



## BRITISH EXPORTERS ASSOCIATION

### **Government run agency least supportive of exporters amongst world's main trading nations**

**London [29] April, 2010** – Britain's government run export finance and insurance support body, the Export Credits Guarantee Department (ECGD), has fallen behind in world terms over the last decade, according to BExA research.

BExA describes the results as a major disappointment and is calling on the incoming Government to reinvigorate ECGD after the election by enhancing the marketing of its services to the UK's exporters and expanding its product range.

Most leading trading nations had a vision before the recession that exports should be actively supported, and during the recession most increased that support. The ECGD, by contrast, in 2008-09, issued just 136 policies and covered less than £1.5bn of exports. While this was very valuable support for major UK exporting industries and their many thousands of suppliers, ECGD has lost touch with the SME sector. The UK's 4.6m SMEs need help in developing their exports, especially in countries where there is a shortage of commercial capacity, for example in Russia, Ukraine and South America.

**Susan Ross, chairman of BExA and director of Aon Trade Credit commented:** "BExA has empirically shown through this research that UK exporters are at a distinct disadvantage to their EU counterparts.

"We constantly receive enquiries from exporters that are having to compete with EU exporters that clearly have more active support from their governments' Export Credit Agencies. We hope that the conclusion to the ECGD's most recent consultation<sup>2</sup> will be the first step in reversing the trend.

"The incoming government needs to understand that export credit underwriting, if managed properly, does not need to be loss-making. Indeed, by charging commercial rates of premium, the ECGD has made a profit for the last 10 years, which has been of direct financial benefit to British taxpayers. We are not asking the ECGD to take undue risk, only to underwrite exports where there is restrictive commercial appetite.

"Furthermore, the benefit of underwriting exports can be felt for years to come if there are follow-on orders and service contracts".

**- Ends -**

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<sup>2</sup> <http://www.ecgd.gov.uk/index/public-information/public-consultation.htm>



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### **Notes to Editors**

BExA is a politically independent national trade association representing the interests of the export community

ECGD, the Export Credits Guarantee Department, is the UK's official Export Credit Agency. ECGD's role is to benefit the UK economy by helping exporters of UK goods and services to win business, and UK firms to invest overseas, by providing guarantees, insurance and reinsurance against loss, taking into account the Government's international policies.



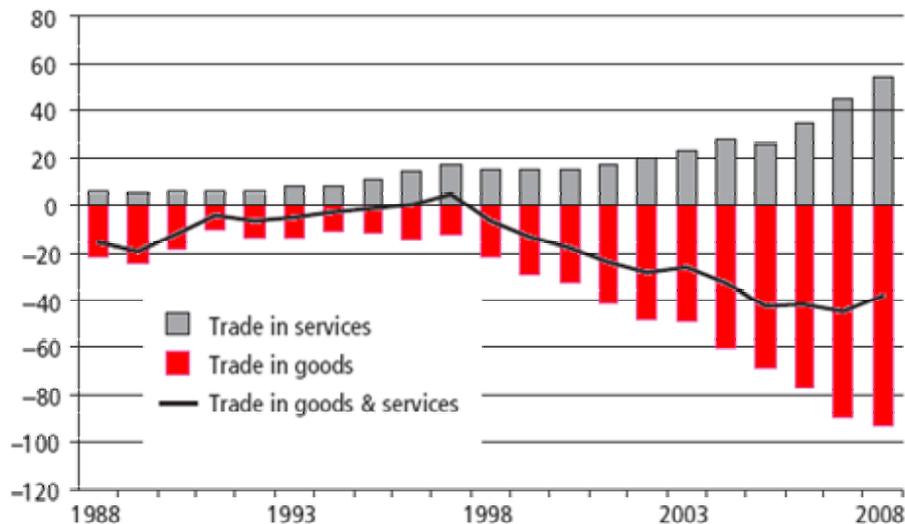
# Export Credit Agencies

## Government support for export

### ECGD benchmarking – April 2010

Since the start of this decade, the Export Credits Guarantee Department's ("ECGD") business has fallen markedly. At the same time, the UK's share of world trade has declined from over 4% to under 3% and our balance of payments deficit has been increasing.

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



The British Exporters Association ("BEXA") compared the trade and GDP rankings of the world's top 11 exporting nations and it is clear that the UK's peers in terms of exporting (France, Netherlands, Italy, Korea, Canada and Belgium) have lower GDP rankings while the UK, which has the 6<sup>th</sup> largest economy in the world by GDP, is only the world's 9<sup>th</sup> largest exporter.

BEXA compared the value of ECA support provided by the governments of the world's top exporting nations, both in actual figures and in US dollars, converted at current rates of exchange.

The countries in our sample contribute 53.5% of the WTO's world trade total of \$15,940bn in 2008, the last year when a complete set of data is available. The dip in world trade in 2009 affected all economies.



## 2008 world rankings for the GDP and ECA-backed exports of the 11 largest exporters

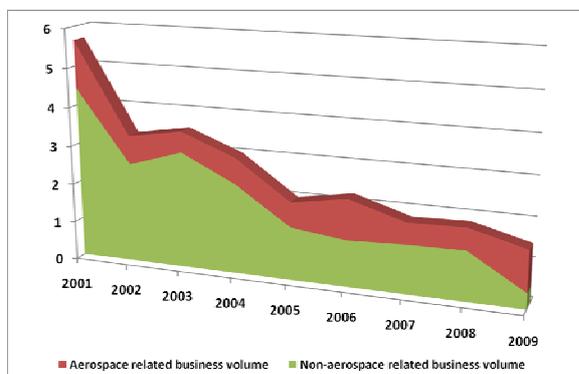
Exports world ranking	Country	Total value of exports (\$'Bn)	ECA-backed exports	GDP world ranking	GDP (\$'Bn)
1	China	1,429.6	4.39%	2	8,086.0
2	Germany	1,498.0	1.95%	5	2,959.0
3	USA	1,277.0	0.84%	1	14,610.0
4	Japan	746.5	8.97%	3	4,368.0
5	France	601.9	1.73%	8	2,158.0
6	Netherlands	531.7	Not available	22	681.0
7	Italy	546.9	2.14%	10	1,848.0
8	South Korea	433.5	10%	12	1,353
9	United Kingdom	466.3	0.57%	6	2,257.0
10	Canada	459.1	15.30%	14	1,318.0
11	Belgium	371.5	10.39%	30	393.2
	<b>Sub-total</b>	<b>8,551.9</b>			<b>40,847.4</b>
	<b>Total world</b>	<b>15,940.0</b>			<b>70,840.0</b>

The above table demonstrates that, for economies of a similar size to the UK, a strong ECA enables a country to export more than its 'fair share' of the world trade. This is especially true of Belgium and Canada and to a lesser extent of South Korea, Italy and France. Although the data of ECA-backed business is not available publicly for the Netherlands, we are aware that Atradius, the Dutch ECA, is a very active ECA which would explain the same trend. For Sweden, whose ECA (EKN), was named 'best ECA' in 2009 by Global Trade Review magazine, the same is also true: Sweden's world ranking was 34<sup>th</sup> in terms of GDP in 2008 and 27<sup>th</sup> in relation to its export volume. Its ECA supported \$4.6bn of exports in 2008, 2.5% of Sweden's total.

The opposite is true for the UK which is 6<sup>th</sup> in GDP and 9<sup>th</sup> in export ranking and only 0.57% of the UK's exports are supported by ECGD.

BExA argues that countries which have ECA export support higher up their agenda find that such support has a positive impact on their country's overall export performance. This feeds through to an overall increase in wealth for the country.

### ECGD's business volumes: aerospace sector and other sectors (£'Bn)



ECGD's business volumes have declined over the last decade. There is however reason to be hopeful: ECGD consistently and effectively supports the UK aerospace sector which has proved invaluable in maintaining the UK's share of the world market in aerospace. BExA believes this shows ECGD has the potential to provide similar

support for other sectors.



## Business volumes for main ECAs in 2008, in local currency and converted to US dollars

	ECA	Backed business (m) Local currency	Currency	Backed business (m) converted to USD
United Kingdom	ECGD	1,830.0	GBP	2,648.3
Belgium	OND	27,388.0	EUR	38,604.8
Canada	EDC	85,819.0	CAD	70,220.1
China	Sinosure	62,745.0	USD	62,745.0
France	Coface	7,400.0	EUR	10,430.7
Germany	Euler Hermes	20,700.0	EUR	29,177.7
Italy	SACE	8,300.0	EUR	11,699.3
South Korea	KEIC	59,862,000	KRW	47,604
USA	Ex-Im	10,763.0	USD	10,763.0

### Sources

United Kingdom	<a href="http://www.ecgd.gov.uk/index/products-and-services/overview.htm">http://www.ecgd.gov.uk/index/products-and-services/overview.htm</a>
Belgium	<a href="http://www.ondd.be/webondd/Website.nsf/weben/Products+and+services?OpenDocument">http://www.ondd.be/webondd/Website.nsf/weben/Products+and+services?OpenDocument</a>
Canada	<a href="http://www.edc.ca/english/insurance.htm">http://www.edc.ca/english/insurance.htm</a>
China	<a href="http://www.sinosure.com.cn/sinosure/english/products_short.htm">http://www.sinosure.com.cn/sinosure/english/products_short.htm</a>
France	<a href="http://www.coface.fr/dmt/ruba_gen/indexa.htm">http://www.coface.fr/dmt/ruba_gen/indexa.htm</a>
Germany	<a href="http://www.eulerhermes.de/en/products/products.html">http://www.eulerhermes.de/en/products/products.html</a> <a href="http://www.agaportal.de/en/index.html">http://www.agaportal.de/en/index.html</a>
Italy	<a href="http://www.sace.it/GruppoSACE/content/en/consumer/products/">http://www.sace.it/GruppoSACE/content/en/consumer/products/</a>
Japan	<a href="http://www.nexi.go.jp/e/ps/index_frame.html">http://www.nexi.go.jp/e/ps/index_frame.html</a> <a href="http://www.jbic.go.jp/en/finance/">http://www.jbic.go.jp/en/finance/</a>
Netherlands	<a href="http://www.atradius.com/nl/en/dutchstatebusiness/index.jsp">http://www.atradius.com/nl/en/dutchstatebusiness/index.jsp</a>
South Korea	<a href="http://www.koreaexim.go.kr/en/fservice/m01/s01_01.jsp">http://www.koreaexim.go.kr/en/fservice/m01/s01_01.jsp</a> <a href="http://www.keic.or.kr/english/index.jsp">http://www.keic.or.kr/english/index.jsp</a>
USA	<a href="http://www.exim.gov/products/index.cfm">http://www.exim.gov/products/index.cfm</a>
Countries' exporting data	<a href="https://www.cia.gov/library/publications/the-world-factbook/">https://www.cia.gov/library/publications/the-world-factbook/</a>
Pink Book	<a href="http://www.statistics.gov.uk/downloads/theme_economy/PB09.pdf">http://www.statistics.gov.uk/downloads/theme_economy/PB09.pdf</a>
WTO statistics	<a href="http://www.wto.org/english/res_e/statis_e/its2009_e/section1_e/i06.xls">http://www.wto.org/english/res_e/statis_e/its2009_e/section1_e/i06.xls</a>