amended by the Industry and Exports (Financial Support) Act 2009).



| ECGD products as at October 2010 | ECGD new products launched Q1 & Q2 2011 |
|---|---|
| <p>Buyer Credit – Protection and finance support of medium term exports of capital goods, any overseas country. A 2+ year finance package is extended to the buyer. This may take the form of a Line of Credit.</p> <p>Supplier Credit – Medium term support provided via the exporter's sale contract, to a buyer (any overseas country).</p> <p>Short term insurance for capital goods exports (EXIP) For capital and semi-capital goods and services only – non-marketable countries¹⁷ only.</p> <p>Investment Insurance – protection for overseas capital investment and dividends.</p> <p>Letter of Credit Guarantee Scheme – support for a bank that confirms a letter of credit.</p> <p>Bond Insurance Policy – unfair calling cover of contract bonds where the contract is insured by ECGD.</p> <p>Fixed Rate Export Finance (FREF) – support for fixed interest rates on medium term bids and contracts (withdrawn March 2011).</p> | <p>Bond issue support – support for 50-80% of contract bonding line - any overseas country.</p> <p>Working capital support – support for 50% of working capital line for individual export contract.</p> <p>Short term insurance - all exports – non-marketable countries only</p> <p>Foreign Exchange Credit Support Scheme – in conjunction with ECGD's working capital support scheme.</p> |

5.2. FREF discontinued

To BEXA's great disappointment, ECGD ceased its FREF scheme on 31st March 2011, claiming it was little used and expensive to run. UK exporters are now unable to make eligible bids for large international contracts if a government-supported fixed interest rate credit is required. In such cases, a non-compliant bid will be immediately thrown out even if the bid is the most technically suitable.

ECGD's FREF scheme was expensive because ECGD was required by UK Treasury to hedge all exposure from the date a financing agreement was signed. This approach was detrimental as it was ignoring the fact that all drawings would of course either happen early or late for each financed contract. Moreover a commercial organisation would have undertaken a more realistic risk assessment, looking at interest rate patterns. Indeed, it has been calculated by a bank that historically, for ECGD's FREF portfolio, currency gains matched the losses. To a large extent, the number of FREF bids that eventually ended up with floating interest rates is a reflection of the success of UK trade finance banks whose alternatives were found by overseas customers to be more suitable.

Given ECGD's net positive operating income over the last decade BEXA is not satisfied with the cost related argument used to close the scheme. As far as we are able to establish, other OECD ECAs have generated either a profit or a no loss no gain result for their equivalent schemes.

¹⁷ The EU definition of marketable countries is EU, Norway, Switzerland, USA, Canada, Australia, New Zealand, Japan and Iceland. All other countries are deemed 'non-marketable'.



5.3. Benefits of ECGD new products

BExA's relentless lobbying led to this year's new ECGD schemes labelled 'pilots'. BExA is following up to ensure that the products will be improved gradually to suit both exporters and their banks once a usage pattern is established. Major identified benefits are as follows:

| | |
|---|--|
| Revitalised Export Insurance Policy (EXIP) | Export credit insurance for an individual contract at 95% indemnity. Exporters can access cover, and thereby trade finance, for a wide range of countries complementing the cover that is available from whole turnover insurers. |
| Bond Support Scheme | Opens up opportunities because the exporter can afford to bid for contracts that will require bid bonds, payment guarantees and performance bonds, i.e. it is no longer restricted by its bank bonding line. ECGD supports 50-80% of the bonding for a contract. |
| Export Working Capital Scheme | ECGD support enables the exporter to access pre-shipment working capital and or/receivables finance for a contract. |
| Foreign Exchange Credit Support Scheme | The ECGD support enables the exporter to negotiate forward exchange contracts to fix the conversion rate on exports in foreign currencies. |
| Letter of Credit Guarantee Scheme | This scheme has been made permanent. Using ECGD, a bank provides confirmation of payment under a letter of credit. |

ECGD can, for most products, accept up to 80% foreign content – largely thanks to BExA's lobbying in 2007.

5.4. Marketing the new product range

It was established in research by the British Chambers of Commerce (BCC)¹⁸ that, of 8,000 businesses surveyed, some 65% were unaware of the existence of ECGD. It is necessary to build the name and reputation of ECGD, especially amongst small business, young companies, and companies who are not being served adequately by the commercial insurance market.

- ECGD undertook a series of 'road-shows' in conjunction with Chambers of Commerce, banks and trade associations including BExA in order to get the message out about the new products.
- ECGD has been working with UKTI and various Chambers of Commerce plus the Institute of Chartered Accountants of England & Wales (ICAEW)¹⁹, British Bankers' Association (BBA)²⁰, Law Society²¹ and British Insurance Brokers Association (BIBA)²² to promote the new products to a wide range of audiences.
- ECGD now pays brokerage on the EXIP so brokers can introduce exporters to the cover, and ensure that it fits their demands and needs.

These initiatives are very valuable, but will take time to translate into new exports. Energy must not be lost in the marketing effort in order to reach the widest possible range of UK exporters and potential exporters.

¹⁸ http://www.britishchambers.org.uk/zones/policy/press-releases_1/bcc-international-trade-survey-shows-more-government-support-needed-for-uk-exporters.html

¹⁹ <http://www.icaew.com>

²⁰ <http://www.bba.org.uk/>

²¹ <http://www.lawsociety.org.uk/>

²² <http://www.biba.org.uk>



6. Analysis of ECAs products/solutions

6.1. Methodology

This is the second time that BExA has compared ECGD with ECAs around the world by allocating a 'point' for each key product or service available, and then comparing the resulting total scores. Where it was not certain whether or not a particular service or product was offered, BExA did not give a point.

On this occasion, BExA has limited its scoring to what are considered as six essential products and services that complement the traditional ECA medium term support (Buyer Credit, Supplier Credit and Project Finance). This basic offering is as follows (in no particular order of importance):

- Short-term export credit insurance
- Working capital facility / pre-shipment finance
- Foreign exchange fluctuation cover between bid submission and contract award
- Bond issuance support
- Fixed interest rate finance
- Direct lending for very large contracts

This highlights the range of products which ECGD should aspire to be offering in the future to ensure that, at the very least, an internationally level playing field is available to all exporters. It is not the objective of this research to comment on the usage or specificities of these products, but to act as a benchmark of what is and is not available to exporters.

In conducting the research BExA relied mainly on information that can be found on ECAs' respective websites and therefore the accuracy of such websites is an important factor in the accuracy of this research. Some information was obtained by contacting ECAs, either directly or through our banking sector members. Where ECAs rely on another government department or institution to provide a particular product or service (this is especially true for fixed rate financing), BExA took this dimension into consideration and the names of those organisations are indicated in Appendix 12.1.

6.2. Summary of results

The results for the 37 ECAs we have scored are as follows:

- Average score: 4 products out of a maximum of 6
- 14 countries scored 5 or 6 including Australia (5), Canada (6), France (5), India (6), Japan (5) and South Korea (6)
- 10 countries scored 4 including Germany, Italy and the US
- 13 countries scored 3 or below including the Netherlands and the UK

When looking just at the top 10 exporting countries in terms of trade (see Table 2 below), results are as follows:

- Average score of those 10 ECAs: 4.4 products
- All countries scored 4 or more except the Netherlands and the UK with 3

The products and services not offered by ECGD (namely fixed rate export finance, tender to contract foreign exchange risk cover and direct lending), are surprising in light of the fact that many competitor countries' ECAs still offer fixed rate financing and quite a few of them offer tender to contract cover (not the majority) and direct lending (60%).

Bond support is a form of working capital support which perhaps explains the gap in the product range of both Germany and the Netherlands in this respect.



Table 3: ECA range of services – Summary of results for top 10 exporting countries' ECAs

| Countries | Short-term insurance | Working capital facility | Foreign exchange fluctuation | Bond support scheme/ issuance | Fixed rate financing (CIRR) | Direct lending | Total |
|----------------|----------------------|--------------------------|------------------------------|-------------------------------|-----------------------------|----------------|-------|
| United Kingdom | ✓ | ✓ | ✗ | ✓ | ✗ | ✗ | 3 |
| Canada | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| China | ✓ | ✓ | ✗ | ✓ | ✗ | ✓ | 4 |
| France | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | 5 |
| Germany | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ | 4 |
| Italy | ✓ | ✓ | ✗ | ✓ | ✓ | ✗ | 4 |
| Japan | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | 5 |
| Netherlands | ✓ | ✗ | ✓ | ✓ | ✗ | ✗ | 3 |
| South Korea | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| USA | ✓ | ✓ | ✗ | ✗ | ✓ | ✓ | 4 |
| Total | 10 | 8 | 4 | 9 | 7 | 6 | |

The countries with the most exposure to currency variation, being those outside the Euro and Dollar zones are the UK, Canada, Japan and South Korea (China's Renmimbi being allied to the US Dollar). It is notable that both Canada and South Korea provide foreign exchange fluctuation cover for the tender to contract period. They also still offer CIRRs (Appendix 12.1 shows the full results of our analysis).

Syndications involving European Banks

An additional major challenge now which may impact upon export led growth is the current liquidity crisis within the European banking community where the 2011 Euro-zone sovereign debt crisis is adversely affecting liquidity in the banking sector. Some European banks have neither the willingness nor the ability to fund ECA supported transactions especially in US dollars.

All banks rely to a lesser or greater extent on wholesale funding in addition to traditional deposit taking in order to fund ECA projects. The uncertainty around the potential impact of sovereign debt rescheduling and in addition the potential size of the capital shortfall at Euro-zone banks has affected confidence and limited the interbank lending market. There has been a "flight to quality" in relation to traditional money market funds flow and deposit taking. This thinness in the interbank lending market is leading to drastically increasing cost of funds.

The increased cost of trade finance facilities will be passed on to buyers by banks accessing ECGD support for UK exporters. Many countries have direct funding schemes or refinancing options available for banks at times like these although the UK has so far refused to make anything available.

Those ECAs with well established direct or third party funding structures available (Scandinavia, Germany, USA, Canada) will be able to lower greatly the impact of the Euro crisis on their exporters.



7. SME support

7.1. UK Government's pledge

The House of Commons Business Select Committee, from its hearings on 'Rebalancing the Economy'²³ concluded that:

"ECGD has failed to support the wider business community, and in particular SMEs for far too long. It will have to make significant efforts to restore business faith in its operations and we expect it to demonstrate, in detail, how it is going to re-engage with all sectors of the economy and in particular with SMEs. Furthermore, we will expect the Department to prove, through regular publication of statistics, that ECGD is supporting more businesses from across the sectoral spectrum. (Paragraph 211)"

In February 2011, the Government's Trade White Paper "Trade and Investment for Growth"²⁴ outlined new products for ECGD:

"The Government will therefore increase the support available for all exporters, including SMEs, through an expanded and better-coordinated, package of products on a pilot scheme basis to supplement the trade finance and credit insurance products already offered by the Export Credits Guarantee Department (ECGD) and the private sector."

This resulted in extending the scope of an existing scheme and launching three new schemes, as outlined in section 5.

7.2. SME needs; ECGD shortcomings

In this section, we talk SMEs in its widest context, using the UK Government definition of companies with fewer than 250 employees. BIS has also another definition for Medium Sized Businesses²⁵ (MSBs). BIS reckons that only 10% of the UK's 5,000 MSBs turning over £25-50m already export. It is thought there is significant export potential in this size of business.

SMEs need to become aware of the existence of the new ECGD products. They also must be confident that Government support is simple to use, has minimal "small-print", is reactive to their needs and quick to set up. By contrast, ECGD forms, wordings and decision-taking processes are not designed for small businesses who may have limited experience of export. Shortcomings should immediately be addressed:

- Forms, to the extent that can be allowed by ECGD's legal status and the International Arrangements, should be simplified.
- EXIP should be revamped to overtly cover insolvency and provide adequate pre-credit cover.
- ECGD should outsource parts of its buyer information services to a commercial credit insurer to speed the credit limit decision-taking process.
- ECGD should have a simple 'tariff' of rates reflecting exporter risk, country risk, payment types and horizons to enable indications of pricing to be provided quickly. Short term contracts tend not to have long lead times.
- Bond Support should be improved to address the need for SMEs to provide 100% cash cover for performance bonds.

²³ <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmbis/735/73502.htm>

²⁴ <http://www.bis.gov.uk/assets/biscore/international-trade-investment-and-development/docs/t/11-717-trade-investment-for-growth.pdf>

²⁵ UK companies with a turnover between £25m and £500m p.a.



- SMEs should be able to insure sales to UK-based main contractors in export projects.

In relation to the EXIP only, ECGD now pays brokerage which facilitates access for exporters to professional support from brokers in organising and understanding the cover, however there is no similar arrangement for the other new facilities. SMEs are reporting that their local bank branches have no knowledge or experience of, and therefore no enthusiasm for, including ECGD products in export financing facilities.

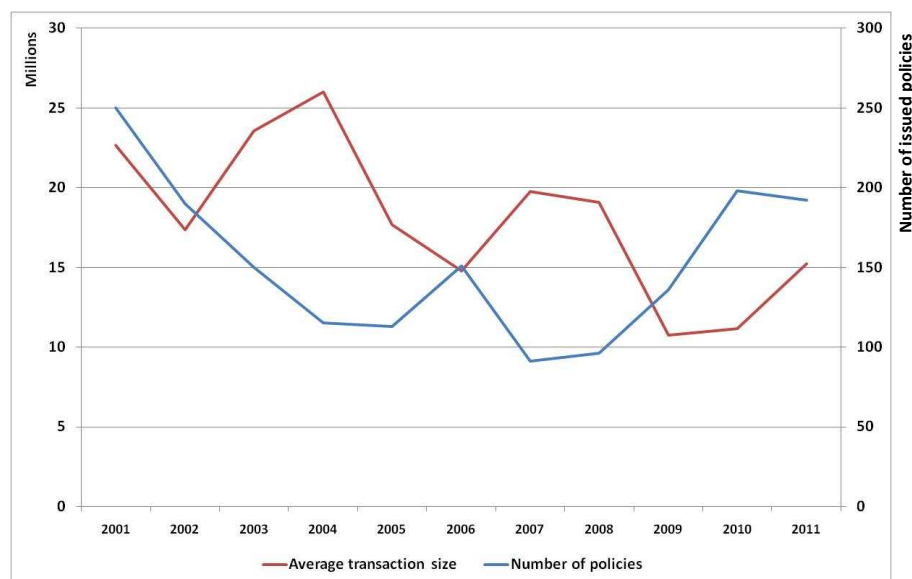
BExA continues to advocate the co-location of ECGD with UKTI which has the potential to produce savings in HQ functions as well as ensuring that UKTI marketing initiatives have in mind the risk and finance elements of winning orders.

The reorientation of Government business support for SMEs by BIS, UKTI and ECGD, must be sustained for a number of years if it is to have real and sustainable impact.

7.3. ECGD's number of issued policies and users

The average size transaction for ECGD (Graph 4) is still high at £15m and we need this figure to come down dramatically if we are to feel SMEs are being looked after. ECGD needs to implement many more policies and support facilities (only 192 policies were delivered in the year 2010-11). By comparison, Germany's Euler Hermes (see Graph 5 on following page) issued almost 1,400 single transaction policies amounting just over €20bn worth of support in 2010. In addition, some €11.5bn was provided for German SMEs on a whole turnover basis.

Graph 4: Number of ECGD policies issued and average size transaction since 2001 (£)



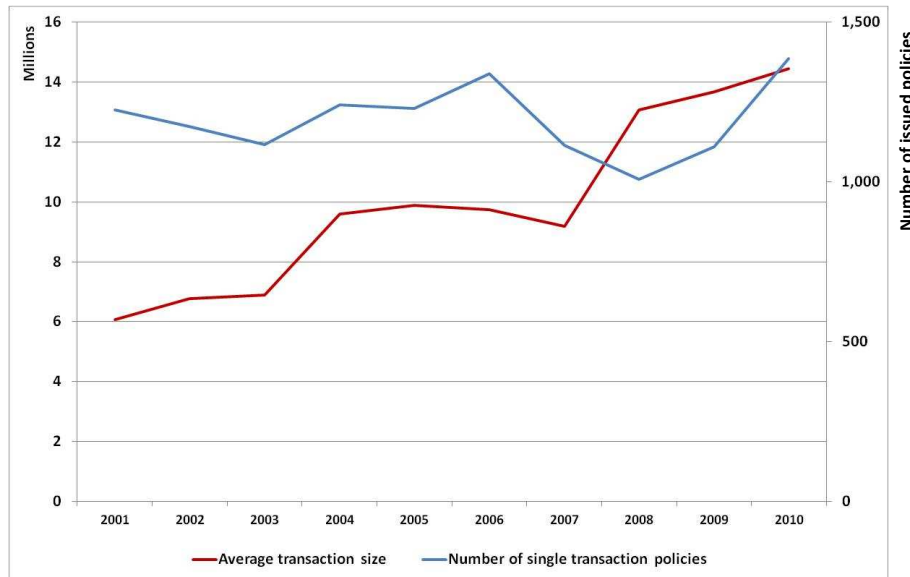
Taking into account only the single transaction policies issued by Euler Hermes, the average policy size is just over €14m for seven times as many policies issued as in the UK.

7.4. Successful examples of SME support

Germany's Euler Hermes supported almost ten times the volume of exports that were supported by ECGD in 2010 (€32.4bn). It received some 37,000 applications for cover in the same year out of which over 70% was for SMEs (defined as companies with up to 500 employees). In the US, US Ex-Im issued over 3,500 policies in 2010 meaning an average size deal of just under \$7m (£4.3m), 20% of the policies being issued to US SMEs. In 2010, a third of the transactions supported by Coface of France were for SMEs.

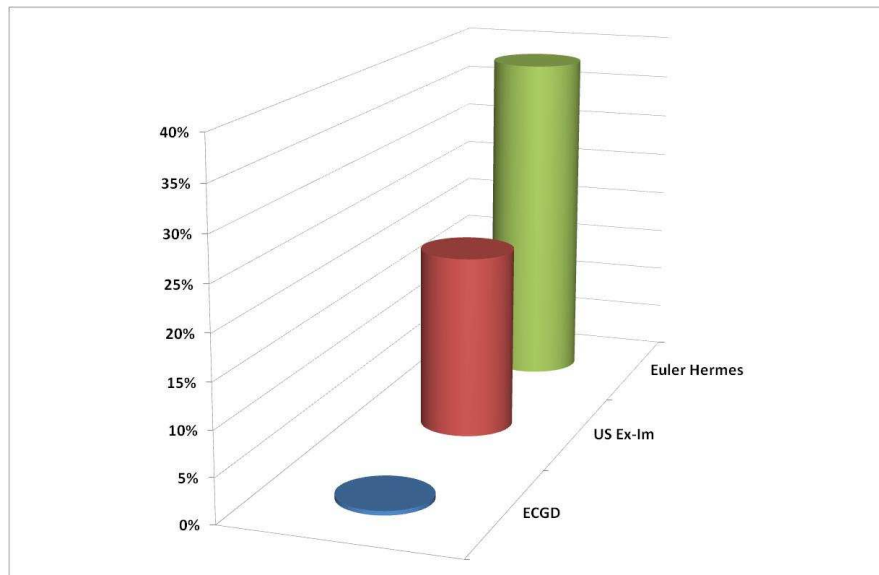


Graph 5: Number of Euler Hermes single transaction policies issued and average size transaction since 2001 (€)



By contrast, in its latest annual report, ECGD states that £7bn worth of indications were issued to 66 exporters out of which only 16 were SMEs (defined as companies employing 250 or fewer staff). When analysing the transactions supported in the past year one by one, one can see the mountain ECGD has yet to climb as less than 1% of its actual business volume (£10.6m) was actually for SMEs.

Graph 6: Supported business volume that is SME related vs Total business volume



US Ex-Im offers dedicated and eloquent support to its SMEs with products called Supply Chain Finance Guarantee, Express Insurance, Renewable Express, the Borrowers Transportation Freight Financing and the Multi-Buyer Export Credit Insurance programmes. In addition, US Ex-Im has sector-focused products such as the Medical Equipment Initiative and the Transportation Security Exports programme. It has a further dedicated support for green and medical industries, plus companies owned by veterans, women and minorities.



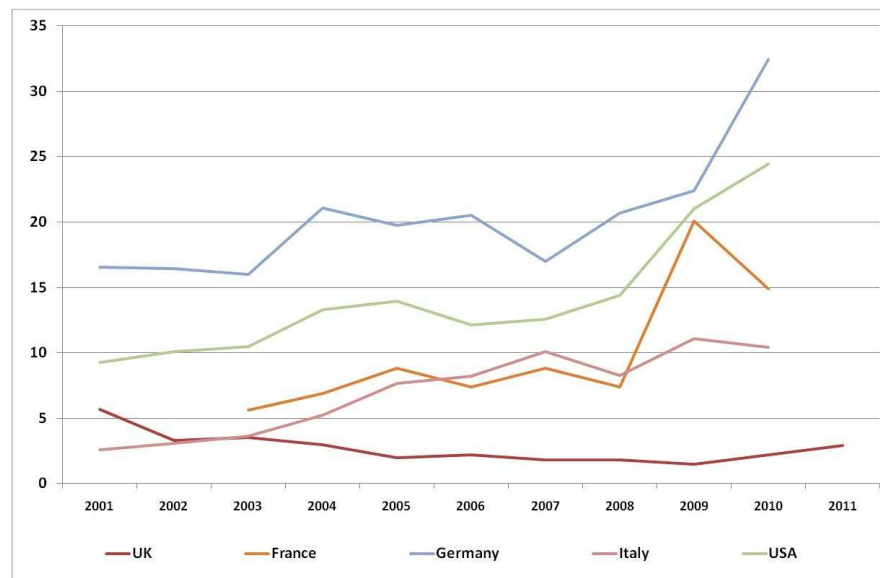
8. Analysis of ECAs' business volumes

8.1. ECGD vs other ECAs

Even though ECGD's latest results show year on year growth of 32%, there is still a long way to go to recoup the decline of the previous decade. ECGD's business volume in 2010 (£2.92bn) is only half what it was in 2001 (£5.66bn). Our immediate and most serious competitor countries in Western Europe, together with the US, increased their ECA-backed business volumes by an average of almost 200% over the same period.

The ECAs of some non-OECD countries are continuing to expand at a noticeable pace. India's ECA now supports \$27bn of exports. China's equivalent increased by 70% between 2009 and 2010 (to over \$200bn).

Graph 7: Comparison of selected ECAs' business volumes over last 10 years (in 'Bn of each country's respective currency)



The 'credit insurance crisis' of 2008-09 resulted in a temporary fall in appetite for short term export credit risks by commercial credit insurers. It would seem that the slack was taken up by our competitor ECAs.

The economic slowdown has led to a requirement to provide competitive commercial terms for all types of goods and services. This, together with the changing targets of the growth engines in the world economy to the more politically risky countries, leads to a definite role for ECAs. Timid attitudes towards more risky markets will not win business going forward, even if manufacturer/service provider's product/solution is of superior quality.

This trend is confirmed when looking at US Ex-Im's competitiveness report numbers (that are heavily adjusted but useful nonetheless to understand where each ECA stands)²⁶.

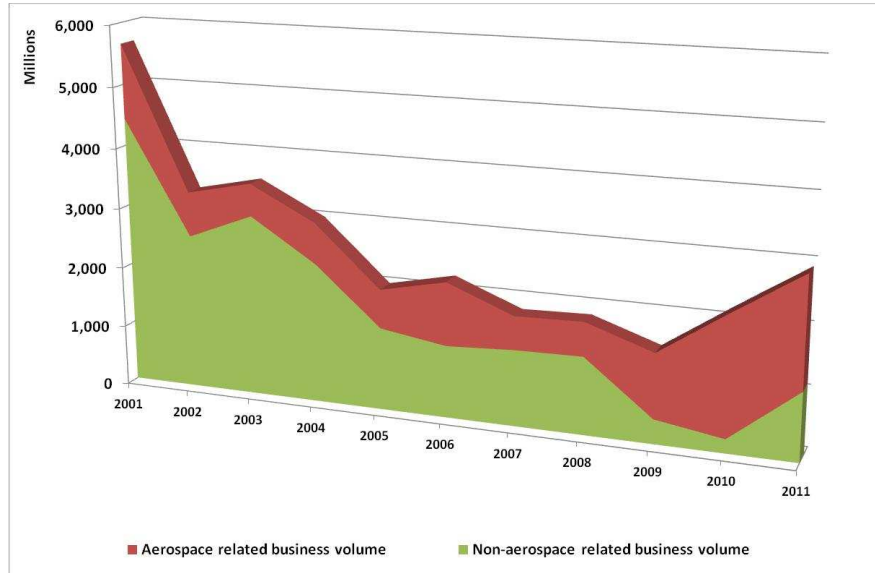
²⁶ http://www.exim.gov/about/reports/compet/documents/2010_CompetitivenessReport.pdf (page 25)



8.2. ECGD portfolio and the aerospace sector dilemma

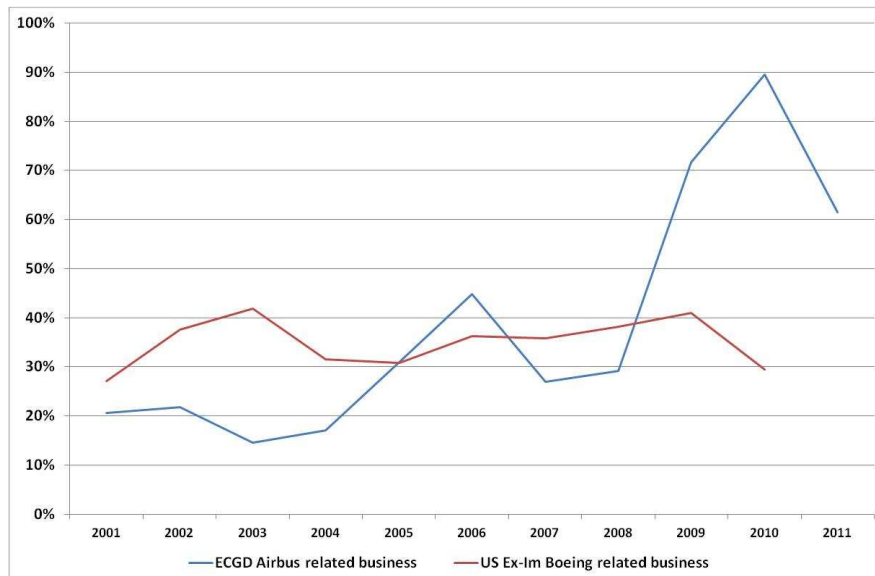
ECGD's 2010-11 results are showing an improved balance between industrial and aerospace business. ECGD's excellent aerospace team did not dilute its vital support for the wings and engines of Airbus aircraft last year but has increased support for non-aerospace transactions. BExA suggests that a healthy balance would be a ratio of aerospace to non-aerospace closer to that seen in the early 'noughties'.

Graph 9: ECGD's business volume related to aerospace sector vs other sectors (£'Bn)



By comparison, US Ex-Im, which supports the sales of Boeing aircraft, has a much broader base of business, around 30-40% being aerospace.

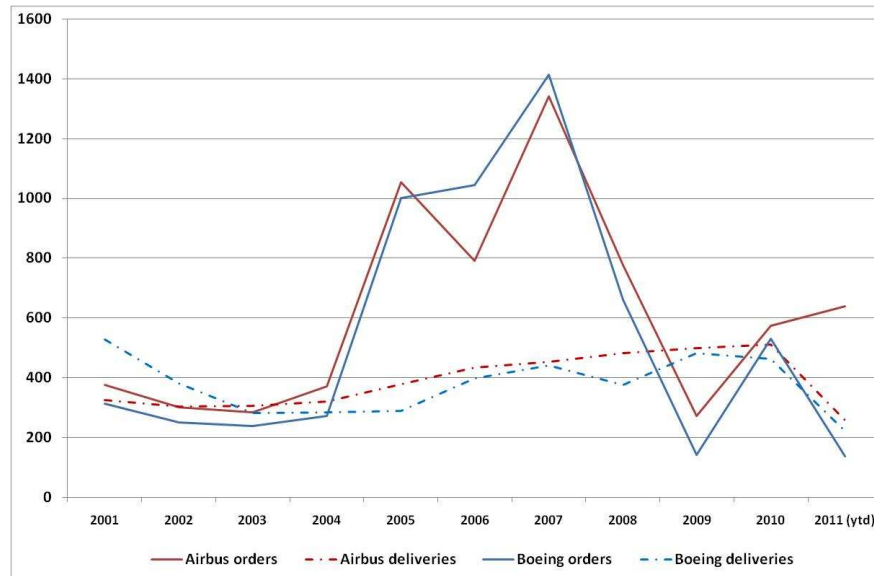
Graph 10: Share of Airbus/Boeing backed transactions out of total ECGD/US Ex-Im supported business



As a check to these statistics, Graph 11 reproduces the order and delivery patterns of Airbus and Boeing, and this shows that the volumes are very similar. Both sets of figures will be distorted by 'home market' sales. Furthermore, Rolls-Royce engines power aircraft produced by both manufacturers.



Graph 11: Airbus/Boeing respective orders and deliveries since 2001²⁷



It is vital that ECGD continues to support the UK element of Airbus (wings and engines). BExA suggests that ECGD's consistent, agile and effective support for the UK aerospace sector should be replicated for other sectors and of course SMEs.

²⁷ <http://www.airbus.com/company/market/orders-deliveries/> and <http://active.boeing.com/commercial/orders/index.cfm>



9. ECAs' impact on the economy

9.1. ECA-backed exports contribution to World trade

BExA compared the trade and GDP rankings of the world's top 10 exporting nations. The countries in our sample contribute 50.1% of the WTO's world trade total of \$14,920bn in 2010. China, Germany, the USA and Japan are clear leaders in terms of their economies and their exports.

It is clear that the UK's peers in terms of exporting (France, South Korea, Italy, the Netherlands and Canada) have higher world rankings by export volumes than their world GDP rankings. By contrast, the UK, which has the 8th largest economy in the world by GDP, is only the world's 10th largest exporter.

BExA compared the value of ECA support, in US dollars converted at current rates of exchange, with the total value of exports of those countries.

Table 4: 2010 world rankings for the GDP and ECA-backed exports of the 10 largest exporters

| Exports world ranking ²⁸ | Country | Total value of exports (\$'Bn) | ECA-backed exports | GDP world ranking | GDP (\$'Bn) |
|-------------------------------------|--------------------|--------------------------------|--------------------|-------------------|---------------|
| 1 | China | 1,506.0 | 7.96% | 2 | 9,872 |
| 2 | Germany | 1,337.0 | 2.22% | 5 | 2,960 |
| 3 | USA | 1,270.0 | 1.93% | 1 | 14,720 |
| 4 | Japan | 765.2 | 18.53% | 3 | 4,338 |
| 5 | France | 508.7 | 5.24% | 9 | 2,160 |
| 6 | South Korea | 466.3 | 31.13% | 12 | 1,467 |
| 7 | Italy | 458.4 | 3.21% | 10 | 1,782 |
| 8 | Netherlands | 451.3 | 0.70% | 21 | 680 |
| 9 | Canada | 406.8 | 20.34% | 14 | 1,335 |
| 10 | United Kingdom | 405.6 | 0.84% | 7 | 2,189 |
| | Sub-total | 7,575.3 | | | 41,503 |
| | Total world | 14,920.0 | | | 63,048 |

Data compiled w/c 1st August 2011

Note:

- India comes in 4th position when it comes to the GDP world ranking (\$4,000bn). We believe India will appear soon in the Exports world ranking (currently 17th) (\$225bn).
- Russia is 6th in terms of GDP (\$2,223bn) and 11th in exports (\$400bn)
- Brazil is 8th in GDP (\$2,172bn) and 24th in exports (\$202bn)

BExA contends that there is a relationship between an active ECA and export volumes generally. South Korea and Canada export similar volumes as the UK (£400-500bn p.a.), both have very active ECAs and both moved up in terms of their export ranking by comparison with last year, and have higher export rankings than their GDP would suggest. France and Italy display this characteristic to a lesser extent. The anomaly is Netherlands which has a tradition of export and whose statistics may be distorted by its role as a distribution centre for imports from the Far East to the European mainland.

By contrast, in 2010, the UK fell to 7th (from 6th) in GDP terms and to 10th (from 9th) in export ranking, with only 0.84% of the UK's exports supported by ECGD.

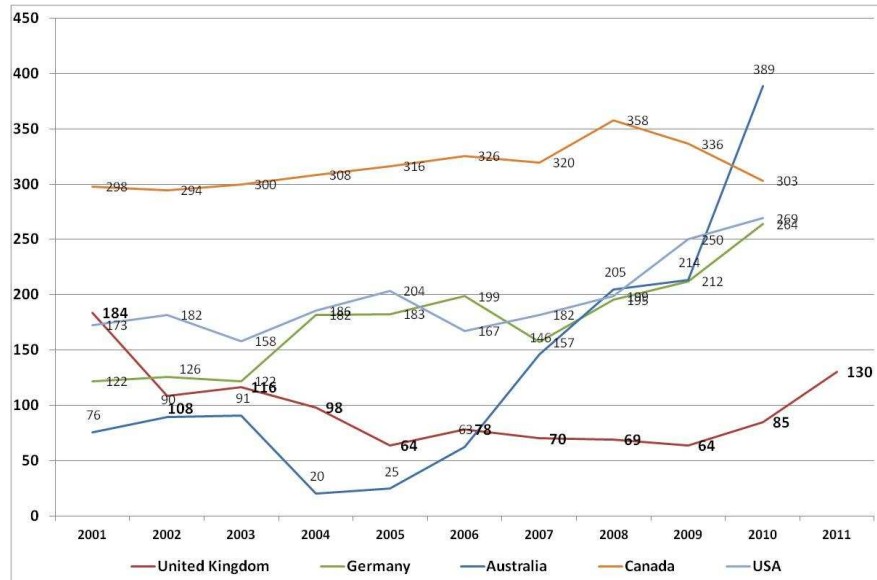
²⁸ <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>



9.2. Relative impact (value for money) of some major OECD ECAs

One method of calculating the value of an ECA is to work out how much business is generated per unit of operating costs. ECGD generates £130 of export orders for each £1 of operating costs (Graph 12) and at no cost to the UK taxpayers²⁹ (see Graph 13 on following page).

Graph 12: Selected ECAs' ratio of generated business volume vs operating costs



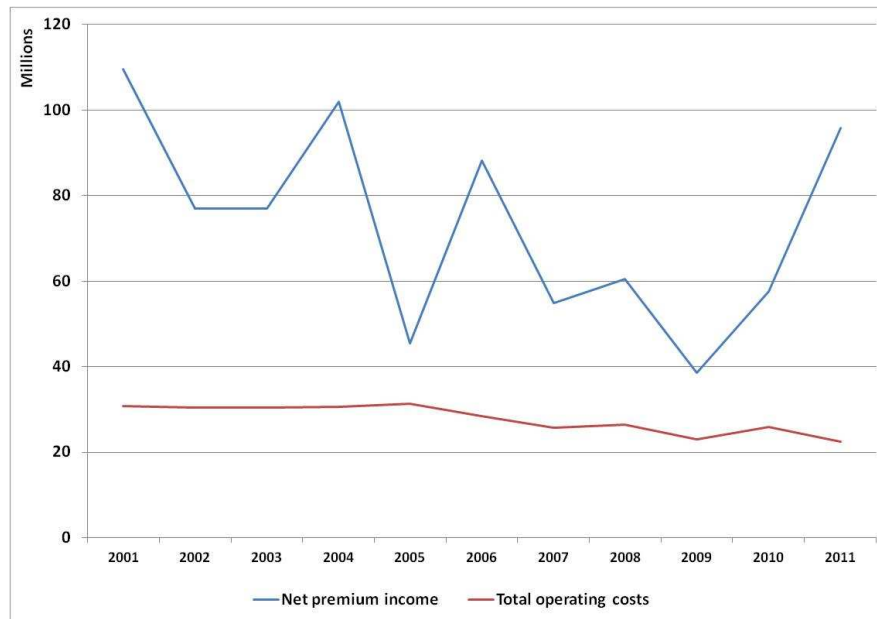
Even though this figure is positive and almost at its highest this decade, other ECAs are doing better. The ratios for some of ECGD's peers are at least double. For example, for every €1 of cost, Germany's Euler Hermes generates over €260 in exports. The difference may be explained in that ECGD does not outsource its back office or HQ, and because ECGD volumes are low. None-the-less, it would seem that ECGD is half as effective in terms of resource usage as its closest peer.

We recognise that the co-location of ECGD with UKTI has the potential to lead to a sharing of operating costs (HR, IT, finance, etc). We are however inviting the UK Government to take note of these very different figures in other countries so that it investigates further how it can improve service delivery for UK exporters and value for money for UK taxpayers.

²⁹ Since 2001, ECGD's premium income has always been higher than its operating costs (figures excluding claims and recoveries).

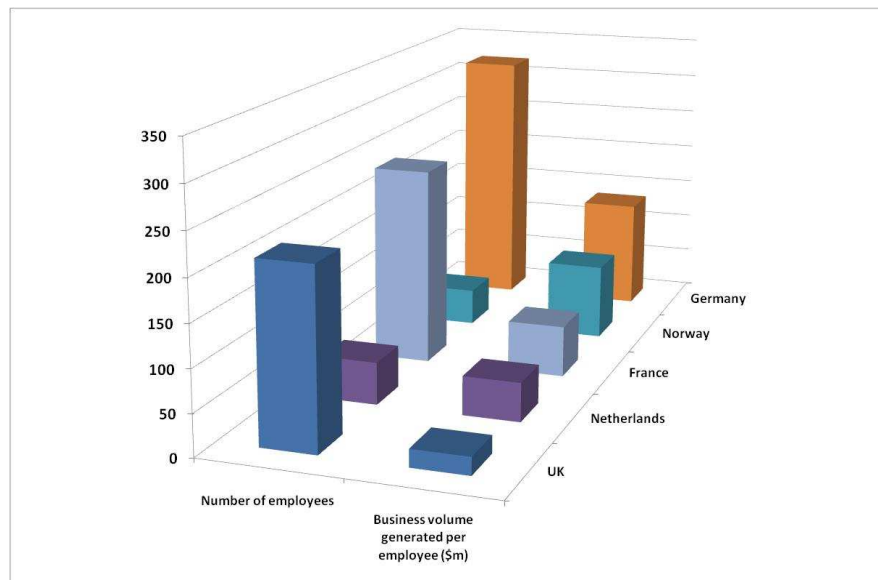


Graph 13: ECGD's net premium income vs operating costs (in £)



Another way to look at this is a comparison of the manpower deployed by other ECAs (Graph 14 presents publicly available data). With several hundred of employees each, ECGD, Coface and Euler Hermes/PwC are generating very different business levels.

Graph 14: Some OECD ECAs' generated business volume per employee (in \$m)





10. Administrative burden

Environmental, Social and Human Rights (ESHR) impact screening of applications for ECA support

The OECD Common Approaches requires ECAs to screen most applications for credit support in excess of 2 years if the contract value is greater than SDR10m (about £10m). Screening requires ECAs to categorise projects (A, B or C) and to undertake a full ESHR review for projects in Category A. ECAs can go beyond the requirements of the OECD Common Approaches³⁰.

Bribery & Corruption

All ECAs that are members of the OECD Export Credits Group are expected to comply with the *OECD Recommendation on Bribery and Officially Supported Export Credits* (ref. TD/ECG(2006)24)³¹ which, amongst other things, requires ECAs to inform applicants about the legal consequences of bribery, to obtain undertakings from applicants that neither they nor their agents have been engaged or will engage in the bribery of foreign public officials in relation to the relevant export, and to require applicants to disclose information about payments of commissions and fees to their agents.

Simplification of administrative procedures could facilitate greater use of ECGD, particularly by SMEs. Multinational exporters report that there is greater bureaucracy in the application process for ECGD than for the French and German ECAs, especially with regard to the completion of the Bribery and Corruption procedures, notwithstanding that all European ECAs are subject to the same OECD guidelines. For example, while the same number of forms and a single signature are required for an application to ECGD, Coface (France) or Hermes (Germany), the depth and breadth of the ECGD question set results in the need for review by five senior company executives while a Coface or Hermes application for the same product needs approval by only one such executive. ECGD also requests audits in addition to the representations made by these exporters whereas Coface and Hermes are able to rely on the representations themselves.

As of July 2011, all UK exporters now have to ensure their compliance with the UK's 2010 Bribery Act. It seems unnecessary for ECGD to ask such detailed questions about bribery in its application forms as were necessary prior to the implementation of the Act. Arguably, it should be sufficient for ECGD to ask applicants to confirm that they understand and are compliant with the Bribery Act.

³⁰ [http://www.oecd.org/officialdocuments/displaydocumentpdf/?cote=tad/ecg\(2010\)10/final&doclanguage=en](http://www.oecd.org/officialdocuments/displaydocumentpdf/?cote=tad/ecg(2010)10/final&doclanguage=en)

³¹ http://www.oecd.org/topic/0,3699,en_2649_34177_1_1_1_1_37431,00.html



11. BExA's recommendations

BExA's 2010 1st ECGD benchmarking paper concluded that ECGD should be re-engineered, be more proactive, and aim to be the "best-in-class".

11.1. Update on our 2010 recommendations

| Recommendations | Actioned? | Comments |
|---|-----------|---|
| <i>ECGD needs to be part of Government trade policy. Under the present Government, operating until recently in a benign economic environment, ECGD has been reviewed, cut and tied in regulation. We need it to be robustly supported and reinvigorated, to encourage exports while banks and credit insurers' appetites recover.</i> | Y | Government and UKTI strategy now includes ECGD. Noticeable communication between the two departments, expectation of co-location. ECGD has new products and marketing initiatives. |
| <i>Use the (ECGD) Business Principles consultation as a springboard for the re-invention of ECGD</i> | Y | ECGD new products; consultative approach. |
| <i>ECGD must widen its product range from only supporting capital and semi-capital goods/services – which is particularly valued by the aerospace sector – to all types of exported goods and services including those sold on short-terms of payment</i> | Y | Wide range of goods/services now eligible for short term (EXIP) cover. New finance products broaden ECGD's customer base. |
| <i>Government should obtain authorisation from the EU to write short-term export credit insurance and lobby to allow short-term support to be continued after the end of the current allowance for underwriting "non-marketable risk" at the end of 2010.</i> | N | UK Government took no action. EU consultation ³² now under way including whether 'non-marketable countries' are the most appropriate measure for defining eligibility for short term export credit support. |
| <i>ECGD should free-up front-line staff by outsourcing first-stage information gathering and credit analysis to commercial organisations.</i> | N | ECGD treats all applications - £m or £'000 – to the same assessment process; seemingly no moves to do otherwise. |
| <i>ECGD should reach out to SMEs, who neither have the knowledge of ECGD nor expertise in placing credit insurance cover for themselves, by enlisting the thriving (and FSA-regulated) UK commercial credit insurance broking network as a marketing arm to distribute its products and ensure that the cover is operating correctly.</i> | Y | ECGD has conducted roadshows with UKTI, Chambers of Commerce and others. Specialist credit insurance brokers now eligible for 10% brokerage, so exporters can receive assistance without additional fees. |
| <i>Consideration should also be given to combining ECGD with a commercial entity in order to make administrative savings. Such outsourcing is common amongst other EU ECAs.</i> | N | No action, either in outsourcing credit assessments to speed delivery or in combining HQ functions to reduce headcount. |

³² http://ec.europa.eu/competition/consultations/2011_export_credit/index_en.html



11.2. BExA's 2011 10-point improvement plan

In the coming months, BExA asks the UK Government and ECGD to strengthen its support for British exporters. ECGD should aim to be 'best in class'.

| | Initiatives/actions to be undertaken/delivered | Priority |
|----|--|-----------------|
| 1 | <i>Speed up the provision of indications of support.</i> | Very high |
| 2 | <i>In the spirit of the Government's "Red Tape Challenge", the voluminous paperwork required when applying for ECGD support should be streamlined (some of the bribery & corruption declarations, for example, became superfluous when the 2010 Bribery Act came into effect last July).</i> | Very high |
| 3 | <i>Ensuring that a direct lending facility is available in the event of market failure. It will take time to put in place so provision should be made as soon as possible. It will be too late if introduction is left until market failure occurs.</i> | Very high |
| 4 | <i>Introduce a form of Tender to Contract Cover following the demise of the commercial alternative. The new TTC should be user-friendly and meet the current needs of British exporters.</i> | High |
| 5 | <i>Improve awareness of ECGD amongst British industry. ECGD has engaged in an active programme over the past year. This should continue and be supplemented by a comprehensive marketing campaign.</i> | High |
| 6 | <i>Restoring the Fixed Rate Export Finance scheme.</i> | High |
| 7 | <i>Outsource first-stage information gathering and credit analysis/assessments to commercial organisations, as recommended in last year's BExA ECA Comparison paper. Use this to free-up front-line staff.</i> | Medium |
| 8 | <i>Support the full spectrum of British industrial exports, including, but not to the exclusion of other industries, those engaged in innovative green technologies.</i> | Medium |
| 9 | <i>ECGD documentation to be simpler and more comprehensive in terms of the extent of the cover/facility, and increase the speed of decisions in order to responds to exporter needs.</i> | Medium |
| 10 | <i>Lobby the EC to agree a better framework for export credit insurance so that there are no longer exemptions for first time exporters, small and very large value exports in relation to the so-called 'marketable' countries.</i> | Medium |



12. Appendices

12.1. ECAs' range of products and services

| Countries | ECAs/Other government agencies | OECD member | Short-term insurance | Medium/Long-term export credit schemes | Fixed rate financing (CIRR) | Foreign exchange fluctuation cover | Direct lending | Investment insurance | Bond support scheme/issuance | Unfair calling insurance | Letter of credit guarantee scheme | Working capital facility | Total |
|----------------|--------------------------------|-------------|----------------------|--|-----------------------------|------------------------------------|----------------|----------------------|------------------------------|--------------------------|-----------------------------------|--------------------------|-------|
| UK | ECGD | Yes | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | 7 |
| Australia | EFIC | Yes | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 9 |
| Austria | OeKB | Yes | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ | ? | ? | ? | ✗ | 4 |
| Belgium | ONDD | Yes | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✓ | 7 |
| Brazil | SBCE | No | ✓ | ✓ | ? | ? | ✓ | ? | ✗ | ? | ? | ? | 3 |
| Bulgaria | BAEZ | No | ✓ | ✓ | ? | ? | ✗ | ✓ | ? | ✓ | ✓ | ✓ | 6 |
| Canada | EDC | Yes | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 10 |
| China | Sinosure/China Eximbank | No | ✓ | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | 7 |
| Croatia | HBOR | No | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ? | ✓ | ✓ | 8 |
| Czech Republic | EGAP/CEB | Yes | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 9 |
| Denmark | EKF | Yes | ✓ | ✓ | ✗ | ✗ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | 7 |
| Finland | Finnvera/FEC | Yes | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 9 |
| France | Coface | Yes | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | 9 |
| Germany | Euler Hermes/KfW | Yes | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | 8 |
| Greece | ECIO | Yes | ✓ | ✓ | ? | ✓ | ✗ | ✓ | ✓ | ? | ? | ? | 5 |
| Hungary | MEHIB/Eximbank | Yes | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 9 |
| India | ECGC/Exim Bank | No | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ? | ✓ | ✓ | 9 |
| Italy | SACE/SIMEST | Yes | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | 8 |
| Japan | NEXI/JBIC | Yes | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 9 |
| Luxembourg | ODD | Yes | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ | ✗ | ✓ | ✗ | ✗ | 5 |
| Malaysia | Exim Bank | No | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | 7 |
| Mexico | Bancomext | Yes | ✓ | ✓ | ? | ✓ | ✓ | ? | ✓ | ? | ? | ✓ | 6 |
| Netherlands | Atradius | Yes | ✓ | ✓ | ✗ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✗ | 7 |
| New Zealand | NZECO | Yes | ✓ | ✓ | ✗ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | 6 |
| Norway | GIEK/Eksportfinans | Yes | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | 8 |
| Poland | KUKE | Yes | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ? | ✓ | ✗ | 7 |
| Portugal | COSEC | Yes | ✓ | ✓ | ✗ | ✓ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | 6 |
| Romania | EximBank | No | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ? | ✓ | ✓ | 8 |
| Slovakia | Eximbanka SR | Yes | ✓ | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | 7 |
| Slovenia | SID Bank | No | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | 8 |
| South Africa | ECIC SA | No | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✗ | ✓ | 8 |
| South Korea | KEIC/KEXIM | Yes | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | 9 |
| Spain | CESCE | Yes | ✓ | ✓ | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ | ✓ | 7 |
| Sweden | EKN/SEK/ALMI | Yes | ✓ | ✓ | ✓ | ✗ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | 8 |
| Switzerland | SERV | Yes | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | 7 |
| Turkey | Eximbank | Yes | ✓ | ✓ | ✗ | ✗ | ✓ | ✗ | ✓ | ✓ | ✗ | ✗ | 5 |
| USA | Ex-Im/OPIC | Yes | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | 8 |
| Total | | | 35 | 36 | 24 | 12 | 20 | 30 | 30 | 27 | 25 | 24 | |



12.2. ECAs' business volumes

| Country | Export Credit Agency | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Unit | Currency | Overall business volume trend |
|-----------------|----------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|---------|------|----------|-------------------------------|
| UK | ECGD | 5,662.0 | 3,298.0 | 3,532.0 | 2,991.0 | 1,995.0 | 2,230.0 | 1,798.0 | 1,830.0 | 1,460.0 | 2,206.0 | 2,924.0 | m | GBP | -48.36% |
| Australia | EFIC | 371.0 | 448.8 | 473.4 | 95.5 | 116.3 | 269.7 | 554.4 | 369.2 | 576.5 | 971.3 | | m | AUD | +161.81% |
| Austria | OeKB | 3,803.0 | 3,564.0 | 4,235.0 | 5,191.0 | 5,505.0 | 8,714.0 | 12,316.0 | 12,063.0 | 5,160.0 | 3,869.0 | | m | EUR | +1.74% |
| Belgium | ONDD | 6,679.0 | 7,573.0 | 7,372.0 | 8,922.0 | 12,317.0 | 14,671.0 | 19,866.0 | 28,163.0 | 19,235.0 | 22,575.0 | | m | EUR | +238.00% |
| Bulgaria | BAEZ | n.a. | n.a. | n.a. | 129.2 | 304.5 | 234.8 | 292.9 | 319.2 | 354.4 | 443.2 | | m | BGN | +243.03% |
| Canada | EDC | 44,347.0 | 51,240.0 | 51,860.0 | 54,903.0 | 57,544.0 | 66,091.0 | 70,022.0 | 85,819.0 | 82,769.0 | 84,616.0 | | m | CAD | +90.80% |
| China | Sinosure/Eximbank | n.a. | 3,372.00 | 6,364.00 | 15,098.00 | 21,213.00 | 33,807.00 | 43,409.00 | 67,679.00 | 119,853.00 | 201,930.00 | | m | USD | +5,888.43% |
| Croatia | HBOR | 2,105.0 | 1,001.0 | 1,551.0 | 1,308.0 | 1,445.0 | 2,216.0 | 2,312.0 | 1,701.0 | 2,500.0 | 2,140.0 | | m | HRK | +1.66% |
| Czech Republic | EGAP | 35,100.0 | 16,300.0 | 18,700.0 | 17,000.0 | 22,200.0 | 29,900.0 | 50,000.0 | 43,000.0 | 61,800.0 | 67,200.0 | | m | CZK | +91.45% |
| Denmark | EKF | n.a. | 4,855.0 | 6,945.0 | 9,600.0 | 12,700.0 | 12,550.0 | 8,970.0 | 10,192.0 | 13,700.0 | 9,000.0 | | m | DKK | +85.38% |
| Finland | Finnvera | n.a. | 837.4 | 1,345.6 | 1,111.3 | 2,645.5 | 1,297.9 | 764.0 | 3,844.9 | 3,759.8 | 2,642.4 | | m | EUR | +215.55% |
| France | Coface | n.a. | n.a. | 5,600.0 | 6,900.0 | 8,800.0 | 7,400.0 | 8,800.0 | 7,400.0 | 20,100.0 | 14,900.0 | | m | EUR | +166.07% |
| Germany | Euler Hermes | 16,563.0 | 16,434.0 | 15,989.0 | 21,067.0 | 19,773.0 | 20,552.6 | 16,970.8 | 20,683.0 | 22,379.6 | 32,462.5 | | m | EUR | +96.75% |
| Hungary | MEHIB | n.a. | 101,454.7 | 179,507.0 | 255,347.0 | 267,251.4 | 237,013.6 | 244,679.1 | 109,504.6 | 79,741.5 | 106,004.3 | | m | HUF | +4.48% |
| India | ECGC/Eximbank | 5,863.1 | 6,144.5 | 7,632.3 | 8,346.2 | 11,530.8 | 13,505.2 | 17,833.1 | 19,046.1 | 22,592.5 | 27,308.1 | | m | USD | +365.76% |
| Italy | SACE | 2,610.0 | 3,080.0 | 3,628.0 | 5,258.0 | 7,668.0 | 8,233.0 | 10,084.0 | 8,300.0 | 11,100.0 | 10,400.0 | | m | EUR | +298.47% |
| Japan | NEXI/JBIC | 12,085.2 | 12,565.0 | 13,030.9 | 12,679.1 | 14,187.2 | 16,532.2 | 11,213.1 | 12,420.8 | 11,564.1 | n.a. | | bn | JPY | -4.31% |
| Luxembourg | ODD | n.a. | n.a. | n.a. | 505.0 | 640.0 | 725.0 | 1,050.0 | 1,405.6 | 894.6 | 868.4 | | m | EUR | +71.96% |
| Malaysia | Exim Bank | n.a. | 884.0 | 1,077.0 | 1,478.0 | 1,577.0 | 1,759.0 | 2,699.0 | 2,493.0 | 1,788.0 | n.a. | | m | MYR | +102.26% |
| Mexico | Bancomext | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 2,844.0 | 4,312.0 | 3,000.0 | 3,037.0 | | m | USD | +6.79% |
| Netherlands | Atradius DSB | n.a. | n.a. | n.a. | n.a. | 2,300.0 | 2,400.0 | 4,100.0 | 3,000.0 | 2,400.0 | 1,800.0 | | m | EUR | -21.74% |
| Norway | GIEK | 2,680.0 | 3,562.0 | 3,238.0 | 3,521.0 | 2,980.0 | 4,889.0 | 11,400.0 | 15,222.0 | 16,640.0 | 24,205.0 | | m | NOK | +803.17% |
| Poland | KUKE | n.a. | n.a. | 737.6 | 1,366.6 | 1,295.9 | 1,460.4 | 1,476.8 | 1,787.5 | 670.3 | n.a. | | m | USD | -9.12% |
| Portugal | COSEC | n.a. | n.a. | n.a. | n.a. | 32.7 | 103.3 | 134.0 | 157.1 | 170.3 | 269.4 | | m | EUR | +723.85% |
| Slovak Republic | Eximbanka SR | 1,207.3 | 1,789.1 | 1,813.3 | 2,221.5 | 2,330.9 | 2,825.3 | 2,836.4 | 3,876.7 | 2,790.0 | 3,195.9 | | m | EUR | +164.71% |
| Slovenia | SID Bank | n.a. | n.a. | n.a. | n.a. | 388.7 | 402.2 | 530.2 | 914.0 | 952.5 | 1,440.1 | | m | EUR | +270.49% |
| South Korea | KEIC | n.a. | n.a. | n.a. | 62,900.0 | 73,200.0 | 82,700.0 | 91,600.0 | 129,802.0 | 164,960.0 | 187,400.0 | | bn | KRW | +197.93% |
| Spain | CESCE | n.a. | n.a. | n.a. | n.a. | 4,928.4 | 6,641.1 | 5,693.4 | 6,982.1 | 8,940.5 | 10,186.4 | | m | EUR | +106.69% |
| Sweden | EKN | 26,778.0 | 22,795.0 | 16,686.0 | 20,450.0 | 27,204.0 | 39,555.0 | 23,943.0 | 32,905.0 | 80,169.0 | 113,730.0 | | m | SEK | +324.71% |
| Switzerland | SERV | 2,102.0 | 1,952.0 | 2,201.0 | 2,338.0 | 1,513.0 | 2,527.0 | 3,537.0 | 2,904.0 | 3,529.0 | 3,588.0 | | m | CHF | +70.69% |
| Turkey | Eximbank | 2,929.0 | 2,833.6 | 3,122.0 | 3,594.2 | 4,181.0 | 4,274.5 | 4,707.3 | 5,083.7 | 4,673.7 | 5,088.7 | | m | USD | +73.74% |
| USA | Ex-Im | 9,241.5 | 10,119.2 | 10,507.2 | 13,321.0 | 13,936.2 | 12,150.5 | 12,569.4 | 14,398.9 | 21,021.1 | 24,467.8 | | m | USD | +164.76% |



13.Sources

| | |
|----------------|---|
| United Kingdom | http://www.ecgd.gov.uk/ |
| Australia | http://www.efic.gov.au/ |
| Austria | http://www.oekb.at/en/ |
| Belgium | http://www.ondd.be/ |
| Brazil | http://www.sbce.com.br/ |
| Bulgaria | http://www.baez-bg.com/ |
| Canada | http://www.edc.ca/ |
| China | http://www.sinosure.com.cn/ and http://english.eximbank.gov.cn/ |
| Croatia | http://www.hbor.hr/ |
| Czech Republic | http://www.egap.cz/ and http://www.ceb.cz/ |
| Denmark | http://www.ekf.dk/ |
| Finland | http://www.finnvera.fi/ |
| France | http://www.coface.fr/dmt/ruba_gen/indexa.htm |
| Germany | http://www.eulerhermes.de/en/products/products.html and http://www.agaportal.de/en/index.html |
| Greece | http://www.ecio.gr/ |
| Hungary | http://www.mehib.hu/ and http://www.eximbank.hu/ |
| India | http://www.ecgc.in/ and http://www.eximbankindia.com/ |
| Italy | http://www.sace.it/ |
| Japan | http://www.nexi.go.jp/ and http://www.jbic.go.jp/ |
| Luxembourg | http://www.ducroire.lu/ |
| Malaysia | http://www.exim.com.my/ |
| Mexico | http://www.bancomext.com/ |
| Netherlands | http://www.atradius.com/nl/en/dutchstatebusiness/ |
| New Zealand | http://www.nzeco.govt.nz/ |
| Norway | http://www.giek.no/ |
| Poland | http://www.kuke.com.pl/ and http://www.bgk.com.pl/ |
| Portugal | http://www.cosec.pt/ |
| Romania | http://www.eximbank.ro/ |
| Slovakia | http://www.eximbanka.sk/ |
| Slovenia | http://www.sid.si/ |
| South Africa | http://www.dti.gov.za/ |
| South Korea | http://www.koreaexim.go.kr/ and http://www.keic.or.kr/ |
| Spain | http://www.cesce.com/ |
| Sweden | http://www.ekn.se/ |
| Switzerland | http://www.serv-ch.com/ |
| Turkey | http://www.eximbank.gov.tr/ |
| USA | http://www.exim.gov/ |

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