



**BRITISH EXPORTERS ASSOCIATION**

# UK Export Finance

**Strategy and reality**

**October 2018**

BExA's 9<sup>th</sup> Annual Benchmarking, incorporating UKEF 2017-18 results

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**BExA**

## I Foreword

This is BExA's ninth annual benchmarking of UKEF. We benchmark UKEF against its peers in the knowledge that its ability to support the requirements to UK exporters is entirely dependent on the backing of UK Government.

UK Exporters are operating in a period of uncertainty while Brexit negotiations continue, and it is unlikely that any certainty will be forthcoming in the near future. We leave the EU on 29 March 2019 and this remains the single most important issue affecting the UK's ability to trade overseas in both goods and services. Increasing bureaucracy and complexity is not an acceptable solution for businesses, whether UK- or EU-based. BExA calls on both the UK Government and the EU to agree as frictionless a trade agreement as possible that covers both goods and services.

The continued growth and influence of the Department for International Trade in pushing the Trade Agenda is welcomed. BExA has been involved in the shaping of DIT's bold Export Strategy<sup>1</sup> and looks forward to working with DIT to make its recommendations a reality. Of particular interest to BExA is the improved 'whole government approach' including the increased cooperation with DfID which will bring advantages to UK businesses in accessing and financing overseas aid projects.

UKEF's results for 2017-2018 financial year show another solid year although with no real growth in volume or exporter numbers. Support was provided to more than 190 UK exporters selling to over 75 countries. Some 77% of these exporters were SMEs, continuing UKEF's ambitions to grow much needed support for these exporters although more work is needed to inform and engage this demographic.

Whilst UKEF is still considered one of the world's best Export Credit Agencies, some key issues need to be addressed to ensure UKEF can meet its own Business Plan as well as DIT's Export Strategy.

The Direct Lending product is a critical tool for UK capital goods exporters' success. It needs to remain fit for purpose and have sufficient headroom to service demand. BExA has been informed of mixed messages disseminated by Government officials surrounding the future of Direct Lending. Officials need to understand how Direct Lending enables the UK to compete for high value opportunities and the impact on the supply chain. UK Government must provide a consistent message: confusion causes real harm to UK business prospects in developing markets.

This is a critical time for the UK in terms of its position as a global leader in trade. BExA stands ready, as always, to work with DIT and other Government departments in a joined up approach for turning the aims of the Export Strategy into reality.

Marcus Dolman  
Co Chairman  
Large Exporters

Geoff de Mowbray  
Co Chairman  
SME & Micro Exporters

October 2018

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<sup>1</sup> <https://www.gov.uk/government/publications/export-strategy-supporting-and-connecting-businesses-to-grow-on-the-world-stage>

## II Summary of Recommendations

	<b>BExA's 2017 recommendations</b>	<b>2017 Out-turn</b>	<b>Summary of 2018 recommendations</b>
<b>N E W</b>			Ensure adequate capacity for the Direct Lending Facility. This critical tool must remain available for all exporters but particularly SMEs.
<b>1 Whole Government</b>	Plan trade agreements and energise strategy for export, especially SME.	Holistic Export Strategy announced by DIT in August 2018	DIT now needs to implement the aims and recommendations of the Export Strategy.
<b>2 UKEF</b>	Reintroduce fixed interest for bank-funded medium and long term credits.	UKEF confirmed fixed rate financing is available on long term credits but not at CIRR	Educate banking community on the availability of a fixed rate. Continue to develop and integrate seamlessly with Direct Lending.
<b>3 UKEF</b>	Interpret the rules similarly to other ECAs; lobby for better OECD Local Content rules to reflect modern trade.	UKEF now follows normal ECA practice, allowing local content to be added to financed amount rather than included within it.	Lobby for OECD Local Content rule improvements to reflect modern trade.
<b>4 UKEF + DfID</b>	Follow other countries and include UK exporters in DfID Aid projects.	Minimal progress. PMs recent remarks <sup>2</sup> hint at a softening attitude to tied aid.	Create a framework where UK exporters can easily get involved in DfID development projects.
<b>5 British Business Bank</b>	Increased regulation inadvertently disadvantaging SMEs. BBB should do what it says on the tin: banking.	No progress: BBB remains in background	SMEs are still disadvantaged in the banking market. The BBB is still the ideal vehicle to extend capabilities to fill this gap.
<b>6 UKEF for SME</b>	Continue developing working capital guarantees for SMEs including utilisation of direct funding.	Bank delegation launched but utilisation remains low. Review of eligibility criteria and facility size is underway.	Continue developing Working Capital Guarantees for SMEs including utilisation of Direct Lending
<b>7 UKEF for SME</b>	Sterling volatility combined with the need to sell in USD and EUR can leave SMEs in need of protection.	BExA reviewed UKEF's survey results and continues to assert that this product is required by small exporters.	Work with private market to cover SME FX risk in tradeable currency pairs without restrictive security requirements, i.e. avoid cash collateral covering amount and margin call.
<b>8 UKEF</b>	Introduce Plain English documentation, plus visible, faster delivery	No visible progress on documentation. Basic premium calculator now available on website	Introduce Plain English documents, plus visible and faster delivery. Make premium calculator more user friendly and accessible.
<b>9 UKEF</b>	UKEF lobby for Basel regulations to allow UK's capital exports to be eligible for same treatment as EU and US exporters.	No progress	UKEF lobby for Basel regulations to allow UK's capital exports to be eligible for same treatment as EU and US exporters.

<sup>2</sup> <https://www.reuters.com/article/us-safrica-britain/britain-will-use-aid-budget-to-boost-trade-in-africa-pm-may-idUSKCN1LD0KR>

## III Actions

### Whole Government Support for Exporters and Service Providers during Brexit negotiations, transition and beyond

**Co-ordinate the UK Government Departments for International Trade (DIT), Exiting the European Union (DExEU), International Development (DfID), Business, Energy and Industrial Strategy (BEIS), Foreign & Commonwealth Office (FCO) and HM Treasury (HMT).**

The recently published Export Strategy lays foundations for a whole Government approach and has a stretching target to make export 35% of GDP. BExA was actively involved in the development of the strategy and will continue to work with DIT and UK Government as a whole to encourage its conversion to reality. We are pleased to see this progress on the joined up approach to trade for which we have long been calling.

Of particular interest to BExA is the promotion of UKEF to exporters. If active marketing brings about the expected increase in utilisation then UKEF must be ready to handle the extra demand in both manpower and budget. HMT must plan how it will make available increased budget for UKEF products and country limits alike (compared with overall limit which is ~50% utilised). Work closely with the UK's financial services industry whose stakeholders (private insurers, banks and brokers) are key enablers in delivering the Government's Export Strategy.

The linkage of aid to trade takes on new meaning following the Prime Minister's remarks on her recent African trip. BExA is aware of examples where the absence of concessional lending was cited as the reason UK businesses were not selected on large infrastructure projects. This is not an acceptable situation. Closer ties between DfID, DIT and UKEF need to be urgently forged to allow UK exporters to access and finance overseas development projects in a timely and consistent manner.

We cannot ignore Brexit. BExA commends the Government for its excellent notes<sup>3</sup> encouraging businesses to plan while we are seemingly far from striking a deal. BExA calls on UKEF to do likewise for the risk and finance aspects of trade, both for private market and UKEF solutions. Financial services enable physical products to be exported on competitive credit terms, but seem to have been largely ignored in Brexit negotiations. We need trade to be frictionless for the good of both UK and EU businesses. Delays and tariffs will impact trade and also on company cashflows. Uncertainty is not good for business. Using trade to leverage political points is not acceptable and plays with the livelihoods of millions of UK and EU citizens.

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<sup>3</sup> <https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal>

## Refine Medium Term Products to improve take-up

### - **Direct Lending (DL)**

BExA understands the DL facility is being rationed as it nears its original £3bn limit leading to serious concerns about its future viability. DL funds projects where commercial funding is not available or is in short supply and is essential for SMEs in developing markets. DL adheres to UKEF's wider policies, supporting 85% of the export contract value where projects meet the minimum 20% UK content requirement in low liquidity jurisdictions.

The expiry of the DL banking panel widens the DL product to any experienced, competent bank or non-bank institution.

The accounting for DL utilisation has had unintended consequences. It seems DL liabilities remain on the UK balance sheet even if sold down under a UKEF guarantee. This is illogical. DL that has been sold down should be treated as a contingent liability and therefore off balance sheet similar to regular Buyer Credit liabilities, which would allow new facilities to be written while still adhering to the £3bn limit.

BExA calls for this accounting policy to be urgently reviewed. BExA also demands that the current limit of £3bn is increased to allow new business to be written whilst the above issues are resolved.

### - **Export Refinancing Facility (ERF)**

The ERF is currently inactive because of the depth of capacity in the lending market, but its value will be seen in the event of a financial downturn, especially if new banking regulation impacts on banks' abilities to provide long-term ECA lending. BExA believes that the ERF would become more useable if it could use the prevailing CIRR rate at the time of refinancing. France has a similar product via the state owned SFIL. SFIL funding takeout is available at day one of the loan commencement and is priced at the prevailing CIRR rate. Notwithstanding our comments regarding the usefulness of ERF in a depressed credit environment, a product offering similar to the SFIL offer would improve utilisation today and increase liquidity generally for capital goods exports.

### - **Capital allocation reductions under Basle regulations**

The relaxation of Basle regulations on capital allocation for ECA-backed transactions is welcome; however it is restricted to lending in the ECA's home currency. UKEF must lobby to widen the regulation since UKEF facilities are predominantly in USD or EUR, and without change, UK exporters will continue to be disadvantaged in comparison with European and US exporters. Capital projects will continue to be denominated in USD and EUR after Brexit.

### - **Local content rules**

The OECD Arrangements<sup>4</sup> restrict the amount of Local Content that can be included in an ECA financing to 30% of the exported value of the contract. We are pleased that UKEF confirmed that it now interprets the OECD local content provisions, and applies them, in line with other ECAs. UKEF should now lobby the OECD to review the 30% restriction since an increasing number of buyer countries have localisation requirements in excess of this amount, which reduces the financing available for the project as a whole.

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<sup>4</sup> [http://www.oecd.org/officialdocuments/displaydocument/?doclanguage=en&cote=tad/pg\(2016\)1](http://www.oecd.org/officialdocuments/displaydocument/?doclanguage=en&cote=tad/pg(2016)1)

## **UKEF Accessibility, Flexibility & Resourcing**

### **Simplified documentation, turnaround times, flexibility and resources**

BExA commends UKEF's improvement in the turnaround times on the issuance of "Expressions of Interest" and these are now generally provided in a matter of days.

We still need UKEF to review its documentation and cut unnecessarily legalistic wording. BExA understands that work is underway but we implore UKEF to adopt a Plain English<sup>5</sup> approach.

The inclusion of a premium rate calculator on the UKEF website is a welcome step, however further work is needed to improve the clunky interface and lack of corporate risk factors. BExA points UKEF to the premium calculator embedded on the Norwegian ECA, GIEK's website as an example of best practice in this area.<sup>6</sup>

### **Support for SMEs**

#### **Funding Working Capital and Bond Support, Access to Finance, Export Credit**

SMEs still struggle to access finance through their traditional banking relationships.

UKEF has several initiatives. Late 2017 saw the implementation of bank delegation for Bond Support and Working Capital guarantees with 5 domestic UK retail banks; Barclays, Lloyds, HSBC, RBS and Santander. Whilst this great initiative should make financing more accessible for SMEs, concerns remain about the delegation model, maximum exporter limit (of £2m) and documentation review requirements. There is no noticeable increase to date in the take-up by SMEs which adds weight to the reasoning for a review.

BExA commends the formation and proactiveness of the UKEF small deals team. This team is innovative and responsive. UKEF would do well to blueprint this team as a template for customer service.

BExA understands UKEF will shortly announce the first non-bank lender able to support supplier credits. This is a significant step in enhancing access to finance for SMEs and we look forward to a growing number of non-bank lenders able to support SMEs with UKEF products.

#### **Exchange rate risk**

This is a longstanding BExA request. We believe there is a need, notwithstanding UKEF's research into how SMEs manage this major exporting issue. Bibby Financial Services recent Trading Places Report<sup>7</sup> highlights that 67% of UK SME exporters have experienced negative Foreign Exchange fluctuations averaging £70k.

The bidding process ties a huge amount of resource and expense. Large businesses making foreign exchange bids may have 'natural hedges' based on their overall purchases and sales, but it is not realistic to expect an SME to be able to do the same, and external costs such as foreign exchange options are out of the question.

Foreign exchange fluctuation cover is available from France, Greece, India, Malaysia, Mexico, Netherlands, South Africa and South Korea. Many of these

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<sup>5</sup> <http://www.plainenglish.co.uk/>

<sup>6</sup> <https://www.giek.no/calculator/>

<sup>7</sup> <https://www.bibbyfinancialservices.com/about-us/news-and-insights/reports/2017/trading-places>

countries have fluctuating exchange rates and are therefore offering to protect exporters that are making fixed price bids in foreign currency. For example, a French company bidding in GBP to the UK would see the value of the export eroded as sterling declines. UK SMEs would benefit enormously from managing this major exporting risk and we call on UKEF to reconsider its position on providing this product within its portfolio.

## **Export Credit**

Current EU regulation prevents ECAs from covering short term trade to Europe, North America, Australasia and Japan. While the UK credit insurance market is very extensive, the on-boarding costs for an SME covering a first export, especially if the company is 'born export', can mean there are no suitable providers. Leaving the EU will allow UKEF to provide short term cover for all destinations.

### **BExA recommends:**

- Widening the role of the British Business Bank (BBB) to cover SME bank market failure including provision of clearing facilities for exports, delivery of working capital finance and medium term finance for projects up to GBP15m in value.
- Continuing work to allow more non-bank lenders and bond providers to access the UKEF guarantees.
- UKEF to provide payment risk protection for SME exports, including European, North American and Australasian destinations.
- UKEF to build on its ability to manage foreign exchange risk in 62 currencies and provide tender to contract exchange risk cover for SMEs.
- Building on the aims of the Export Strategy and have UKEF, DIT and DfID work together to give UK SMEs the widest range of opportunities and support for aid related exports.

## IV UKEF Benchmarking

### A. UKEF product mix analysis

Table 1: UKEF's product range evolution since the inaugural BExA 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)	
											UKEF	EU ECA's Average
July 2010	✗	✓	✓	✗	✗	✓	✗	✓	✓	✗	5	7.00
October 2011	✓	✓	✗	✗	✗	✓	✓	✓	✓	✓	7	7.25
September 2012	✓	✓	✗	✗	✗	✓	✓	✓	✓	✓	7	7.79
October 2013	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	8	7.88
October 2014	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	9	7.92
October 2015	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	9	7.86
October 2016	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	9	7.95
October 2017	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	9	8.05
October 2018	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	9	7.86

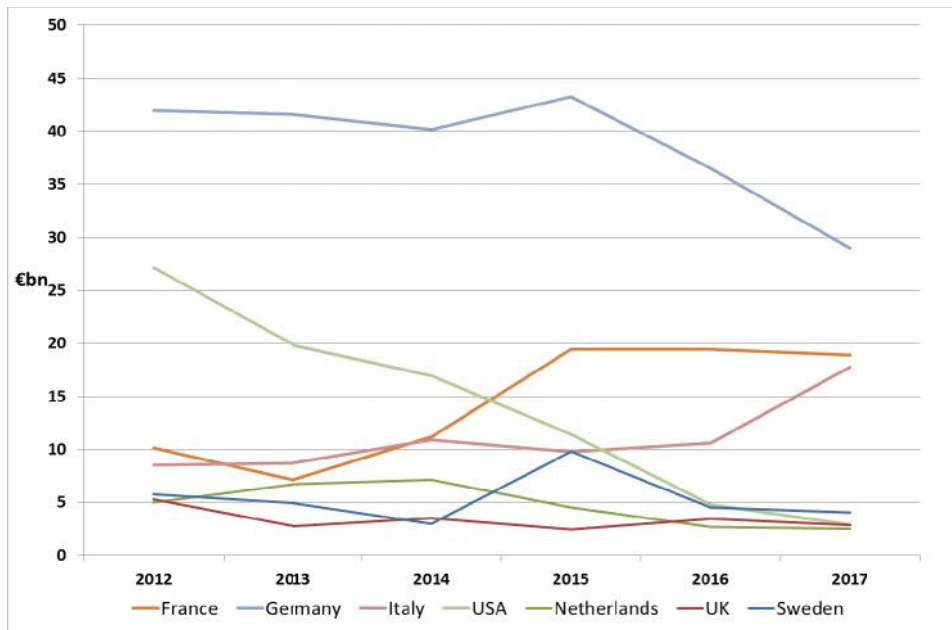
The continued absence of tender-to-contract foreign exchange risk cover (TTC) pegs UKEF's score at 9 out of 10. Availability and marketing of TTC would provide smaller exporters with comfort of being able to manage the risk of bidding in foreign currency.

The recently implemented changes to the availability of the Direct Lending product and no announcement to increase its capacity are putting a downward pressure on the overall score. It would be disappointing if, next year, we felt obliged to remove DL as an available product.



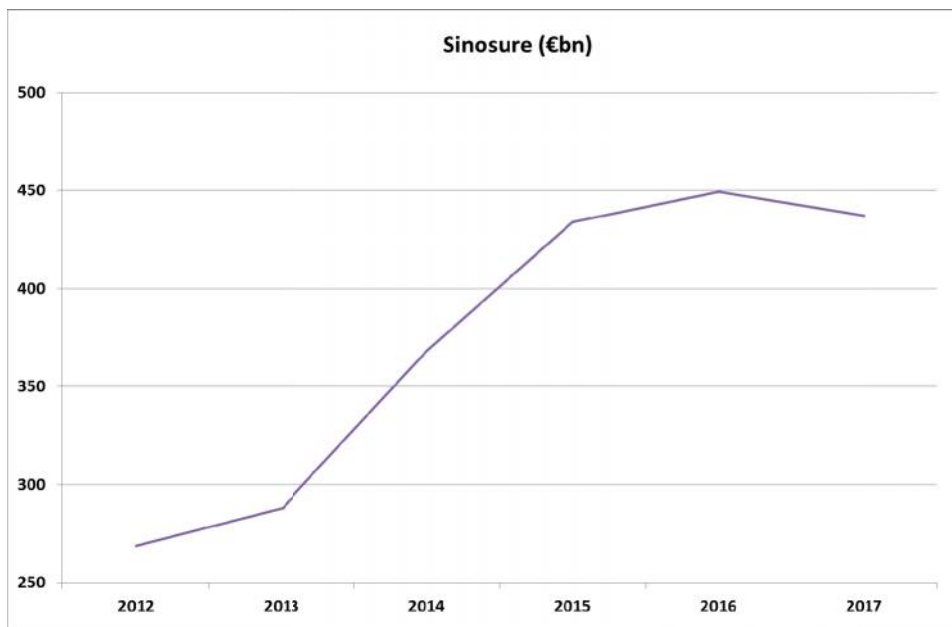
## B. How did UKEF do in the last 12 months?

Graph 1: Comparison of selected ECAs' business volumes since 2012



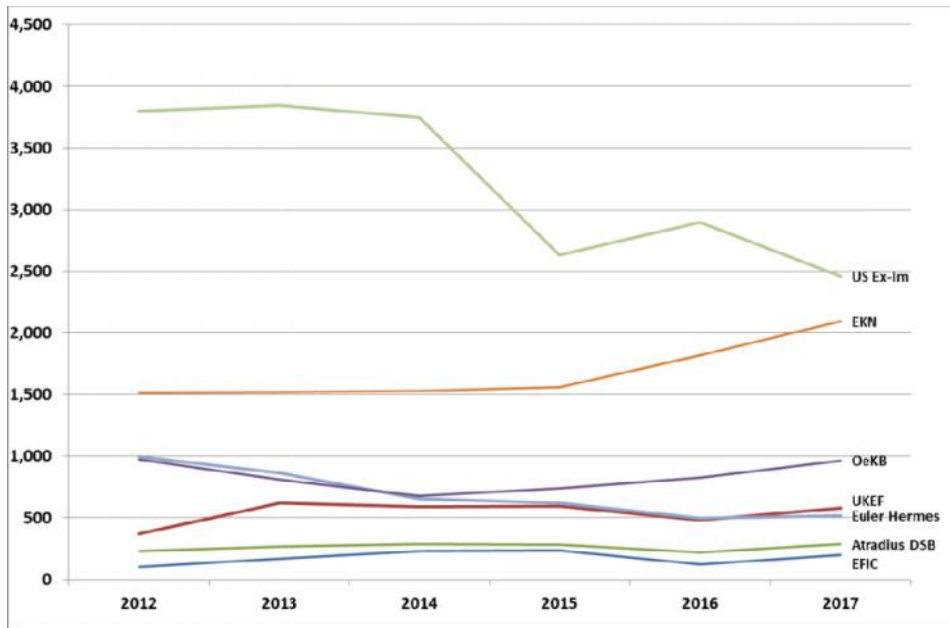
UK volumes have remained constant over the last five years showing consistent use of UKEF facilities. BExA expects this to grow as the Export Strategy is realised. US Ex-Im volumes continue to fall as it remains unable to support deals larger than USD10m. SACE volumes have dramatically increased, in part due to aggressive SME support and also a move into financing aircraft.

Any analysis of ECA volumes cannot ignore Sinosure who are out on their own as clear leaders in business volumes.



### C. Activity

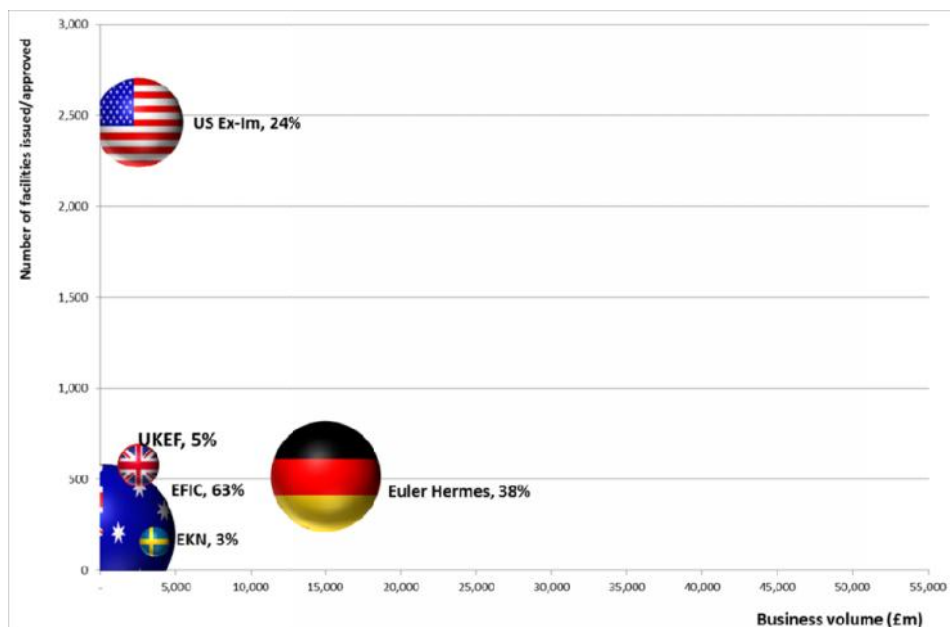
Graph 3: Number of issued guarantees/policies since 2010



UKEF transaction volume remains consistent and compares well with most European ECAs but clearly lags behind EKN whose already impressive business volumes have continued to rise.

### D. Engagement with SMEs and MSBs

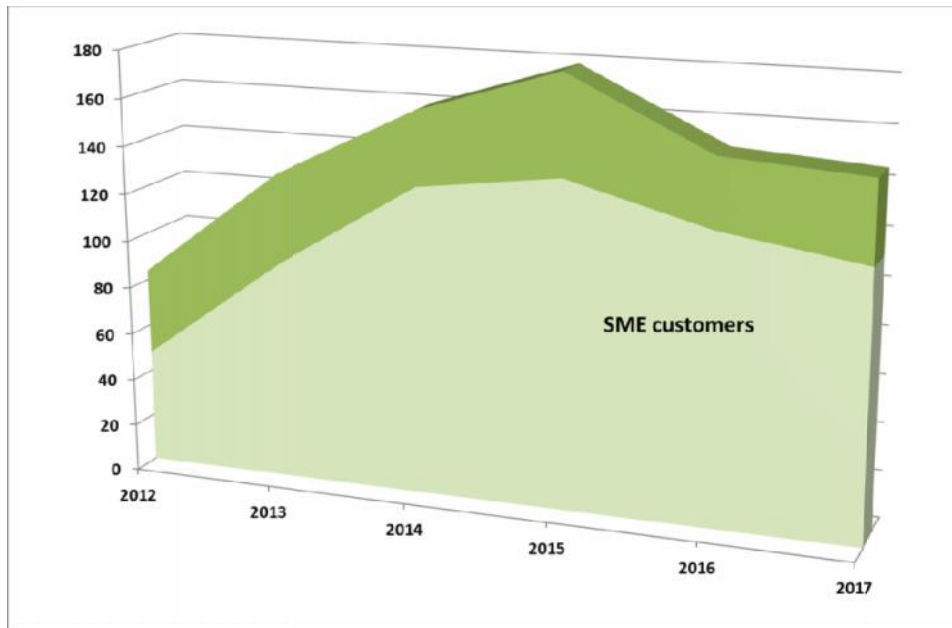
Graph 4: total business volume compared with the number of facilities issued/approved (size of bubble shows support given to SMEs compared to overall support)



The most notable change in this graph compared with 2016 is that UKEF's bubble has grown. This demonstrates that while other ECAs have similar SME support, UKEF has provided proportionately more of its support to smaller companies.

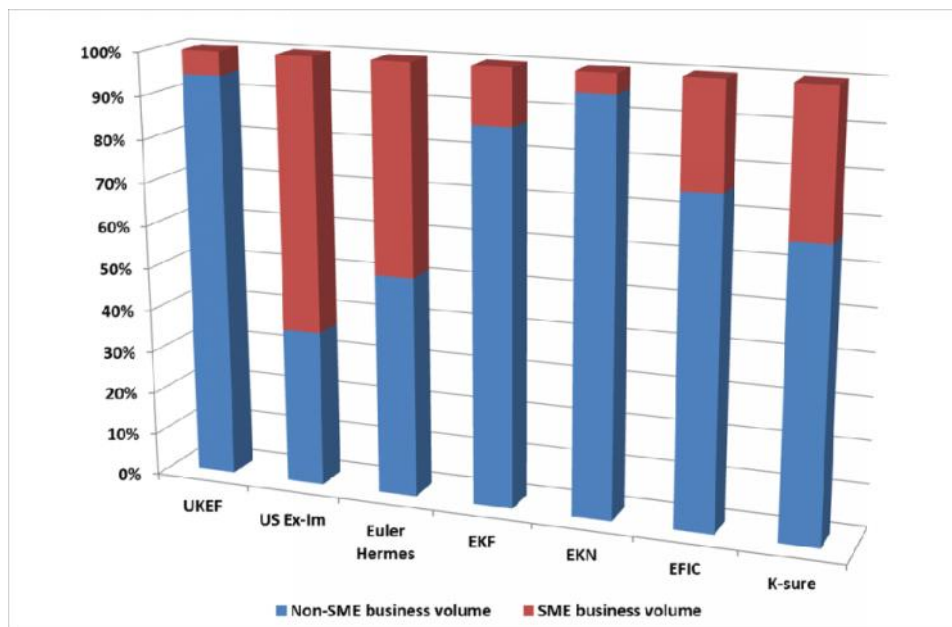
### E. Total number of companies supported, proportion of which are SMEs

Graph 5: UKEF supported companies



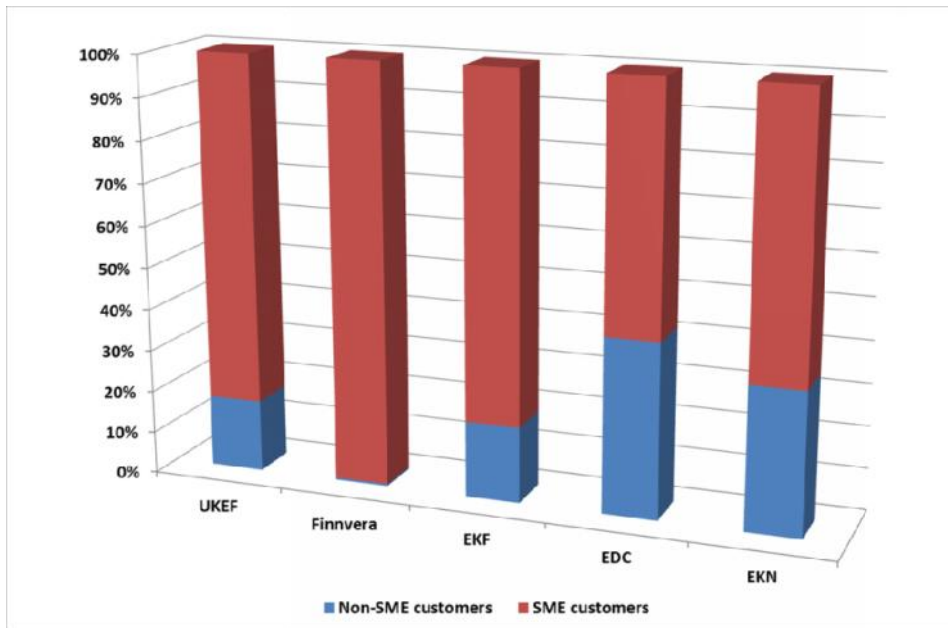
### F. SME business volume split during 2017

Graph 6: ECA volumes supported in 2017, split by SME/Non-SME



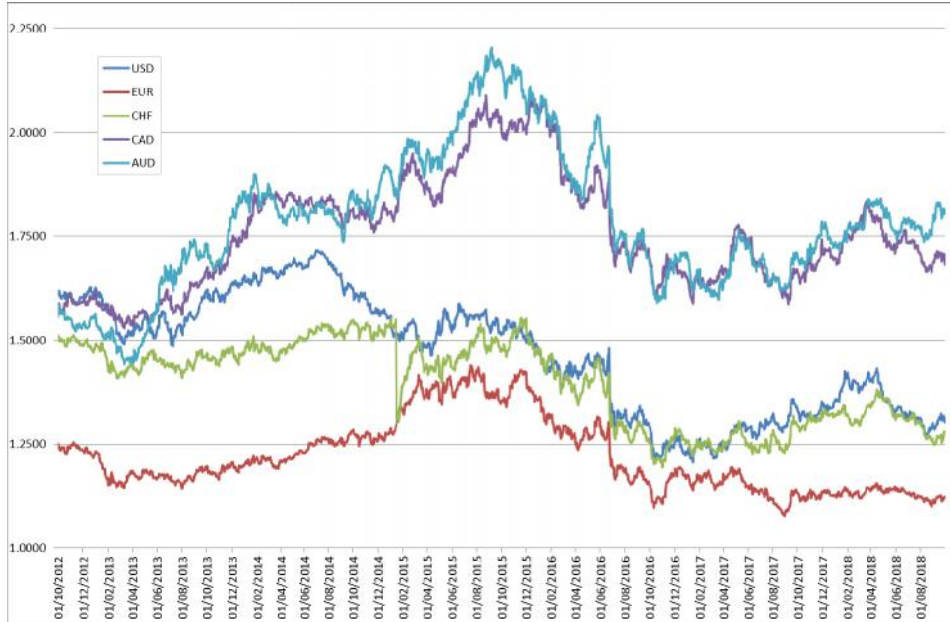
## G. Facilities provided to SMEs during 2017

Graph 7: ECA Facilities issued in 2017, split by SME/Non-SME customers



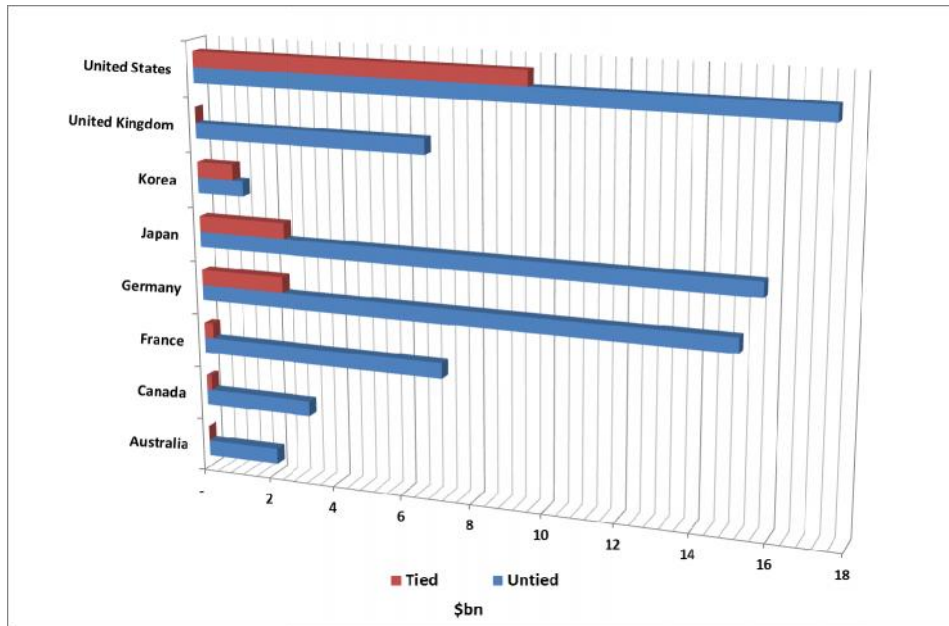
## H. Historical foreign exchange rate volatility vs. GBP

Graph 8: Previous 5 years daily closing Spot rate of sterling - source: Bloomberg



## I. Tied and untied aid

Graph 9: Comparison of tied vs un-tied aid provided by country in 2017



## V 2018 Developments

BExA's benchmarking for 2018 would not be complete without mentioning recent activity:

- Following on from the Brexit vote in 2016, the UK continues to try and negotiate an exit that works for the UK and the EU. With so many stakeholders this is proving difficult and has the added burden of being negotiated in the full glare of the UK press. Uncertainty for business is expected to continue up to the end of the Article 50 period and potentially beyond into any Transition Period.
- Donald Trump withdrew the United States from the JCPOA agreement in May 2018 and effectively closed the door on any export opportunities to Iran in the short to medium term. The world waits on a renegotiation between the US and Iran in order to unlock the current impasse.
- Despite many Presidential Orders, **US Ex-Im** still remains unable to authorise new business over USD10m due to the failure to pass the nomination for the 3<sup>rd</sup> required Board member through the Senate. It is now over 3 years since the US's Export Credit Agency was last fully operational.
- The worsening economic situation in Turkey and its uncertain political landscape is restricting available sources of liquidity for projects in the country.

## VI Appendices

### A. Glossary

<b>DIT</b>	Department for International Trade
<b>DG</b>	Director General
<b>EC</b>	European Commission
<b>ECA</b>	Export Credit Agency
<b>ECGD</b>	Export Credits Guarantee Department (now called UKEF)
<b>EFM</b>	Export Finance Manager
<b>EU</b>	European Union
<b>EXIP</b>	Export Insurance Policy
<b>LMA</b>	Loan Market Association
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>SME</b>	Small and Medium sized Enterprise
<b>SBEEA</b>	Small Business Enterprise and Employment Act
<b>TTC</b>	Tender to Contract (exchange risk) cover
<b>UKEF</b>	UK Export Finance
<b>UKTI</b>	UK Trade and Investment (now DIT)
<b>WTO</b>	World Trade Organisation

## B. ECA Product Ranges

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
United Kingdom	UKEF	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Australia	EFIC	Yes	✗	✓	✓	✗	✓	✓	✓	✓	✓	✓
Austria	OeKB/OeEB/Ex portfonds	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✗
Belgium	ONDD	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✗	✓
Brazil	SBCE/BNDES	No	✓	✓	✓	?	✓	?	✗	?	?	✓
Bulgaria	BAEZ	No	✓	✓	?	?	✗	✓	?	✓	✓	✓
Canada	EDC	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
China	Sinosure/China Eximbank	No	✓	✓	✗	✗	✓	✓	✓	✗	✓	✓
Croatia	HBOR	No	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Czech Republic	EGAP/CEB	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Denmark	EKF	Yes	✓	✓	✗	✗	✓	✓	✗	✓	✓	✓
Finland	Finnvera/FEC	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
France	Coface/BPI	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Germany	Euler Hermes/KfW	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Greece	ECIO	Yes	✓	✓	✗	✓	✗	✓	✗	✗	✗	✗
Hungary	MEHIB/Eximbank	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
India	ECGC/Exim Bank	No	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Italy	SACE/SIMEST/ CDP	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Japan	NEXI/JBIC	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Luxembourg	ODL/SNCI	Yes	✓	✓	✓	✗	✓	✓	✗	✓	✗	✓
Malaysia	Exim Bank	No	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓
Mexico	Bancomext	Yes	✓	✓	✗	✓	✓	✗	✓	?	✓	✓
Netherlands	Atradius	Yes	✓	✓	✗	✓	✗	✓	✓	✓	✓	✓
New Zealand	NZECO	Yes	✓	✓	✗	✗	✗	✗	✓	✓	✓	✓
Norway	GIEK/ECN	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Poland	KUKE/BGK	Yes	✓	✓	✓	✗	✓	✓	✓	?	✓	✗
Portugal	COSEC	Yes	✓	✓	✗	✗	✗	✓	✓	✗	✗	✓
Romania	EximBank	No	✓	✓	✓	✗	✓	✓	✓	✗	✓	✓
Russia	EXIAR	No	✓	✓	✗	✗	✓	✓	✓	?	✓	✓
Slovakia	Eximbanka SR	Yes	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓
Slovenia	SID Bank	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
South Africa	ECIC SA	No	✓	✓	✓	✓	✗	✓	✓	✓	✗	✓
South Korea	K-sure/KEXIM	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓
Spain	CESCE/ICO	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Sweden	EKN/SEK/ALMI	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Switzerland	SERV	Yes	✓	✓	✗	✗	✓	✗	✓	✓	✓	✓
Taiwan	Eximbank	No	✓	✓	✗	✗	✓	✓	✓	?	✓	✓
Thailand	Eximbank	No	✓	✓	✗	✓	✓	✓	✓	?	✓	✓
Turkey	Eximbank	Yes	✓	✓	✗	✗	✓	✗	✓	✓	✗	✓
USA	Ex-Im/OPIC	Yes	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Total countries providing this product			39	40	25	8	34	35	35	30	32	37

### Methodology

BExA sourced data from ECA websites, supplemented by some direct contact. Where an ECA relies on another government department or institution to provide a product, e.g. direct lending, BExA took this into account. A 'point' was allocated for each of 10 key products or services. Where it was not certain if a particular product or service was offered, BExA did not give a point.

## C. ECA business volumes since 2012

Country	Export Credit Agency/Other government agencies, banks etc	2012	2013	2014	2015	2016	2017	Unit	Currency	Description of figures considered
UK	UKEF	4,291	2,272	2,730	1,793	2,966	2,530	m	GBP	Business volume
	incl direct funding/lending			45	286	305	666	m	GBP	
Argentina	BICE	1,378	1,416	n.a.	n.a.	n.a.	n.a.	m	USD	Financing programs subtotal
Australia	EFIC	1,003	514	577	179	390	445	m	AUD	Value of facilities signed
	incl direct funding/lending	101	149	123	117	99.	72	m	AUD	Funded EFGs + Loans
Austria	OeKB	10,567	8,482	7,015	8,765	8,030	10,637	m	EUR	
	Guarantees	5,135	3,512	3,842	3,758	3,566	5,355	m	EUR	New guarantee contracts issued
	Export Financing Scheme	7,085	5,124	3,173	5,007	4,464	5,282	m	EUR	New commitments issued
Belgium	ONDD	7,612	6,860	13,964	10,721	6,306	n.a.	m	EUR	Amounts insured during the financial year (traditional + market activity)
Brazil	BNDES	156,000	190,400	187,800	135,900	88,300	n.a.	m	BRL	Total disbursements
Bulgaria	BAEZ	505	431	511	n.a.	n.a.	n.a.	m	BGN	Insured export
Canada	EDC	87,490	95,442	98,923	104,402	102,069	103,771	m	CAD	Total business volume
	incl direct financing			20,638	24,433	26,587	26,756	m	CAD	
China	Sinosure/Eximbank	356,932	402,143	454,314	n.a.	n.a.	n.a.	m	USD	
	Sinosure	354,830	396,970	445,580	471,500	473,120	524,600	m	USD	Total business insured and guaranteed
	China Eximbank	2,102	5,173	8,734	n.a.	rmb only	n.a.	m	USD	Export buyer's credit
Croatia	HBOR	2,560	6,520	4,600	1,540	1,440	1,728	m	HRK	Export transactions insured
Czech Republic	EGAP/CEB	98,300	71,957	57,282	44,541	33,920	47,092	m	CZK	
	EGAP	72,051	63,438	47,233	40,502	31,895	42,793	m	CZK	Insured volume (State support)
	CEB	26,249	8,519	10,049	4,039	2,025	4,299	m	CZK	Total new commitments for financing loans and issued guarantees
Denmark	EKF	29,431	32,700	15,222	14,098	13,885	11,507	m	DKK	Newly-issued guarantees
Finland	Finnvera	2,414	2,738	4,004	5,635	1,474	6,518	m	EUR	Guarantees that came into effect
France	Coface/Bpifrance	10,100	7,100	11,200	19,400	n.a.	18,900	m	EUR	Credit insurance new contracts
Germany	Euler Hermes/KfW IPEX Bank	41,957	41,590	40,151	43,232	36,515	28,962	m	EUR	
	Euler Hermes	29,057	27,890	24,751	25,832	20,615	16,862	m	EUR	New guarantees
	KfW IPEX Bank (lending)	12,900	13,700	15,400	17,400	15,900	12,100	m	EUR	New commitments
India	ECGC/Eximbank	704,356	718,075	778,964	n.a.	n.a.	n.a.	m	Crores	
	ECGC	246,626	269,512	279,254	n.a.	n.a.	n.a.	m	Crores	Value of business covered
	Eximbank	457,730	448,563	499,710	n.a.	n.a.	n.a.	m	Crores	Loans approved & Guarantees issued
Italy	SACE	8,500	8,700	10,900	9,750	13,174	17,738	m	EUR	New guarantees approved by the Parent Company
Japan	NEXI/JBIC	12,541	10,723	13,414	10,230	9,194	n.a.	bn	JPY	
	NEXI	8,300	8,517	10,165	7,833	6,955	n.a.	bn	JPY	Underwritten amount
	JBIC	4,241	2,206	3,249	2,397	2,240	n.a.	bn	JPY	loan, investment and guarantee commitments
Luxembourg	ODL	785	776	544	549	698	n.a.	m	EUR	Insured business (short-term+medium/long-term)
Netherlands	Atradius DSB	5,000	6,700	7,100	4,500	2,700	2,500	m	EUR	Value of policies issued
Norway	GIEK	15,179	24,169	20,666	16,281	16,710	11,801	m	NOK	New policies (new liabilities)
	ECN	24,217	23,237	25,117	17,863	10,121	3,418	m	NOK	New disbursements
Poland	KUKE	987	1,203	3,082	2,442	n.a.	1,255	m	USD	Export insurance backed by the State
Portugal	COSEC	359	269	240	n.a.	n.a.	n.a.	m	EUR	State guaranteed issued policies
Russia	EXIAR	14,000	73,000	n.a.	n.a.	n.a.	n.a.	m	RUB	



<b>Slovak Republic</b>	<b>Eximbanka SR</b>	308	399	418	372	244	n.a	m	EUR	Total amount of loans + Guarantees
<b>Slovenia</b>	<b>SID Bank</b>	942	920	799	644	539	614	m	EUR	Export credit & investment insurance against non-marketable risks (on behalf of State)
<b>South Korea</b>	<b>K-sure/Kexim</b>	286,262	282,874	271,321	242,100	213,700	202,300	bn	KRW	Amount underwritten
	<b>K-sure</b>	202,300	203,700	190,200	168,100	156,600	144,700	bn	KRW	
	<b>Kexim</b>	83,962	79,174	81,121	74,000	57,100	57,600	bn	KRW	total commitments
<b>Spain</b>	<b>CESCE</b>	6,575	4,676	4,134	2,641	2,082	1,316	m	EUR	New commitments issued on behalf of the State
<b>Sweden</b>	<b>EKN</b>	49,349	43,950	26,695	90,056	43,610	39,914	m	SEK	Guarantees during the year
	<b>SEK (direct lending)</b>	56,235	55,701	57,118	104,583	54,856	89,305	m	SEK	New customer financial transactions
<b>Switzerland</b>	<b>SERV</b>	3,843	3,536	4,465	3,179	3,116	2,693	m	CHF	Total new engagement
<b>Taiwan</b>	<b>Eximbank</b>	99,399	103,672	116,086	126,439	134,019	n.a.	m	TWD	Guarantees & export credit insurance undertaken
<b>Thailand</b>	<b>Eximbank</b>	6,988	1,753	14,864	6,697	7,610	n.a.	m	THB	New approvals loans and guarantees for exporters
<b>Turkey</b>	<b>Eximbank</b>	22,055	28,107	31,106	30,269	32,998	39,324	m	USD	
<b>USA</b>	<b>US Ex-Im</b>	35,784	27,348	20,468	12,383	5,037	3,431	m	USD	Total amounts authorized

n.a.: not available

## D. Sources

United Kingdom	<a href="http://www.gov.uk/government/organisations/uk-export-finance">www.gov.uk/government/organisations/uk-export-finance</a>	Luxembourg	<a href="http://www.ducroire.lu">www.ducroire.lu</a>
Argentina	<a href="http://www.bice.com.ar">www.bice.com.ar</a>	Malaysia	<a href="http://www.exim.com.my">www.exim.com.my</a>
Australia	<a href="http://www.efic.gov.au">www.efic.gov.au</a>	Mexico	<a href="http://www.bancomext.com">www.bancomext.com</a>
Austria	<a href="http://www.oekb.at/en">www.oekb.at/en</a>	Netherlands	<a href="http://www.atradius.com/nl/en/dutchstatebusiness">www.atradius.com/nl/en/dutchstatebusiness</a>
Belgium	<a href="http://www.ondd.be">www.ondd.be</a>	New Zealand	<a href="http://www.nzeco.govt.nz">www.nzeco.govt.nz</a>
Brazil	<a href="http://www.sbce.com.br">www.sbce.com.br</a>	Norway	<a href="http://www.giek.no">www.giek.no</a>
Bulgaria	<a href="http://www.baebz-bg.com">www.baebz-bg.com</a>	Poland	<a href="http://www.kuke.com.pl">www.kuke.com.pl</a> and <a href="http://www.bgk.com.pl">www.bgk.com.pl</a>
Canada	<a href="http://www.edc.ca">www.edc.ca</a>	Portugal	<a href="http://www.cosec.pt">www.cosec.pt</a>
China	<a href="http://www.sinosure.com.cn">www.sinosure.com.cn</a> and <a href="http://english.eximbank.gov.cn">english.eximbank.gov.cn</a>	Romania	<a href="http://www.eximbank.ro">www.eximbank.ro</a>
Croatia	<a href="http://www.hbor.hr">www.hbor.hr</a>	Russia	<a href="http://www.exiar.ru">www.exiar.ru</a>
Czech Republic	<a href="http://www.egap.cz">www.egap.cz</a> and <a href="http://www.ceb.cz">www.ceb.cz</a>	Slovakia	<a href="http://www.eximbanka.sk">www.eximbanka.sk</a>
Denmark	<a href="http://www.ekf.dk">www.ekf.dk</a>	Slovenia	<a href="http://www.sid.si">www.sid.si</a>
Estonia	<a href="http://www.kredex.ee">www.kredex.ee</a>	South Africa	<a href="http://www.dti.gov.za">www.dti.gov.za</a> and <a href="http://www.ecic.co.za">www.ecic.co.za</a>
Finland	<a href="http://www.finnvera.fi">www.finnvera.fi</a>	South Korea	<a href="http://www.koreaexim.go.kr">www.koreaexim.go.kr</a> and <a href="http://www.keic.or.kr">www.keic.or.kr</a>
France	<a href="http://www.coface.fr">www.coface.fr</a> and <a href="http://www.bpifrance.fr">http://www.bpifrance.fr</a>	Spain	<a href="http://www.cesce.com">www.cesce.com</a> and <a href="http://www.mcx.es">www.mcx.es</a>
Germany	<a href="http://www.eulerhermes.de/en/products/products.html">www.eulerhermes.de/en/products/products.html</a> , <a href="http://www.agaportal.de/en/index.html">www.agaportal.de/en/index.html</a> and <a href="http://www.akabank.de/english/index.html">www.akabank.de/english/index.html</a>	Sweden	<a href="http://www.ekn.se">www.ekn.se</a>
Greece	<a href="http://www.ecio.gr">www.ecio.gr</a>	Switzerland	<a href="http://www.serv-ch.com">www.serv-ch.com</a>
Hungary	<a href="http://www.exim.hu">www.exim.hu</a>	Taiwan	<a href="http://www.eximbank.com.tw">www.eximbank.com.tw</a>
India	<a href="http://www.ecgc.in">www.ecgc.in</a> and <a href="http://www.eximbankindia.com">www.eximbankindia.com</a>	Thailand	<a href="http://www.exim.go.th">www.exim.go.th</a>
Italy	<a href="http://www.sace.it">www.sace.it</a>	Turkey	<a href="http://www.eximbank.gov.tr">www.eximbank.gov.tr</a>
Japan	<a href="http://www.nexi.go.jp">www.nexi.go.jp</a> and <a href="http://www.jbic.go.jp">www.jbic.go.jp</a>	USA	<a href="http://www.exim.gov">www.exim.gov</a>

## E. International framework for ECAs

UKEF, the UK's official ECA, provides export credit insurance and finance support to complement and enable rather than compete with commercial offerings. UKEF support is highly regulated. International agreements aim to prevent undue subsidies, and/or a credit race.

These include:

- OECD "Arrangement on Guidelines for Officially Supported Export Credits" applies to the official support of credits longer than 24 months.
- Compliant support is a recognised exception to Article 3 of the WTO Agreement on Subsidies and Countervailing Measures which otherwise prohibits export subsidy.
- Agricultural commodities and military equipment have different frameworks.
- Chile, Iceland and Israel, while members of the OECD, do not comply with the Arrangement.
- The Arrangement is incorporated into EC law and therefore compliance is mandatory for the EU. (Council Decision 93/112/EEC, amended by Decision 97/530/EC)<sup>8</sup>.
- The EC DG Trade co-ordinates policy (Council Decisions 73/391/EEC and 76/641/EEC) which provide for consultations among member states on official support for long term export credits.
- EU members may not provide "State Aid" for intra-EU exports.
- EU ECAs are not allowed to provide short term export credit insurance to 'marketable' countries, including North America, Australasia and Japan. The ECAs of these countries, on the other hand, have no such restrictions on providing cover for sales to the EU.
- Poland's ECA, KUKE, describes the international framework and co-operation between ECAs<sup>9</sup>.

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<sup>8</sup> <http://eur-lex.europa.eu/JOIndex.do>

<sup>9</sup> [http://www.kuke.com.pl/international\\_cooperation.php](http://www.kuke.com.pl/international_cooperation.php)

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