Trade and Agriculture Directorate
Participants to the Arrangement on Officially Supported Export Credits

Officially Supported Export Credits and the Financial Crisis: Measures Taken at the National Level by the Participants to the Arrangement, as at 30 June 2009

This document records the measures taken by the Participants to the Arrangement on Officially Supported Export Credits, in respect of their export credit programmes in response to the global financial crisis; it is updated as of 30 June 2009.

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ANNEX 1

MEASURES TAKEN AT THE NATIONAL LEVEL BY THE PARTICIPANTS TO THE ARRANGEMENT - EXCEPT THE EUROPEAN COMMUNITY

June 2009

Question 1: What measures have already been taken on a national basis in order to face the credit crisis, for instance increased capacities of official support, modification of the terms and conditions of official support (maximum cover, minimum interest rates... within the boundaries of course of the rules of the Arrangement), creation of new facilities for providing official support (insurance/guarantee/refinancing/direct lending/others)?

| Australia | While the Australian Government, like most OECD countries, has announced stimulus packages to combat the slowdown in domestic and international trade, there is, however, no special national programmes or facilities to-date specifically relating to the provision of official support. It should be noted that while many ECAs have reacted by modifying their terms and conditions and/or obtaining temporary mandate change, for example, raising cover ratios, underwriting domestic business and/or providing liquidity through funding programmes, EFIC’s guarantee products already (pre-crisis) offers a cover ratio of 100% for commercial and political risks. EFIC’s increasing offer of its direct loan facilities, including to commercial banks to on-lend, assist to provide the much needed liquidity.

In an effort to monitor the impact of credit crisis has on trade finance availability and measures taken or under consideration in response to the crisis, ECAs in the Asian region (mixture of OECD and non-OECD members) including EFIC and ADB have established a regular reporting program to keep members abreast of respective developments. As well, EFIC has committed to participate in the reinsurance agreement network with Asian ECAs and is in the process of establishing documentation as well as a protocol of procedures to facilitate and streamline risk participation among and/or between Asian Exim Banks. The benefit of these arrangements is the ability to leverage capacity.

EFIC is implementing within its existing legislative powers the following measures to assist Australian exporting businesses affected by the credit crisis:

- **Financing of domestic projects with clear export focus**
  
  Recognising that liquidity among banks operating in the Australian market may be insufficient to service potential demand, particularly for infrastructure investment, and borrowers may, in turn, be deferring investment decisions due to the unavailability of sufficient credit, EFIC will work with the private market to assist with the financing requirements of Australian borrowers for domestic projects with strong export focus. Such domestic financing support will be offered by EFIC on a temporary basis until market participants resume normal lending activities.

- **Provision of trade finance advisory services**

  EFIC is establishing and hosting a new trade finance advisory platform which
would respond to enquiries from exporters on trade finance and related matters. The service will seek to balance EFIC’s need to remain in the market gap against the demand for exporter guidance on these issues, particularly through the current credit crisis.

- Rather than seek additional capital injection from the government, EFIC expanded capital availability by including our AUD 200 million contingent (callable) capital in our capital adequacy determination. The implication is an additional AUD 1 250 million of risk weighted assets of new exposure which we can now underwrite on EFIC’s Commercial Account.

### Canada

*Government’s response*

In October, the Government of Canada approved a CAD 2 billion increase in the borrowing authority of EDC to enable it to offer additional flexibility to existing clients. In November, the government of Canada provided Export Development Canada (EDC) with CAD 350 million in additional capital to support increased credit capacity for export sectors most affected by the financial crisis.

In its 2009 Economic Action Plan, the government introduced a number of measures to provide EDC with increased capacity and flexibility to support business during the economic downturn, including:

- An increase in EDC’s authorised capital limit from CAD 1.5 billion to CAD 3 billion allowing the Government to inject additional capital should it be required;
- An increase in EDC’s contingent liability limit from CAD 30 billion to CAD 45 billion to enhance its guarantee and insurance programs thereby encouraging commercial banks to continue to advance loans;
- An increase in the statutory limit on Canada Account from CAD 13 billion to CAD 20 billion ensuring the Government has the capacity to meet the financing requirements of businesses in strategic, hard-hit sectors of the Canadian economy;
- A two-year amendment to EDC’s mandate and lifting of the regulations limiting EDC’s ability to provide domestic financing and insurance regulations to allow EDC to fill gaps and complement the activities of financial institutions and insurance providers.

The government has also created the Business Credit Availability Program (BCAP), which will provide at least CAD 5 billion in direct lending and other types of support to businesses affected by the credit crunch through a partnership between financial institutions and the Government financial Crown Corporations.

*Export Development Canada (EDC) Response*

EDC has expanded its risk appetite in response to the crisis to accommodate commercially sound transactions that cannot find financial support because of market sector risks.
EDC is continuing its direct dialogue with customers, their respective industry associations, banks and partners to develop viable and meaningful solutions specific to the needs of each.

EDC has created temporary programmes to provide much needed and industry specific solutions for Canadian exporters and investors. These programmes are based on principles to help strong companies weather these temporary financial challenges. For example, EDC will now have the ability to raise the level of guarantee coverage it provides to Canadian-based banks to up to 100% (of 85%). By reducing a bank’s risk levels, EDC will encourage financial institutions to continue to advance loans and increase access to financing.

With the implementation of EDC’s new temporary domestic powers, it expects to facilitate in 2009 up to CAD 1 billion each in new domestic contract guarantees; new domestic surety credit transactions, through a reinsurance agreement with Canada’s surety industry; and new domestic credit, through reinsuring domestic receivables to Canada’s private credit insurers.

Auto Sector

The governments of Canada and Ontario, in partnership with the United States, have provided support to the automotive sector. Combined support by governments, provided through loans and other instruments, totals about CAD 15 billion, including CAD 4 billion in loans announced in December 2008. This includes:

- Short-term working capital and medium-term restructuring loans for General Motors and Chrysler, as well as joint Canada-U.S. debtor-in-possession financing for these firms.
  - Support to Chrysler will be CAD 3.7 billion. The governments of Canada and Ontario will receive 2% equity in the restructured firm.
  - Support to General Motors will be about CAD 10.6 billion. The governments of Canada and Ontario will receive 11.7% equity in the General Motors Corporation, as well as CAD 403 million in preferred shares in a restructured General Motors Corporation.

- The Canadian Warranty Commitment Program, to sustain consumer confidence and help encourage the sale of new vehicles.

- The expansion of the accounts receivable insurance provided by Export Development Canada to support manufacturers and suppliers of automotive parts.

In addition, EDC provided CAD 3.5 billion in commercial support to Canada’s auto and auto parts sector, in 2008. EDC has responded to the needs of the Canadian auto sector by not only maintaining its coverage on Detroit Three business but adding new coverage to Detroit Three suppliers where feasible.

In increasing its coverage for the auto sector, EDC is guided by a company’s strategic position within Canada’s auto sector and the strength of its relationships.
with Original Equipment Manufacturers (OEMs). EDC will work to ensure that it is assisting those that are able to successfully transition through the industry’s current turmoil.

As well, EDC has enhanced its Export Guarantee Program, by increasing its coverage from 75% to up to 90% for guarantees valued at under CAD 500 000. For guarantees valued between CAD 500 000 and CAD 10 million, coverage has been increased from 50% to up to 75%. This programme can be of particular benefit to Canadian auto parts manufacturers in accessing more financing from their financial institutions in support of their exports and foreign investments.

EDC is actively working with Canadian auto and auto parts companies to extend their sales and production into emerging markets where growth remains strong. These efforts include introducing and helping Canadian auto parts manufacturers to integrate themselves into the supply chains in key markets like India and Mexico.

EDC’s Excess Loss Insurance for Automotive Suppliers is specifically designed to protect auto parts suppliers that are contractually bound to a just-in-time delivery schedule. OEMs usually require parts suppliers to enter into agreements with guaranteed delivery obligations that can range up to 60 or 90 days, regardless of the OEMs financial situation.

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<tr>
<th>Japan</th>
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<tr>
<td>In response to the current global financial crisis, we have decided the following measures related to officially supported export credits:</td>
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<td>- Japan has launched a facility named Supplier’s Credit which finances Japanese exports (credits for exporters) as an exceptional measure.</td>
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<td>- Japan normally contributes around USD 90 billion a year to support trade finance, and expresses our additional contributions up to USD 22 billion over the next two years.</td>
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<td>- NEXI (Nippon Export and Investment Insurance) will make available of its trade insurance up to USD 16 billion.</td>
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<td>- JBIC (Japan Bank for International Cooperation) will enhance its trade finance up to USD 6 billion.</td>
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<tr>
<td>- NEXI/JBIC will enhance their close co-operation with ECAs, including a promotion of the Asia-Pacific Trade Insurance Network.</td>
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<tr>
<td>Korea</td>
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<tr>
<td>• As a means to overcome the current financial crisis, KEIC is planning to expand its overall underwriting capacity from USD 88.6 billion in 2008 to USD 123 billion in 2009, an increase of 38%.</td>
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<th>KEXIM</th>
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<td>• From December 2008 to March 2009, the Ministry of Finance has gradually provided KEXIM with additional capital of KRW 1 450 billion (equivalent to USD 1.16 billion) and has also approved to make another capital injection of KRW 250 billion within the first half of the year. In total, the increase in capital will amount to KRW 1 700 billion (equivalent to USD 1.36 billion). These measures would enable KEXIM to respond to increased demand in financial market as necessary.</td>
</tr>
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<td>• KEXIM has increased its credit capacity set for the year 2009 to KRW 49 trillion from KRW 40 trillion for the previous year. KRW 6.5 trillion out of the increased KRW 9 trillion has been allocated for the support to small- and medium-sized Korean companies (SMEs).</td>
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<tr>
<td>• As a measure to support trade finance for SMEs, the Korean government has deployed USD 11 billion of Foreign Exchange Stabilization Fund through KEXIM to provide foreign currency liquidity in the market.</td>
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<td>• In January 2009, KEXIM has also expanded SME Support Department with a view to provide more comprehensive and systematical support to SMEs and has been meeting regularly with customers to listen the difficulties they face and develop effective solutions for their financial problems.</td>
</tr>
</tbody>
</table>
**New Zealand**

In addition to other fiscal stimulus packages to combat the slowdown in domestic and international trade, the New Zealand Government also broadened the mandate of its ECA, New Zealand Export Credit Office (NZECO), to offer short-term trade credit insurance and reinsurance. The facility agreed for this new product, as at 30 June 2009, is NZD 150 million.

NZECO’s broadened mandate is to cover payment terms of less than one year, to support commercially sound transactions that are unable to be covered by the private sector (either trade credit insurers or banks).

NZECO’s trade credit guarantee can be used to cover:

- direct risks (via supplier credit guarantees) with exporters who can then assign this guarantee to their bank; or
- letters of credit (via financing guarantees) with banks who may have reached their capacity limits on overseas banks issuing the letters of credit.

Evidence of the private sector’s inability to cover the transaction must be provided, for each and every transaction (NZECO is operating in the market gap). Sound underwriting principles and practices continue to be applied.

NZECO is also working with private sector trade credit insurers on a reinsurance or coinsurance agreement to provide them NZ government capacity directly.

This broadened mandate became operational on 1 February 2009, and will be in place until July 2011.

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**Norway**

To secure GIEK’s ability to meet an increased demand for officially supported export credit guarantees, the Norwegian Parliament in 2008 decided to give the Government the authority to expand the exposure limit of the General guarantee scheme of The Guarantee Institute for Export Credits (GIEK) from NOK 60 to 110 billion. For 2009, the Government has set the limit to NOK 80 billion. Furthermore, the Government has expanded the exposure limit of the shipbuilding loan scheme from NOK 5 to 8 billion, and the developing country scheme from NOK 2.1 to NOK 3.15 billion for 2009.

Eksportfinans is the sole provider of CIRR-financing in Norway, and has experienced on-going lack of access to long-term funding. The Norwegian Government, represented by the Ministry of Trade and Industry, owns 15% of Eksportfinans’ shares. In response to the situation, the Government in late 2008 decided to offer Eksportfinans loans, with a maximum maturity of five years until the end of 2010. Eksportfinans anticipates the need for financing to be approximately NOK 50 billion in 2009 and 2010. The government funding will finance new export projects that qualify under CIRR-conditions.
### Switzerland

As part of the second phase of stabilisation measures, Parliament has voted among others temporary legislative changes (due to expire on 31 December 2011) in view of expanding the offer of Switzerland’s export credit agency, *i.e.* the Swiss Export Risk Insurance SERV. On this basis, SERV has introduced as of 1 May 2009, the following four new products: (a) working capital insurance; (b) counter guarantee; (c) refinancing guarantee; and (d) letter of credit confirmation insurance. Additionally, SERV has increased from 85 to 95% the cover ratio for private buyer risk covered by a supplier credit insurance. Furthermore, SERV offers now insurance of short-term exports to OECD/EU-countries, if private insurance companies have rejected the exporter’s application.

### United States

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<tr>
<td><strong>a. Korea Short Term Letter of Credit Initiative:</strong> Ex-Im Bank created a USD 2.9 billion facility designed to support short term letters of credit issued by 11 Korean banks and confirmed by U.S. banks on behalf of Korean buyers of U.S. goods and services. This initiative is very similar to the initiative Ex-Im Bank took during the Asian debt crisis for Korea, Indonesia and Thailand.</td>
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<td><strong>b. Working Capital Program</strong></td>
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<td><strong>i. Liquidity:</strong> Under existing authority, Ex-Im Bank will consider, on a case-by-case basis, offering direct loans through lenders to small- and medium-sized companies in need of working capital to produce goods for export. Lenders will retain responsibility for the servicing of the loans.</td>
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<tr>
<td><strong>ii. Indirect Exports:</strong> Companies that produce goods or services that are sold to U.S. companies and are subsequently exported are now eligible to apply for working capital loans guaranteed by Ex-Im Bank. Previously, indirect exports eligible for Ex-Im Bank cover was limited to 10%.</td>
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<tr>
<td><strong>iii. Warranty Letters of Credit:</strong> Ex-Im Bank will consider covering warranty letters of credit up to the lower of 20% of the loan amount or USD 1.5 million (up from USD 500 000), for up to 12 months.</td>
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<td><strong>iv. Cash Collateral Reduction:</strong> Ex-Im Bank will consider on a case-by-case basis lowering the letter of credit cash collateral requirements from 25% to 10% of the face value.</td>
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<tr>
<td><strong>c. Small Business Insurance Premium Reduction:</strong> Ex-Im Bank is offering a reduction in the premium paid by small businesses under the Bank’s short term small business multi buyer exporter policy and its short-term small business environmental exports policy. This action is intended to minimise the cost of obtaining export credit insurance for small business exporters at a time when cash flow is critical.</td>
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<tr>
<td><strong>d. Joint U.S. and China Ex-Im Bank Export Credit Facilities for Emerging Markets:</strong> In early December, the U.S. Ex-Im Bank and China Eximbank announced jointly that they each would offer new short-, medium- and long-term financing support for their exports to the emerging markets. China Eximbank committed USD 8 billion while U.S. Ex-Im Bank committed USD 4 billion in short term support and another USD 8 billion for medium- and long-term export sales to emerging markets.</td>
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**Question 2:** Are there discussions underway at the national level which could lead to new forms of official support - as a temporary or otherwise measure?

| Australia | EFIC continues to engage in regular consultations with relevant stakeholders and market practitioners, in particular, the domestic trade finance banks, credit insurers, broking community, professional bodies, business councils, other state and federal government export promotion agencies for signs of systemic failure which could interrupt trade flows. The intelligence is fed back to the Australian government as inputs to the government policy formulation process.

There are several policy options under consideration, all aimed at bolstering private market capacity in the provision of trade finance. These include the following:

(i) supporting trade backed by letters of credit, especially from issuing banks in emerging and developing economies, through the use of our guarantee facilities and extending cover for credit tenor of less than two years;

(ii) support the working capital supply to SME exporters, also through the use of our guarantee facilities; and

(iii) bolster private credit insurance capacity by way of a syndication approach, apportioning the risk amongst participating private insurers and EFIC.

The last two options seek to address, in particular, declining credit insurance capacity which has become a growing concern as major credit insurers continue to withdraw capacity in specific sectors, country and/or counterparties and offer shorter tenors which may not match business needs. Declining credit insurance reduces exporters’ access to working capital as banks rely on said insurance as a form of credit enhancement in the provision of working capital facilities.

EFIC continues to work closely with the Australian government to consider possible programmes which could be activated should the evidence be compelling to warrant introduction of government sponsored programmes. |
<p>| Canada | The government is moving ahead in implanting the measures announced in its 2009 Economic Action Plan. |</p>
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<tr>
<th>Country</th>
<th>Description</th>
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<tr>
<td>Japan</td>
<td>At the present time, we have not yet considered about a new framework for a countermeasure against the global financial crisis concerning officially supported export credits in Japan. We are trying to utilise the current existing frameworks at the maximum in order to respond flexibly to the financial crisis.</td>
</tr>
<tr>
<td>Korea</td>
<td>There is no discussion underway at the national level with respect to the official supports.</td>
</tr>
</tbody>
</table>
| New Zealand| NZECO is maintaining regular consultation with relevant stakeholders and market practitioners. Discussions are continuing on two key areas, which are both temporary measures:  
(i) potential adaptations to the NZECO’s working capital guarantee (including increased capacity); and  
(ii) whether capacity for the short-term trade guarantee remains sufficient as private sector capacity continues to be constrained. |
| Norway     | At this point, there are no discussions under way that could lead to new forms of official support related to export credits in Norway.          |
| Switzerland| None.                                                                                                                                     |
| United States| None.                                                                                                                                  |
**Question 3:** To what extent, if at all, have the disciplines of the Arrangement been considered as an obstacle to providing official support in this period of crisis (specific and documented examples)?

<table>
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<tr>
<th>Country</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Australia</strong></td>
<td>The more frequent request experienced to date is for EFIC to participate as a direct financier particularly in project financed transactions. As a more reliable source of funding, project sponsors appear to be turning to ECAs. That said, we have not experienced any Arrangement discipline impediment to providing official support other than our temporary suspension in offering CIRR.</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td>Current Arrangement disciplines have not been considered an obstacle to providing support in this time of crisis, but Canada has been willing to consider introducing some temporary measures in the Arrangement to facilitate or increase access to Official export credit support.</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>We see, rather than the current Arrangement articles are obstacles, commercial banks in Japan have difficulty in taking risks under the current financial crisis, and therefore the number of projects has been declining recently.</td>
</tr>
<tr>
<td><strong>Korea</strong></td>
<td>As far as KEIC is concerned, there have been requests to extend the maximum repayment period in project finance transactions. As for power projects in the Middle East on a project finance basis in particular, the power purchase agreement period is basically 20 years, while the maximum repayment period according to OECD Arrangement is limited to 14 years. Considering the current increase of financing costs, the maximum repayment period of 14 years may not be enough to generate a profit model of a project. Also, in power projects in the Middle East, major sponsors and offtakers are governments or state corporations. Different from other projects such as petrochemical projects, the structure of power projects is very stable (For example, long term offtaking price is fixed in the beginning, i.e., a certain amount per KW). However, because of the constraint of government budget, it may be difficult for sponsors to put in a large amount of equity at the initial stage of the project. Thus, the mitigation of down payment clause in OECD Arrangement will help facilitate deals in these transactions. KEXIM does not consider the disciplines of the Arrangement as an obstacle to providing official support.</td>
</tr>
<tr>
<td><strong>New Zealand</strong></td>
<td>Current Arrangement disciplines have not been considered an obstacle to providing support in this time of crisis. Like many of our counterparts, the key obstacles being faced include: (i) declining global demand; and (ii) difficulty of the banks to finance longer-term transactions.</td>
</tr>
</tbody>
</table>
The maximum official support levels (not to exceed 85% of the export contract value, ref. Chapter II, article 10) may be considered an obstacle in terms of securing satisfactory financing for certain transactions. As an example Norway has been asked to participate in the financing of a small hydropower project where this represents a concrete issue. Projects may have a satisfactory level of equity, but problems attracting sufficient credit financing.

We see increased interest for more flexible repayment terms, e.g. less frequent than semi-annual payment of instalments interest, un-equal instalment amounts, and increased grace periods.

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<tr>
<th>Country</th>
<th>Description</th>
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<tr>
<td>Norway</td>
<td>The maximum official support levels may be considered an obstacle in terms of securing satisfactory financing. As an example, Norway has been asked to participate in the financing of a small hydropower project. Projects may have a satisfactory level of equity, but problems attracting sufficient credit financing. We see increased interest for more flexible repayment terms.</td>
</tr>
<tr>
<td>Switzerland</td>
<td>According to clients’ feedback, banks seem to have an increased risk aversion. However, the disciplines of the Arrangement have not been an obstacle to providing official support in this period of crisis.</td>
</tr>
<tr>
<td>United States</td>
<td>Flexible Repayment terms for Renewable Energy (as exists in Arrangement under Article 14(d) such as mortgage style payments), especially in High Income Countries.</td>
</tr>
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**Question 4**: Have you seen any significant increase in business levels and/or claims indemnifications?

<table>
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<tr>
<th>Country</th>
<th>Response</th>
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<tbody>
<tr>
<td><strong>Australia</strong></td>
<td>While there has been an increased level of business enquiries since the credit crisis, due in part to the heightened risk awareness and difficulties in obtaining commercial financing support, the level of actual signings has, however, not been matched yet. This may be due in part to companies delaying, scaling back or cancelling capital expenditures and the normal long lead time in financial closure. We have not seen any significant increase in loan defaults to-date. We are, however, aware that a few of our obligors, especially in the transportation and construction sectors, have been impacted by the slower economic activities and are on our intensive watch list although not yet with specific provisions.</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td>EDC’s volume of support for Canadian exporters and investors in 2008 was higher than ever before, and we also supported a higher number of customers. We are starting to see a rise in the number of companies who are having difficulty accessing credit. There have been significant increases in demand for some products, notably account receivable insurance and documentary credit insurance.</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>We have not seen a significant increase in the medium-long term business level, but rather, observe the cases that exporters are obliged to abandon or delay their projects. In the case of NEXI, actual claims paid are not increasing yet; however, outstanding claims including notice of claims tripled compared with the same period of the previous year. Also, under the situation that commercial banks have difficulty in expanding their risk assets, the demand for ECAs seems to be still strong.</td>
</tr>
<tr>
<td><strong>Korea</strong></td>
<td>KEIC In the case of mid-and long-term insurance, KEIC saw a 45% increase from USD 4.8 billion in 2007 to USD 6.9 billion in 2008. This is mainly due to the robust business in the shipbuilding industry in 2008 (USD 5.5 billion). In 2009, since the demand of ECA financing is higher than ever, our business in mid-and long-term insurance is expected to slightly increase, even though the order amount of shipbuilding industry is expected to decrease. Regarding the overall business landscape, KEIC saw a 19% increase from USD 74.6 billion in 2007 to USD 88.6 billion in 2008. In 2009, KEIC expects USD 123 billion for the total underwriting volume because of the increased provision of export insurance. In 2008, KEIC’s claims indemnifications slightly decreased from the last year. However, in 2009, our claims indemnifications are expected to increase dramatically. For one, Korea’s main export markets (United States and China, etc.) are suffering from the current economic crisis. Also, due to the difficult domestic situation, we expect that the claims indemnifications of working capital guarantee will also increase in 2009.</td>
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<tr>
<td>Country</td>
<td>Observations</td>
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<tr>
<td>KEXIM</td>
<td>While the demand from SMEs has grown considerably, no significant increase in demand for medium- and long-term export credit has been observed. Arrears and claims have not yet grown to the significant level.</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Demand within the Short-Term field has increased since the introduction of the Short-Term Trade Credit Guarantee (ST-TCG). So much so that NZECO’s initial facility capacity for this product NZD 50 million (agreed in February 2009) was fully utilised within three months. NZECO has had a further facility of NZD 100 million approved by Cabinet. NZECO has experienced an increased level of interest in MLT Products from exporters, as a way to encourage overseas buyers to reconsider order cancellations or delays. This is attributed to increased market visibility and the global financial crisis. There has, however, been no marked increase in application demand or volume of transaction. There has been no increase in claims indemnifications.</td>
</tr>
<tr>
<td>Norway</td>
<td>There has been increasing interest for ECA financing in order to fund and realize projects, especially from the small- and medium-sized businesses segment. This trend is also clear in the oil- and gas/offshore segment where ECA financing is now considered to be more attractive and sometimes a necessity. A new trend is that established companies are now showing an interest in officially supported export credit guarantees. When it comes to claims there has recently been an increase in the MT business and there have been a number of work-out situations. In the reinsurance of ST non-marketable business, we see a continuing high level of arrears.</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Until now, we have seen no significant changes in claims indemnifications yet. However, we have experienced increased levels of delayed payments. The volume of insured business has somewhat declined (but not only due to the financial crisis); the amount of insurance policies issued kept rather stable.</td>
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<tr>
<td>United States</td>
<td>Volumes affected</td>
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<tr>
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<td>a. S/T Insurance: Projections suggest that short-term insurance activity levels for FY 2009 could double as compared with the previous year, <em>i.e.</em> USD 6 billion to USD 7 billion, vs. USD 3.6 billion in 2008. This estimate is based on the activity levels witnessed thus far in the newly created Korean program and possibly other similar type facilities in other key markets. Moreover, given the higher perception of overall risk in the market and a reported retrenchment by the private sector in the short-term area, overall demand is expected to rise.</td>
</tr>
<tr>
<td></td>
<td>b. Transportation/Aircraft: Expectations are that demand for Ex-Im financing for aircraft could increase 50% compared with last year’s support (<em>e.g.</em> USD 5.6 billion). Despite sizeable order cancellations and delays, those aircraft transactions that do go forward will require ECA support due to the absence of liquidity in, and risk concerns about, the market.</td>
</tr>
</tbody>
</table>
ANNEX II

DETAIL OF MEASURES TAKEN BY EC MEMBER STATES --
UPDATE FROM THE EUROPEAN COMMUNITY

(June 2009)

AUSTRIA

1. Measures in the Short Term (ST) Field

a. Increased Capacity

Increase in the maximum authorized ceiling for the Federal Ministry of Finance to assume liabilities in the form of guarantees for export and investment transactions was raised from EUR 45 billion to EUR 50 billion. The maximum authorized ceiling to assume liabilities in the form of guarantees for borrowing transactions for the purpose of financing export transactions, including export loans on outstanding guarantees issued by the Federal Ministry of Finance, was raised from EUR 40 billion to EUR 45 billion. These measures are valid for ST and MLT transactions.

b. New products

No new products have been introduced.

c. Changes in terms and conditions

With a view to help absorb the effects and potential impacts of the present financial crisis on trade flows the Austrian Government has within its underwriting policy basically not changed its cover policy, apart from official country reclassifications. Sound underwriting principles still apply.

d. Development of ECA business

i) Demand: trends in offers and commitments

Considering the measures undertaken by the private credit insurance market, more requests to provide cover for ST-transactions are noticeable; unfortunately ST cover is only possible for non-marketable risk countries – this is a big disadvantage in relation to other ECAs in countries like USA, Japan, etc.

Demand in terms of numbers has increased; however, volumes per transaction have decreased. We are more often approached for business which was not insured in the past (e.g. L/C business).

ii) Arrears situation: trends

Modestly increasing.
iii) Claim situation: trends

No specific development to report; claims on a very low level.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

See also point e) i)

2. Measures in the Medium and Long Term (M/LT) Field

a. Increased Capacity

Increase in the maximum authorized ceiling for the Federal Ministry of Finance to assume liabilities in the form of guarantees for export and investment transactions was raised from EUR 45 billion to EUR 50 billion. The maximum authorized ceiling to assume liabilities in the form of guarantees for borrowing transactions for the purpose of financing export transactions, including export loans on outstanding guarantees issued by the Federal Ministry of Finance, was raised from EUR 40 billion to EUR 45 billion. These measures are valid for ST and MLT transactions.

b. New products

No new products have been introduced.

c. Changes in terms and conditions

With a view to help absorb the effects and potential impacts of the present financial crisis on trade flows the Austrian Government has within its underwriting policy basically not changed its cover policy, apart from official country reclassifications. Sound underwriting principles still apply.

d. Development of ECA business

i) Demand: trends in offers and commitments

Demand in terms of numbers has increased; volume per transaction decreased; many inquiries for medium term transactions with transaction value below EUR 10 million; larger projects seem to have been postponed, mainly due to the lack of financing willingness/possibilities; inquiries for large infrastructure projects are increasing.

ii) Arrears situation: trends

Modestly increasing.

iii) Claim situation: trends

Experience in the past was quite favourable; no dramatic deterioration, yet; however, inquiries for restructuring of transactions are increasing.

e. Other comments (including short description/analysis of the overall situation of medium and long term trade finance). See also point d) i)
BELGIUM

1. Measures in the ST Field

a. Increased Capacity

Yes. From EUR 22 billion to EUR 30 billion.

b. New products

No new products. We already had products useful in times of crisis. These will probably be more in demand today.

c. Changes in terms and conditions

No changes

d. Development of ECA business

i) Demand: trends in offers and commitments

ii) Arrears situation: trends

n.a.

iii) Claim situation: trends

n.a.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

2. Measures in the M/LT Field

a. Increased Capacity

Yes.

b. New products

No new products. We already had products useful in times of crisis. These will probably be more in demand today.

c. Changes in terms and conditions

No changes.
d. Development of ECA business

   i) Demand: trends in offers and commitments

   The demand increased with +/- 25%.

   ii) Arrears situation: trends

   Important increase.

   iii) Claim situation: trends

   Important increase. More claims due to liquidity problems of buyers.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).

   Greater demand in particular for large projects which used to be financed by the banking sector (without ECA support). Due to the lack of financing capacity in the banking sector, ONDD support is needed to fill the gap, sometimes for significant amounts.
CZECH REPUBLIC

1. Measures in the ST Field

a. Increased Capacity

1) Credit insurance

Ministry of Finance in accordance with the expected business volumes of the Export Guarantee and Insurance Corporation (EGAP) has decided to increase the insurance capacity of EGAP from CZK 120 billion (EUR 4.7 billion) to CZK 150 billion (EUR 5.8 billion) in 2009, which will enable to accommodate increased business and exposure volumes for several consecutive years ahead. The Export Credit Agency EGAP is able to cover the impact of the financial crisis from its own sources, i.e. without any demand on the state budget resources.

2) Export financing

The Government advised its intention to increase the registered capital of the Czech Export Bank (CEB), Czech Republic’s direct lending ECA, from the present CZK 2 billion to CZK 2.95 billion as a clear signal that CEB is prepared to fill in the potential gap in financing Czech exports, should the appetite of standard commercial banks in providing export credits decrease for whatever reasons.

b. New products

1) Credit insurance

EGAP is being asked to insure ST transactions that were previously insured by commercial credit insurers. EGAP developed a product to cover this market segment; however, starting of this operation is dependent on approval by the European Commission under the “escape clause”.

Legislation on national level is being amended in order to enable also support of Czech subsidiary companies registered abroad – in this respect “national interest” had to be newly defined in the law.

A new sub-product for insurance of risks related to pre-export financing of commercial application of intellectual rights and other results of research and development is being prepared.

Market prospection insurance has been made more user-friendly by introducing it as a new type of insurance: insurance of financial loss of the exporter resulting from unsuccessful penetration into new markets; the exporter - prospector is directly insured.

2) Export financing

IMU system is being prepared to increase involvement of standard commercial banks in providing export credits at fixed rates side by side with CEB.

Financing of SMEs as sub-contractors of bigger exporters is being enhanced and respective administrative procedures are being simplified at the same time.
c. Changes in terms and conditions

Credit insurance

EGAP has temporarily increased insurance cover of risks related to export credits, Letters of Credits and bank guarantees issued in connection with export contracts up to 99%. In practice, it means for Czech exporters and their banks a significant decrease in risk level of the export and substantial savings of expenses connected with securing the self-retention which is a mere 1% now. This increased cover should apply initially until the end of 2009 and shall be reviewed.

Besides, EGAP decreased significantly insurance premium rates in insurance of the manufacturing (pre-shipment) risk. When this insurance is provided as a stand-alone product, the new insurance premium rate is lower by 30% and when an insurance of export buyer risk has been concluded in respect of the same export transaction, the pre-shipment insurance rate is lower by as much as 50%.

d. Development of ECA business

i) Demand: trends in offers and commitments

Increased demand up to 10%.

ii) Arrears situation: trends

The same level as before crisis.

iii) Claim situation: trends

The same level as before crisis

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

2. Measures in the M/LT Field

a. Increased Capacity

Please see the respective answer under ST part (capacity has been increased regardless the length of credits)

b. New products

A new variant of the insurance of an export buyer credit for project finance has been approved.

Special modification of the product for insurance of financing for developers’ investments has been introduced.
c. Changes in terms and conditions

EGAP has decided to temporarily increase insurance cover of risks related to M/LT export credits and Letters of Credits up to 99% and, in case of insurance of political risks in investments, to 100%. In practice, it has similar positive effects and temporary character as mentioned under the respective part of the ST part of the template.

Czech investors who have negotiated a bank credit with EGAP's insurance for execution of their investment plans can make substantial savings. Unlike earlier practice when an investor had to pay for the insurance of own resources invested into a project in the host country against political risks, the investor receives as a bonus the free insurance of own invested funds for the whole duration of drawdown and repayment of the credit.

d. Development of ECA business

i) Demand: trends in offers and commitments

The same level as before crisis.

ii) Arrears situation: trends

The same level as before crisis.

iii) Claim situation: trends

New claims.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).
DENMARK

1. Measures in the Short Term Field

   In EKF’s facility to banks on L/C transactions the coverage percentage has been raised from 50 to up to 95%.

   Denmark has introduced a temporary ST reinsurance scheme non-marketable risk

   a. Increased Capacity

      There is no fixed capacity on the scheme, but it will be registered on EKF’s books i.e. there will be a limit through EKF’s equity.

   b. New products

      It is a reintroduction of a product that EKF last saw utilized in 2002 by the private credit insurance companies.

   c. Changes in terms and conditions

      The terms and conditions are new. The premium is 5 to 10 times higher than the normal premium from the private insurance companies and the self risk of the exporter is set at 20%.

   d. Development of ECA business

      i) Demand: trends in offers and commitments

         EKF has not yet issued any reinsurance but there has been 52 exporters applying for reinsurance with the public scheme.

      ii) Arrears situation: trends

         n.a.

      iii) Claim situation: trends

         n.a.

   e. Other comments (including short description/analysis of the overall situation of ST trade)

      Denmark has introduced a reinsurance scheme The Danish notification includes two statements from the private credit risk insurers that show a large decrease in availability of cover. They have provided us with a comparison of their risk appetite at the end of 2007 and the end of 2008 on all EU and OECD markets. The risk appetite is defined as the average approved amounts for cover for buyers in a country as a percentage of the applied amounts (for cover for buyers in that country). We believe that this is the best indication of the availability of cover in the private market that can be gathered on short notice.

      By using reinsurance instead of direct state insurance in the credit insurance field we minimize state interference in the market and we secure a smooth exit from the market once the financial crisis is over.

      The scheme will expire 1 January 2010.
2. Measures in the M/LT Field

Denmark has introduced a funding scheme administered by EKF but on the books of MoF.

a. Increased Capacity

From 0 to DKK 20 billion new capacity for funding.

No new capacity for EKF’s guarantees.

b. New products

Direct funding in connection with an export credit guarantee from EKF.

c. Changes in terms and conditions

Same conditions as for EKF’s guarantee products i.e. up to 95% funding.

The conditions for EKF’s guarantees have not been altered.

We have reviewed our cover policies towards countries, banks and sectors and are monitoring the development in markets and sectors closely. Changes in the risk picture have meant changes in our cover policies on a few countries.

We have reviewed our portfolio against the enhanced credit assessment of a number of countries, banks and sectors.

We have introduced an enhanced credit assessment procedure focusing on the refinancing situation of debtors and their ability to handle fluctuations in exchange rates, interest rates and demand.

On the guarantees and hence also applicable for the funding scheme EKF has introduced more restrictive terms on some exposed countries.

d. Development of ECA business

i) Demand: trends in offers and commitments

Guarantee offers:
31/03/2008 DKK 4,6 billion
30/06/2008 DKK 5,7 billion
30/09/2008 DKK 9,4 billion
31/12/2008 DKK 9,4 billion
31/03/2009 DKK 9,4 billion expected

Guarantee commitments:
31/03/2008 DKK 17,5 billion
30/06/2008 DKK 18,4 billion
30/09/2008 DKK 16,5 billion
31/12/2008 DKK 16,5 billion
31/03/2009 DKK 16,5 billion expected
ii) Arrears situation: trends
So far no arrears reported

iii) Claim situation: trends
So far no claims reported

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).

The demand in Denmark for MLT-cover via the normal EKF guarantees has risen substantially since mid-2008, however, the banks have not been interested in lending. This is the main reason for introducing the funding scheme.

The Funding scheme will be available for applications until 31 December 2011.
ESTONIA

1. Measures in the ST Field

a. Increased capacity

Overall exposure limit is unchanged at the moment. The plan is to increase the overall exposure limit from EEK 1 million to EEK 3 million (expects changes to the “State Export Guarantee Act” and principle changes to the system).

b. New products

None at the moment.

c. Changes in terms and conditions

No change at the moment. Plans to increase the cover for commercial risks up to 95% (current is 90%).

d. Development of ECA business

i) Demand: trends in offers and commitments

The national ECA “Kredex” has witnessed a sharp increase of demand for its short term export credit insurance products in recent months. The overall business volume of the first quarter of current year are more than half of entire last year’s volume and almost in the same category as the whole of year 2007.

ii) Arrears situation: trends

Slight increase in arrears.

iii) Claim situation: trends

Slight increase in the number of claims.

e. Other comments (including short description / analysis of the overall situation of ST trade finance, competition concerns, etc.).

2. Measures in the M/LT Field

a. Increased capacity

Overall exposure limit is unchanged at the moment. The plan is to increase the overall exposure limit from EEK 1 million to EEK 3 million (expects changes to the “State Export Guarantee Act” and principle changes to the system).

b. New products

None.
c. Changes in terms and conditions

No change at the moment. Plans to increase the cover for commercial risks up to 95% (currently 90%).

d. Development of ECA business

i) Demand: trends in offers and commitments

Due to inadequate guarantee capital and some legal uncertainties in the state guarantee mechanism, medium- and long-term products exists in "Kredex" portfolio, but in reality are not implemented - at the moment the realization of one or two major guarantee contracts could bankrupt the whole system. Currently working on making changes to the “State Export Guarantee Act” to enable the real implementation of medium- and long-term export guarantees.

ii) Arrears situation: trends

Due to absence of contracts, no trends can be reported

iii) Claim situation: trends

Due to absence of contracts, no trends can be reported

e. Other comments (including short description / analysis of the overall situation of medium and long term trade finance).
FINLAND

1. Measures in the ST Field

a. Increased Capacity

The overall maximum exposure limit for export credit guarantees including both ST and M/LT has been raised to EUR 12.5 billion (from 7.9 billion)

b. New products

n.a.

c. Changes in terms and conditions

n.a.

d. Development of ECA business

i) Demand: trends in offers and commitments

ST demand is rising; a number of inquiries to cover marketable risk triggered the above-mentioned notification

ii) Arrears situation: trends

Slight growth of arrears.

iii) Claim situation: trends

No growth in claims so far.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

2. Measures in the M/LT Field

a. Increased Capacity

The overall maximum exposure limit for export credit guarantees including both ST and M/LT has been raised to EUR 12.5 billion (from 7.9 billion)

The maximum limit to give commitments to conclude interest equalisation agreements for officially supported export and ship credits has been increased to EUR 6 billion (from EUR 5 billion).

Finland has introduced a temporary refinancing system of export credits. The implementation of the system has been assigned to Finnish Export Credit Ltd, a subsidiary of Finnvera Plc. Credits funded by state treasury will be assigned to Finnish Export Credit Ltd, which will finance export projects through banks. In order to ensure the availability of export credits, the Government will provide funding up to 3.7 billion during the years 2009 and 2010. This amount is to be used for refinancing of banks to provide OECD-term export credits. The amount is divided in two categories: EUR 3 billion is funded by Finnish state itself and the rest, EUR 0.7 billion, is funded by Finnvera Plc.
b. New products

None.

c. Changes in terms and conditions

None.

d. Development of ECA business

i) Demand: trends in offers and commitments

The guarantee activities peaked in 2008 and has continued to be strong in 2009, after a relatively quiet first quarter. Here’s a short summary of business volume of export credit guarantee activities (foreign risk-taking):

<table>
<thead>
<tr>
<th>EUR million</th>
<th>2007 whole year</th>
<th>2008 whole year</th>
<th>Jan - June 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offers</td>
<td>1,627</td>
<td>4,248</td>
<td>3,459</td>
</tr>
<tr>
<td>Commitments</td>
<td>706</td>
<td>2,720</td>
<td>1,091</td>
</tr>
</tbody>
</table>

ii) Arrears situation: trends

No arrears.

iii) Claim situation: trends

No new claims.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).
FRANCE

1. Measures in the ST Field

   a. Increased Capacity

   Especially for SMEs, the existing procedures for providing working capital covers and bonds have been eased. The thresholds (by company, in aggregate) have been temporarily removed.

   b. New products

       Société de Financement de l’Economie Française (SFEF): Efforts have been developed to facilitate access to liquidity in general. The creation of the Société de Financement de l’Economie Française (SFEF) (measure adopted by the Parliament on 16.10.2008) will enable the banking system to provide financing facilities to the French economy, including exporters. The government is actively working together with banks and exporters, in order to enable viable export transactions to be financed within the framework of this refinancing facility.

       Moreover, any exporter facing difficulties with bank or credit-insurer can seize the national mediator of credit.

   c. Changes in terms and conditions

       The existing procedures for State guarantees have been eased, in order to smooth day to day business, especially towards SMEs. Some instruments have been modernized and simplified (insurance of confirmation of letters of credits, market survey financing). Maximum percentage cover has been extended from 95% to 100% for insurances delivered to SMEs and working capital insurance has been extended in terms of capacity (including key accounts).

   d. Development of ECA business

       i) Demand: trends in offers and commitments

       Because of reduced capacity in terms of insurance credit and lack of banking liquidity, we observe a strong demand for private insurer support for the ST (domestic and export). This demand is across the board and not sector specific. Many exporters who self-insured their risks before the crisis are now applying in the credit insurance market.

       ii) Arrears situation: trends

       Private insurers are recording in arrears and claims.

       iii) Claim situation: trends

       See previous answer.

   e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

       We may need to use the escape clause in a near future and ask for a reduction in the administrative burden.
2. Measures in the M/LT Field

a. Increased Capacity

The French government has indicated that he would continue to provide large cover capacities, within the limits of a reasonable underwriting policy. The insurance-credit policy for 2009 will no longer be subject to any quantitative limitations for some large emerging markets (India, Brazil, and China). Special attention will be paid to contracts in the nuclear and aircraft sectors. On the contrary, our insurance-credit cover policy will be more restrictive on the countries for which risk is at its highest level.

b. New products

No new product in the M/LT field.

c. Changes in terms and conditions

Some cover policies have been relaxed (supplier credit maximum percentage of cover has been extended from 95% to 100 % for SMEs).

d. Development of ECA business

i) Demand: trends in offers and commitments

Coface observes a huge increase in applications, costs of fund difficulties reported by banks providing buyer credits.

ii) Arrears situation: trends

No real increase of arrears but many extension of due dates in all sectors, mainly so far for medium term loans with small or medium sizes debtors.

iii) Claim situation: trends

Please see previous answer.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).

No extra comments.
GERMANY

1. Measures in the ST Field

a. Increased Capacity

Political commitment to maintain and, if needed, increase existing capacities.

b. New products

Cover for the risk of confirmation of letters of credit.

c. Changes in terms and conditions

Supplier credit cover extended from 85% to 95% subject to increase in premium

For counter guarantees, the maximum exposure per exporter has been increased from 80 m EURO to 300 m EURO.

d. Development of ECA business

i) Demand: trends in offers and commitments

Increasing demand for whole turnover cover, less demand for single transaction cover.

ii) Arrears situation: trends

Increase of arrears and request for prolongations

iii) Claim situation: trends

Only moderate increase of claims applications and claims payments.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

2. Measures in the M/LT Field

a. Increased Capacity

Political commitment to maintain and, if needed, increase existing capacities.

b. New products

No. There is, however, an ongoing discussion on developing tools and to improve existing products in order to facilitate exporters’ access to MLT export finance.

c. Changes in terms and conditions

See 1. c.) above
d. Development of ECA business

i) Demand: trends in offers and commitments
Moderate decrease in applications, offers and commitments.

ii) Arrears situation: trends
Increase of arrears and requests for prolongations

iii) Claim situation: trends
Only moderate increase of claims applications and claims payments

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).
GREECE

1. Measures in the ST Field

a. Increased capacity

We see no need to increase ECIO’s capacity since the current one is sufficient for any potential increase of demand.

b. New products

None. The current portfolio of ECIO’s products covers most of the Greek exporters’ needs.

c. Changes in terms and conditions

None.

d. Development of ECA business

i) Demand: trends in offers and commitments
ECIO has experienced a significant increase in demand for ST coverage during Q1, 2009.

ii) Arrears situation: trends
A rather significant increase in arrears has been witnessed during Q1, 2009.

iii) Claim situation: trends
ECIO has experienced a significant increase in claims notifications during Q4 2008 and Q1 2009, in relation to recent years. We are afraid that the same trend, more or less, will continue during the rest months of 2009.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc.)

Several Greek exporters are complaining for facing difficulties to get financing from Commercial Banks. Although, due to its Statute Law, ECIO does not offer financing to Greek exporters, we have cooperated with certain commercial banks which accept our policy, by which we allow our insured exporters to assign their rights for indemnification to the commercial banks which finance them, as a collateral. In order to help more exporters, we have already notified our above policy to the “Greek Union of Commercial Banks”, asking them to inform accordingly all their member-banks.

2. Measures in the MLT field

a. Increased capacity

ECIO’s current capacity is considered sufficient, given the low demand for MLT cover.

b. New products

None. The current portfolio of ECIO’s products covers most of the Greek exporters’ needs.
c. Changes in terms and conditions

None.

d. Development of ECA business

i) Demand: trends in offers and commitments

Over the last 2 to 3 years, we have witnessed a significant decrease in demand for MLT coverage, mainly because the main countries for which Greek exporters used to apply for MLT coverage have been Bulgaria and Romania which, as we know, have joined the EU. Since January 2009, we have had a few applications, but for countries like Russia, Syria, Nigeria, Iran, etc.

ii) Arrears situation: trends

We have no arrears, since at this moment we do not have any current MLT Insurance Policies.

iii) Claim situation: trends

We have no pending claims or claims notifications, for the same reason as above (para. ii).
HUNGARY (EXIMBANK)

1. Measures in the ST Field
   a. Increased Capacity

   Eximbank borrowed in June 2009, EUR 142 million medium term loan from its majority shareholder, the state-owned Hungarian Development Bank (MFB).

   The purpose of the loan is to cover the refinancing needs of Eximbank.

   b. New products

   c. Changes in terms and conditions

   d. Developments regarding "marketable risks" – the escape clause under the temporary framework of the ST communication

   e. Development of ECA business
      i) Demand: trends in offers and commitments
      ii) Arrears situation: trends
      iii) Claim situation: trends

   f. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

2. Measures in the M/LT Field
   a. Increased Capacity

   Eximbank borrowed in June 2009, EUR 142 million medium term loan from its majority shareholder, the state-owned Hungarian Development Bank (MFB).

   The purpose of the loan is to cover the refinancing needs of Eximbank.

   b. New products

   c. Changes in terms and conditions

   d. Development of ECA business
      i) Demand: trends in offers and commitments
      ii) Arrears situation: trends
      iii) Claim situation: trends

   e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).
1. Measures in the ST Field

a. Increased Capacity

see point 2.a

b. New products

c. Changes in terms and conditions

The Hungarian Export Credit Insurance Pte. Ltd. (MEHIB) has temporarily increased the insurance coverage percent of risks related to ST export credits, Letters of Credits and bank guarantees issued in connection with export contracts up to 99% (on demand basis). The temporary measure will be applied initially until the end of 2009.

d. Development of ECA business

i) Demand: trends in offers and commitments

There has been a significant increase (cca. 50%) in applications and around 20% in commitments in the recent period (from November 2008).

ii) Arrears situation:

As a consequence of the global financial crisis an increasing number of delayed payments have occurred during the waiting period

iii) Claim situation:

In the past few months MEHIB has experienced a substantial increase in claims notifications.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

As for available bank funding, there has been some improvement with those (4-5) commercial banks with international background who have had got additional capacity to provide export credits backed by MEHIB’s cover.

As for private market insurers, they need close cooperation, and some of their clients have been applied for MEHIB’ cover. Right now our ECA has complementary rather than competitive role.

General comments:

As for general impact of the financial crisis, our banks and exporters suffer from the limited availability of liquidity in the market. In Hungary the sources of export financing have drained drastically, too. On the other hand some of our exporters complain that they had extreme difficulties obtaining cover from the private market even for short term business.
2. Measures in the M/LT Field

a. Increased Capacity

The annual liability limit of MEHIB fixed in the State Budget on the cover commitments has been increased from HUF 350 billion to HUF 450 billion in 2009, in order to expand the ECA insurance capacity. The annual limit includes both the ST and the MLT insurances.

b. New products

c. Changes in terms and conditions

MEHIB has decided to increase temporarily insurance coverage of risks related to MLT export credits from 95% to 100% upon client’s request. Standard due underwriting procedure and pricing are to be applied, but the relevant cover policies and conditions will be changed accordingly. The increase in the insurance cover is planned to be in force initially until the end of 2009. The measures tend to alleviate temporarily the self-retention burden of the financing banks and exporters, when even the residual risk-taking may make serious liquidity problem as a result of the global financial crisis.

d. Development of ECA business

i) Demand: trends in offers and commitments

We have experienced a significant increase of offers (around 50%). As for commitments the lack of financing caused that several deals under negotiation should be postponed, or delayed.

ii) Arrears situation:

Up until now MEHIB has experienced much less delayed payments in MLT business than in the ST business.

iii) Claim situation:

The trend is still positive, only a few claims have been notified.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).

As for available bank funding and general comments see point 1.f) above.
IRELAND

1. Measures in the ST Field

a. Increased Capacity
   n.a.

b. New products
   Following an evaluation of the costs and other issues involved in introducing a State Sort term Export Credit Insurance scheme, a political decision was recently made that such a scheme should not be progressed for cost and effectiveness reasons. Other possible assistance for exporters is being considered.

c. Changes in terms and conditions
   n.a.

d. Development of ECA business
   n.a.

   i) Demand: trends in offers and commitments
   ii) Arrears situation: trends
   iii) Claim situation: trends

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

   As the introduction of a Short-term Export Credit Scheme is off the agenda, at least for the foreseeable future, there is significant concern about the limited availability of Trade Finance and credit generally for business from the banking sector and initiatives are underway, in the context of a bank recapitalisation programme, to try to ensure that credit availability is improved significantly.

2. Measures in the M/LT Field

   n.a. We have no such schemes in Ireland

a. Increased Capacity

b. New products

c. Changes in terms and conditions

d. Development of ECA business

   i) Demand: trends in offers and commitments
   ii) Arrears situation: trends
   iii) Claim situation: trends

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).
ITALY

1. Measures in the ST Field

Over the course of the recent years SACE has been mandated to provide additional support through financial guarantees on working capital facilities, insurance products for SMEs, and cross-border bank-to-bank financing. No additional measures have therefore been introduced for the financial crisis.

a. Increased Capacity

We see importance in maintaining capacity

b. New products

See point 1 above

c. Changes in terms and conditions

n.a.

d. Development of ECA business

n.a.

i) Demand: trends in offers and commitments

ii) Arrears situation: trends

iii) Claim situation: trends

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

2. Measures in the M/LT Field

SACE has over the course of the recent years, already widened its range of products in the context of Export Credit (e.g. insurance products for SMEs, 100% guarantees on a case by case basis). Beyond the traditional Export Credit activity, SACE has been mandated to provide additional support through financial guarantees and cross-border bank-to-bank financing. No additional measures have therefore been introduced.

a. Increased Capacity

We see importance in maintaining capacity

b. New products

See point 2 above.

c. Changes in terms and conditions

n.a.
d. Development of ECA business

i) Demand: trends in offers and commitments

ii) Arrears situation: trends

SACE has experienced an increase in arrears

iii) Claim situation: trends

SACE has experienced an increase in claims notifications and in claims paid

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).

n.a.
LUXEMBOURG

1. Measures in the ST Field

a. Increased Capacity

Increase of the insurance capacity for the account of the State from EUR 20 million to EUR 35 million (for ST and M/LT)

b. New products

No new products

c. Changes in terms and conditions

No changes in terms and conditions

d. Development of ECA business

i) Demand: trends in offers and commitments

Rise in the demand for the issuance of new credit insurance policies.

ii) Arrears situation: trends

Arrears are strongly increasing since September 2008 (especially Ukraine and Russia)

iii) Claim situation: trends

Potential claims are also increasing.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

No comments

2. Measures in the M/LT Field

a. Increased Capacity

Increase of the insurance capacity for the account of the State from EUR 20 million to EUR 35 million (for ST and M/LT)

b. New products

No new products.

c. Changes in terms and conditions

No changes in terms and conditions.
**d. Development of ECA business**

*i) Demand: trends in offers and commitments*

Demand in M/LT decreased between December and March, but increased again in April.

*ii) Arrears situation: trends*

There are no arrears but we see several projects that are deferred or cancelled, especially in Ukraine and Russia.

*iii) Claim situation: trends*

No change in the claim situation.

**e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).**

No comments.
THE NETHERLANDS

1. Measures in the ST Field

a. Increased Capacity

The total capacity of our export credit insurance facility has not been increased, since there is ample room available under the statutory limit of € 11.3 billion in new business per annum. However, before the crisis this capacity was only available for the M/LT facility. Now a part of this capacity is being made available for ST facilities.

b. New products

1. **ST one transaction policies**: We have extended the cover of the export credit insurance scheme to include short-term one transaction policies in the sectors capital goods and construction works on a number of countries (mostly in Eastern-Europe). To the extent that this is in conflict with EU-regulations concerning short term transactions for EU-countries, prior permission from the Commission will be requested. This measure will be temporary (31/12/2009).

2. **Whole turnover reinsurance facility**: As of 1 July a whole turnover insurance facility will be available. Private credit insurers have decreased their limits for credit insurance due to the financial crisis. The Dutch State will offer a ‘topping up’ facility in order to compensate for the decreased limits. This facility will be available for domestic as well as export transactions. The risks will be divided between the insured, the private insurer and the State. The premium asked will be considerably higher than ‘standard’. The costs of claims will be divided on a pro-rata base between the private insurers and the State (according to the amount of risk carried and premium received).

The products listed below are still being explored/developed. None have been implemented yet. All new products will be temporary in nature.

3. **Working capital insurance facility**: Due to the financial crisis banks are less willing to provide credit for working capital. We are exploring the possibilities for a facility where the Dutch state would insure the working capital loans banks give to exporters.

c. Changes in terms and conditions

These activities in the ST Field are new, therefore all the terms and conditions are new and currently being developed.

d. Development of ECA business

i) **Demand: trends in offers and commitments**

A strong demand for official credit support for the ST domestic as well as export market has arisen. This demand is across the board and not sector specific.

ii) **Arrears situation: trends**

We understand from the market that arrears and claims are on the increase across the board.

iii) **Claim situation: trends**

See previous answer.
e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

2. Measures in the M/LT Field

a. Increased Capacity

Capacity has not been increased and is sufficient.

b. New products

The Dutch State is planning to establish a guarantee scheme with a view to guarantee the funding of specific export transactions, in addition to the export credit financing insurance policies issued by Atradius Dutch State Business that are fully reinsured by the Dutch State. The aim of this facility is to increase the amount of funding available for export transactions. The guarantee is unconditional and irrevocable and pays out in the event that damages occur to the party that originally provided the funding (capital market party). If, at a later stage, it becomes clear that indemnity has been made on the basis of the guarantee for a loss that would not have been indemnified in the case of (re)insurance, the Dutch State holds a right of recourse against the bank that provided the financing for the export transaction. This will be a temporary measure.

c. Changes in terms and conditions

1. Increased scope of official export credit facility: Some transactions that used to be covered by the market are now eligible for the official export credit facility. Specifically, one transaction policies to category I countries with a maximum claim amount larger than EUR 100 million and/or with a repayment period of 36 months (of which the credit risk lasts at least 24 months) is now eligible for the official export credit facility. The original benchmarks were EUR 250 million (minimum potential claim amount), 60 months (repayment period) and 30 months (duration credit risk). This measure will be temporary (31/12/2009).

2. Increased flexibility of country policy: Our country policy is being made more flexible. Until now there have been relatively strict requirements in terms of guarantees from banks or central governments for some of the more risky countries. Currently we are making that more flexible by also allowing for different types of additional securities from the exporter. For example it can become possible to provide coverage if an additional security (e.g. real estate, additional guarantees, etc.) is available to reduce the risk.

d. Development of ECA business

i) Demand: trends in offers and commitments

We are seeing that many projects are being deferred.

ii) Arrears situation: trends

This has increased but not to an alarming extent.

iii) Claim situation: trends

Please see previous answer.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance)

No extra comments.
1. Measures in the ST Field

a. Increased Capacity

At present capacity is sufficient.

b. New products

Guarantees will be issued in relation to L/Cs which are opened by banks whose registered office is located in countries considered to be covered by KUKE S.A. insurance against non-marketable risks.

Subject of guarantees:

a) L/C confirmation by beneficiaries of guarantees

b) receivables with deferred payment term no longer than 719 days for L/Cs discounted by beneficiary of a guarantee who has purchased receivables under L/C provisions,

c) receivables with deferred payment term no longer than 719 days resulted from L/C post-financed by the bank that after refinancing have been paid to an exporter under L/C provisions or upon the separate agreement with the L/C opening bank.

Framework agreements concluded with banks will include single guarantees.

c. Changes in terms and conditions

Plans to extend eligible currency list which so far was limited to 15 currencies, in order to meet exporters requirements. Plans to extend the cover for Supplier Credit up to 95%.

d. Development of ECA business

i) Demand: trends in offers and commitments

Visible increase in number of applications for cover in the first half year of 2009 compared to 2008.

ii) Arrears situation: trends

Visible increase in both number and total amounts of arrears reported to KUKE S.A. in the first half year of 2009. The total amount of arrears reported in the first half year of 2009 has risen significantly.

iii) Claim situation: trends

The financial crisis resulted in rise of number of requests for intervention and in increase of indemnities paid.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

None.
2. Measures in the M/LT Field

a. Increased Capacity

At present capacity is sufficient.

b. New products

Possible introduction of a direct credit facility in Poland. It is assumed that all export credits extended by Bank Gospodarstwa Krajowego (The State Economy Bank) would be insured by KUKE S.A.

c. Changes in terms and conditions

Plans to extend the cover for Supplier Credit up to 100 %.

d. Development of ECA business

i) Demand: trends in offers and commitments

Comparing the first half year of 2009 to the same period of 2008 significant decrease is visible both in offers and in new commitments.

ii) Arrears situation: trends

In the half year of 2009 we noticed significant increase of MLT arrears comparing to year of 2008.

iii) Claim situation: trends

The financial crisis resulted in rise of number of requests for intervention and in increase of indemnities paid.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).

In recent months financing banks that previously used KUKE S.A. coverage for buyer credits have demonstrated lower willingness to offer export financing. They reduced the capacity to finance Polish exports and their readiness to accept new transactions is limited. Even if the bank accepts export credit deal, the applicable banks’ margins are now much higher than several months ago. This in turn increases the total costs of the transactions and therefore limits the number of transactions that would be profitable from importers’ point of view.
PORTUGAL

1. Measures in the ST field

a. Increased capacity

The total capacity of our export credit insurance facility under the Portuguese Budget was increased by EUR 2 100 million (EUR 2.1 billion) in new business per annum.

b. New products

ST policies

We have extended the cover of the credit insurance scheme to include ST individual transactions or regular supplies transactions to non OECD counties, Turkey and Mexico. This measure will be temporary. Some adjustments to the export credit policy were made to adapt to ST transactions. This facility is now fully implemented.

Whole turnover facility:

- **OCDE “Top Up Cover” Insurance Protocol**: A “top up cover” insurance protocol was approved to support export credit transactions for enterprises to be covered against an additional credit risk, with State guarantee extended through a Portuguese Mutual Guarantee Companies (in the Portuguese acronym SGM) available for risks located in Portugal or in other OECD countries, to compensate the decreased limits of credits attributed within the framework of a credit insurance policy. This facility is available to all export credit insurance companies operating in Portugal, under the same conditions. This facility will expire in 31.12.2010.

c. Changes in terms and conditions

ST policies

- Streamlining of the approval and administrative procedures.
- Higher percentage of cover (98%) and shortened claims waiting period (1 to 2 months)
- Commercial risks cover were more generally extended.

Whole turnover facility

OCDE “Top Up” Insurance Protocol: all the terms and conditions are new.

d. Development of ECA business

i) Demand: trends in offers and commitments

A significant increase in demand of ST coverage has been witnessed during first quarter 2009, but starting from a very low base level.

ii) Arrears situation: trends
No significant increase in arrears.

**iii) Claim situation: trends**

No increase in the number of claims.

e. **Other comments (including short description / analysis of the overall situation of ST trade finance, competition concerns, etc.).**

2. **Measures in the M/LT field**

a. **Increased capacity**

   No.

b. **New products**

   None.

c. **Changes in terms and conditions**

   No change.

d. **Development of ECA business**

   **i) Demand: trends in offers and commitments**

   Slight increase in the number of demands.

   **ii) Arrears situation: trends**

   Slight increase.

   **iii) Claim situation: trends**

   No change.

e. **Other comments (including short description / analysis of the overall situation of M/LT trade finance).**
ROMANIA

1. Measures in the ST Field

   a. Increased capacity

      None. EximBank Romania has enough room to accommodate in near term a significant increase in demand for ST business.

   b. New products

      None. The current portfolio of products covers most of Romanian exporters needs.

   c. Changes in terms and conditions

      No change.

   d. Development of ECA business

      i) Demand: trends in offers and commitments

      A significant increase in demand of ST EximBank coverage has been witnessed during Q1 2009, but starting from a very low base level.

      ii) Arrears situation: trends

      Slight increase in arrears.

      iii) Claim situation: trends

      Marginal increase in the number of claims.

   e. Other comments (including short description / analysis of the overall situation of ST trade finance, competition concerns, etc.).

2. Measures in the M/LT field

   a. Increased capacity

      Not needed yet. The existing EximBank Romania capacity offers enough room to accommodate a jump in activity.

   b. New products

      None.

   c. Changes in terms and conditions

      No change.
d. Development of ECA business

i) Demand: trends in offers and commitments
   Slight increase in the number of demands.

ii) Arrears situation: trends
    No increase.

iii) Claim situation: trends
   No change.

e. Other comments (including short description / analysis of the overall situation of M/LT trade finance).
SLOVAK REPUBLIC

1. Measures in the ST Field

a. Increased Capacity

Yes, as reported in our update on the financial crisis measures on 13 March 2009. Current capacity represents sufficient space to cover the potential increase in demand.

b. New products

None. Our product portfolio responds to the exporters needs.

c. Changes in terms and conditions

No changes.

d. Development of ECA business

i) Demand: trends in offers and commitments

No significant increase in demand.

ii) Arrears situation: trends

We observe a negative trend.

iii) Claim situation: trends

We have noticed significant increase in claims reported comparing the 1.Q. 2009/1.Q. 2008.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

2. Measures in the M/LT Field

a. Increased Capacity

Yes, as reported in our update on the financial crisis measures on 13 March 2009. Current capacity represents sufficient space to cover the potential increase in demand.

b. New products

None. Existing portfolio responds to the exporters needs.

c. Changes in terms and conditions

No changes.
d. Development of ECA business

i) Demand: trends in offers and commitments

No increase during the crisis period, some decline in requests observed in the 1.Q. 2009. However, several cases are in the discussion stage.

ii) Arrears situation: trends

Trend is negative.

iii) Claim situation: trends

Trend in claims reported is negative.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).
SLOVENIA

1. Measures in the ST Field

a. Increased Capacity

Slovenia supported the OECD Statement on the Global Financial Crisis and Export Credits despite the fact that it is not an OECD member yet and not a G-20 direct member as well, and committed itself for coordinated export credit support to help boost trade flows.

On this basis all Country Limits for non-marketable risks insurance has been abolished (ST, MLT Export Credits and Investments).

Maximum authorised ceiling for all non-marketable risks (covered directly in the name and on the account of the government; ST, MLT, INV) has been increased on 7 April 2009 from EUR 2.086.463.028 to EUR 3.000.000.000.

We expect (rough estimations) that approximately 52% will be utilized by the INV insurance, 25% MLT and 23% with ST credit insurance. In the period from 15 September 2008 until 21 April 2009 volume of new business reached EUR 460.406.627.

Target of more than doubling non-marketable risk insurance in 2009 (EUR 1 billion) has been set by the government.

SID bank received EUR 160 million of new capital which is aimed, among other areas of development banking, for export financing as well.

b. New products

None.

c. Changes in terms and conditions

None.

d. Development of ECA business

i) Demand

We expect the exposure to be raised quite quickly (on the basis of trends and demand in last 6-12 months).

In the first 4 months of 2009 the volume of export credits, insured by the official ECA increased by 28%, mainly due to more demand in ST business (non-marketable risks).

ii) Arrears situation:

No dramatic changes has been noticed, as Slovenian official ECA has been only marginally involved in ST business in the past, due to high risk appetite of private sector in this field.

As regard to the SID Bank’s private arm – SID-PKZ, the arrears in ST business has increased significantly. Potential claims are almost 3 times larger than in 2008.
Similar trend has been noticed in the SID Bank’s debt collection company as well, where the number of cases received in the period January-April 2009 increased by 89% on a yearly basis. As regard to the volume of cases taken into process of debt collection, it was increased by 149%.

**iii) Claim situation:**

As regard to claims paid, the situation is similar as in arrears, however with a logical time delay. Claims paid on ST credits in 2008 even decreased; however in 2009 we expect them to double.

**e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).**

This area is under pressure of private reinsurers, lowering their available capacities and subsequently the limits.

We have noticed as well many “new customers”, who did not use the services of national ECA before. Many of them are directed to SID bank by their banks, as a pre-condition for obtaining or restructuring export credits.

**2. Measures in the M/LT Field**

**a. Increased Capacity**

See 1.a)

**b. New products**

- Exporter’s Non-Performance Insurance (Bank Guarantees)
- Non-Shareholder Loans (New Product Line: Insurance, Re-Financing, Co-Financing);
- INV: Temporary support for finishing “in progress” investments of Slovenian companies abroad

**c. Changes in terms and conditions**

In the Slovenian interest make-up program (IREP) the ceiling for the maximum bank’s margin has been removed and the levelling factor (cost compensation for banks) has been increased on average by 40%, with the aim to increase the use of this program. Levelling factors remained however in the frame of max. 100 bps.

When assessing individual export credits, the sound underwriting principles are still followed.

**d. Development of ECA business**

**i) Demand**

There is a moderate increase in applications. However, many MLT projects were postponed and subsequently the volume of the new MLT business declined.
ii) Arrears situation:

Only sporadic cases are identified, however most of them are caused by the global financial crisis.

iii) Claim situation:

SID bank is expecting an increase in claims paid in 2009 and 2010.

On this basis government strengthen the precautionary reserves, aimed to secure unimpeded claim payments.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).

Exporters are facing difficulties to get export financing from private banks. Thus, a more profiled role of SID Bank in this field is expected – to fill the market gap and if necessary to offer co-financing and/or direct lending.
SPAIN

1. Measures in the ST Field
   a. Increased Capacity
      According to the Spanish legislation, CESCE cannot provide cover official support for the short term transactions. These rules should be modified in order to use the Escape Clause of the ST communication, which may be done in the near future.
   b. New products
   c. Changes in terms and conditions
   d. Development of ECA business
      i) Demand: trends in offers and commitments
      ii) Arrears situation: trends
      iii) Claim situation: trends
   e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

2. Measures in the M/LT Field
   a. Increased Capacity
      Special attention has been given to SMEs with concrete measures specially addressed to them. It has been created a Special financial facility for SMEs to eligible countries.
   b. New products
      None.
   c. Changes in terms and conditions
      Cesce offers cover up to 99% for every policy for political and commercial risk.
      Now is applying higher flexibility in certain countries that used to have ceilings and coverage constraints.
   d. Development of ECA business
      i) Demand: trends in offers and commitments
      We have a slight increase in applications for buyer credit cover.
      ii) Arrears situation: trends
      No relevant arrears have been detected.
      iii) Claim situation: trends
      There has not been an increase in claims.
   e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).
      n.a.
SWEDEN

1. Measures in the ST Field

   a. Increased Capacity

       EKN’s guarantee framework (statutory limit) in the ST and M/LT field (together) for 2009 has been
       increased from SEK 200 billion to SEK 350 billion, to meet the increased demand. The guarantee
       framework is decided on a year by year basis.

   b. New products/solutions

       The following solutions have been partly or wholly developed as a consequence of the increased
       demand caused by the financial crisis:

       • Working capital credit guarantee WCCG

           With a WCCG the bank shares the risk with EKN when the bank issues working capital credits in the
           form of loans or overdraught rights. The guarantee reduces the bank’s risk on the borrower and increases
           the facility for new credit. The WCCG has previously been used for small and medium-sized export
           companies. It is now extended so that it can be used by export companies regardless size. This measure
           will be evaluated at the end of 2009, in order to decide whether it will be prolonged for another period.

       • Other solutions

           EKN has shared risk with financiers a few times in conjunction with credit in the form of a corporate
           bond issued by Swedish companies with a high proportion of exports. This arrangement reduces the
           financier’s risk on the bond issuing company, which releases new capital for other export transactions.
           Even this measure will be evaluated, early in 2010.

           The financing for above mentioned EKN guarantee solutions must be tied to export activities. EKN
           charges a premium at market rate that reflects its share of the risk.

   c. Changes in terms and conditions

       None.

   d. Development of ECA business

       i) Demand: trends in offers and commitments

           The number of applications during Q4 2008 has increased with 56%, compared to the same period in
           2007.

       ii) Arrears situation: trends

           A significant increase in notifications of potential losses since Q4 2008.
iii) Claim situation: trends

Claims have increased during the last 12 months, but from a very low level. A number of new claims can be foreseen in the summer and a substantial increase in paid claims.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

EKN has been contacted by a number of exporting companies of all sizes which need support as the private insurers and banks have declined cover. Smaller Co:s stand without any cover, larger Co:s. may have an insurance contract but with withdrawn or substantially reduced limits. In most cases it has been ST risks on countries where EKN is not allowed to participate due to the present EU-regulations. Sweden is a highly export oriented country, with a relatively small domestic market. The banks have reduced their risk capacity and this affects both smaller and larger Co:s.

2. Measures in the M/LT Field

a. Increased Capacity

EKN’s guarantee framework (statutory limit) in the ST and M/LT field (together) for 2009 has been increased from SEK 200 billion to SEK 350 billion, to meet the increased demand. The guarantee framework is decided on a year by year basis.

The Swedish government decided in December 2008 to provide AB Svensk Exportkredit (SEK) with a liquidity facility amounting maximum SEK 100 billion and to give SEK the possibility to purchase state guarantees for its borrowings for the year 2009. In both cases, SEK would pay a commercial fee and market interest.

The Swedish government also decided to provide SEK with SEK 3 billion in new equity funding and to transfer to SEK 100% of the shares in Venantius AB (which was established by the Swedish state in 1995 in order to manage certain housing loans entailing a particularly high risk of credit losses, as of 31 December 2007, it had total consolidated equity of approximately SEK 2.4 billion).

b. New products/solutions

The following solutions have been partly or wholly developed as a consequence of the increased demand caused by the financial crisis:

Working capital credit guarantee WCCG

See above under 1. b. Measures in the ST Field

Other solutions

See above under 1. b. Measures in the ST Field

c. Changes in terms and conditions

None.
d. Development of ECA business

i) Demand: trends in offers and commitments

Business demand is up, the accumulated amounts in offers provided is up 800% Q1 2009 and numbers of request for offers is up 100% Q1 2009, compared to the same period last year. The trend is a continued large demand during 2009.

ii) Arrears situation: trends

Delays are up from a number close to SEK 10 million end of Q1 2008, to SEK 600 million end of Q1 2009.

iii) Claim situation: trends

Claims are still very low, but could be expected to increase during 2009 in light of the increase in delays.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).

In Sweden, we see a large increase in demands for export credit guarantees in transactions that prior to the financial turbulence did not come through ECAs.
UNITED KINGDOM

1. Measures in the ST Field

ECGD, the UK’s official Export Credit Agency, does not currently provide any short-term export credit products.

a. Increased Capacity

n.a.

b. New products

The UK has recently developed a working capital scheme. Note this is not specifically export related, and is not an ECGD facility. This scheme recently received clearance from DG Competition:

STATE AID: COMMISSION AUTHORISES UK SCHEME TO SUPPORT LENDING TO BUSINESSES

The European Commission has approved, under EC Treaty state aid rules, a UK scheme to encourage banks to provide new lending to businesses in the UK (the Working Capital Guarantee Scheme). In the context of the current global financial crisis banks have become increasingly risk averse and are reducing credit ceilings. Under the scheme, the UK will offer banks up to £10 billion of guarantees in respect of portfolios of working capital loans to sound, credit-worthy companies. By virtue of this government guarantee, banks will obtain capital relief, which the banks have to redeploy to support further lending to businesses. The guarantees will be priced at a level designed to make the scheme self-financing. The Commission found that the measure is an appropriate, necessary and proportionate means of remedying a serious disturbance in the UK economy. In particular it is non-discriminatory, limited in time (two years) and scope and requires a risk-based remuneration. It is, therefore, compatible with the rules on state aid to remedy a serious disturbance in a Member State's economy (Article 87(3)(b) of the EC Treaty), as explained in the Communication on how these rules apply to banks during the current crisis (see IP/08/1495).


c. Changes in terms and conditions

n.a.

d. Development of ECA business

i) Demand: trends in offers and commitments

n.a.

ii) Arrears situation: trends

n.a.
iii) Claim situation: trends

n.a.

e. Other comments (including short description/analysis of the overall situation of ST trade finance, competition concerns, etc).

ECGD has received some enquiries from UK exporters asking whether ECGD will re-enter the short-term credit insurance market. The UK Government is examining the short-term market to consider whether there is any evidence of systematic market failure which would warrant an intervention by the UK Government, possibly through ECGD.

2. Measures in the M/LT Field

a. Increased Capacity

None. ECGD has sufficient head room under its statutory limits to support the expected increase in demand for MLT support.

b. New products

None

c. Changes in terms and conditions

None

d. Development of ECA business

i) Demand: trends in offers and commitments

ECGD has experienced a 50% increase in enquiries from existing and potential new customers. Although it is difficult to provide an accurate forecast due to volatility in the market, we expect civil and aerospace business in 2009 to be roughly double 2008 business levels.

ii) Arrears situation: trends

No arrears have been reported as yet.

iii) Claim situation: trends

No new claims have been received.

e. Other comments (including short description/analysis of the overall situation of M/LT trade finance).

While ECGD has noted an increase in demand for its support, there has also been a decline in the number of banks interested in participating in ECGD-backed loans. ECGD is closely monitoring developments.