



berneunion

The Berne Union Presentation to the Joint Meeting of Arab and Islamic ECAs

Kimberly Wiehl

SECRETARY GENERAL

Beirut – 27/28 October 2009

What is the Berne Union?

International Union of Credit & Investment Insurers

1934: 4 members (public and private)

2009: 71 members insuring \$1.5 trillion – 10% of total world export trade

Public members

ECGC (India), EDC (Canada), EKN (Sweden), NEXI (Japan), OPIC (US), SACE (Italy), SINOSURE (China), US EXIMBANK

Private members with a public mandate

ATRADIUS, COFACE, EULER HERMES

Private members

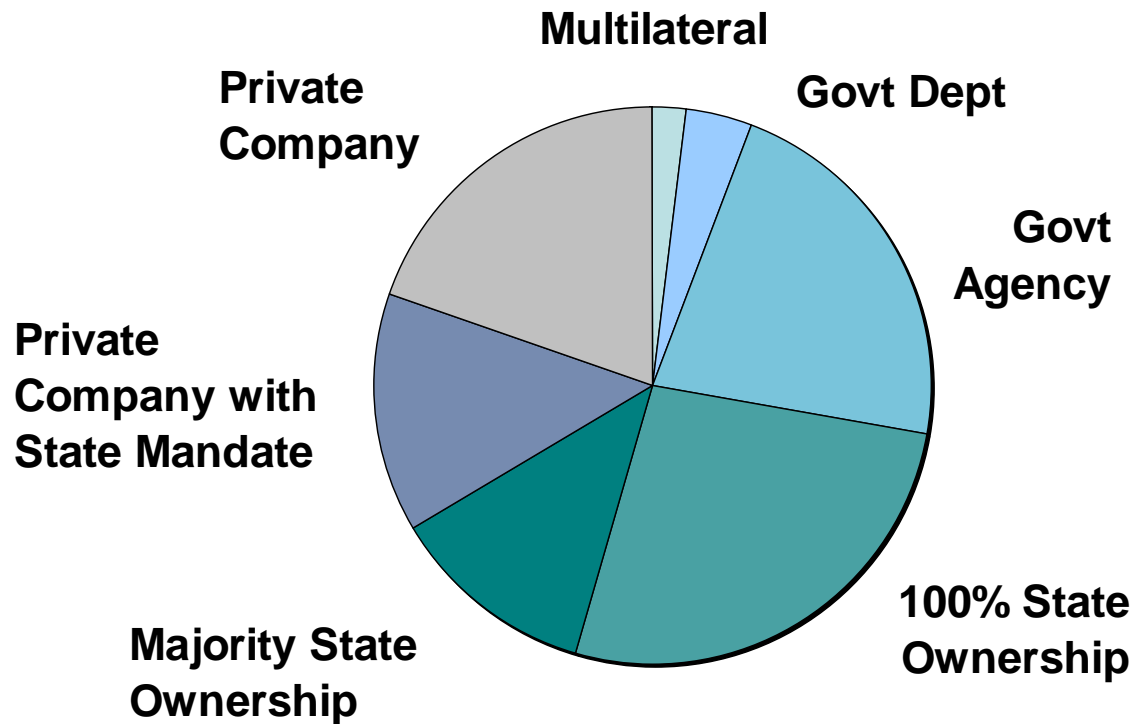
FCIA (USA), ECICS (Singapore), ZURICH (USA)

Multilateral agencies

ICIEC

MIGA (member of the World Bank Group)

Members' ownership structures



Berne Union Prague Club

Initiated in 1992 by new ECAs from:

Czech Republic, Hungary, Poland, Slovakia and Slovenia

Purpose to develop national credit insurance schemes to encourage international trade and practices according to the international rules

ECAs who have also become members of the Berne Union:

MEHIB (Hungary), SID (Slovenia), KUKE (Poland), EGAP (Czech Republic), SLOVAK EXIM, THAI EXIMBANK, ECIC SA and ICIEC

30 Members from Central & East Europe, CIS, Africa, Middle East, Asia

3 regional associations: The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the Arab Investment and Export Credit Guarantee Corporation (DHAMAN) and Africa Trade Insurance (ATI)

What are the purposes of the Berne Union?

Value Statement

“We are committed to operate in a professional manner that is financially responsible, respectful of the environment and which demonstrates high ethical values - all in the best interest of the long-term success of our industry.”

Sound Principles

“... to work for the international acceptance of sound principles of export credit ... (and) foreign investment insurance ...”

⇒ *Guiding Principles & Operational Guidelines*

Interaction

“... to provide for the exchange of information, assistance, expertise and advice ...”

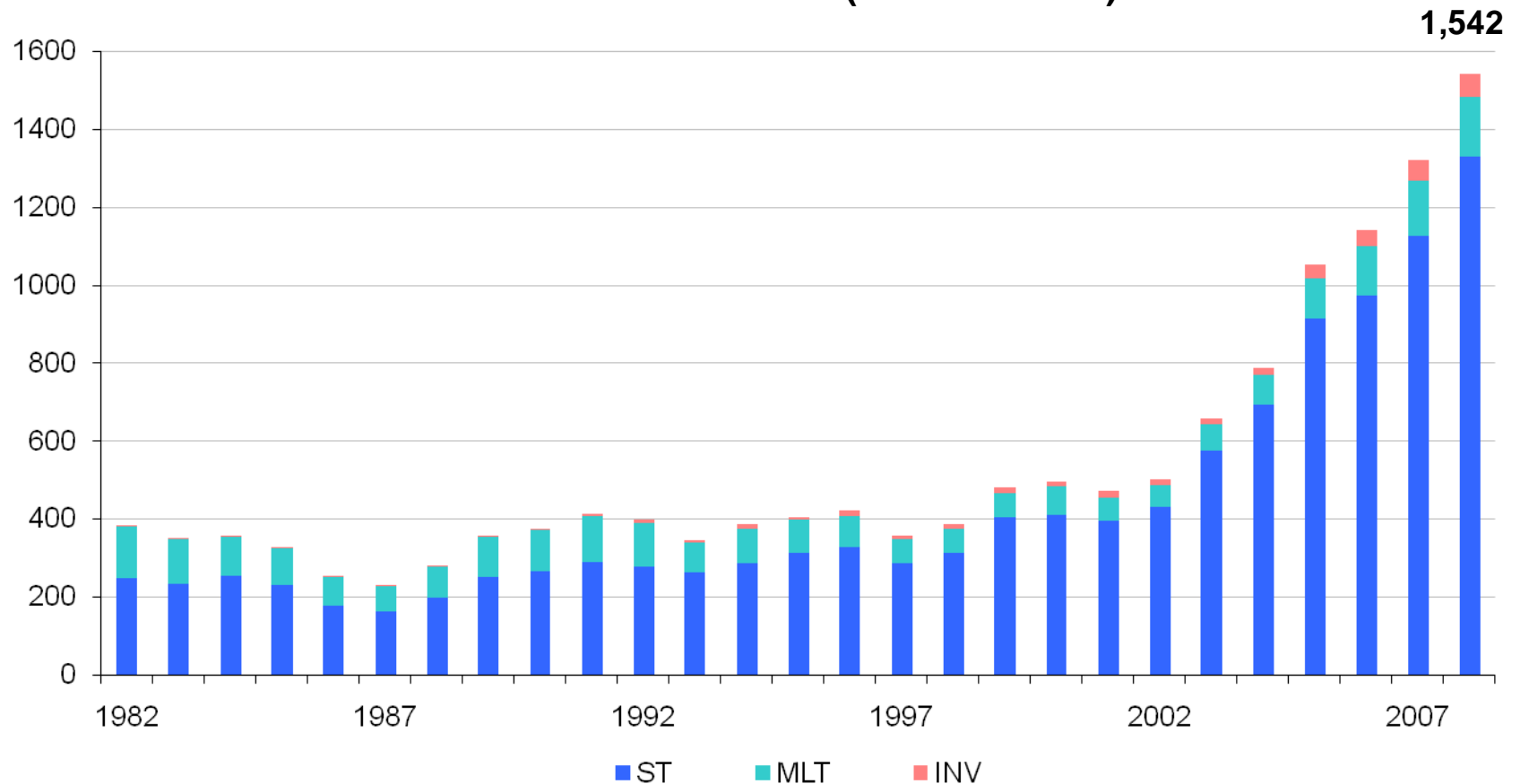
⇒ *a forum for co-operation & professional interaction*



2008 total new business during year

All Berne Union members

(in USD billion)

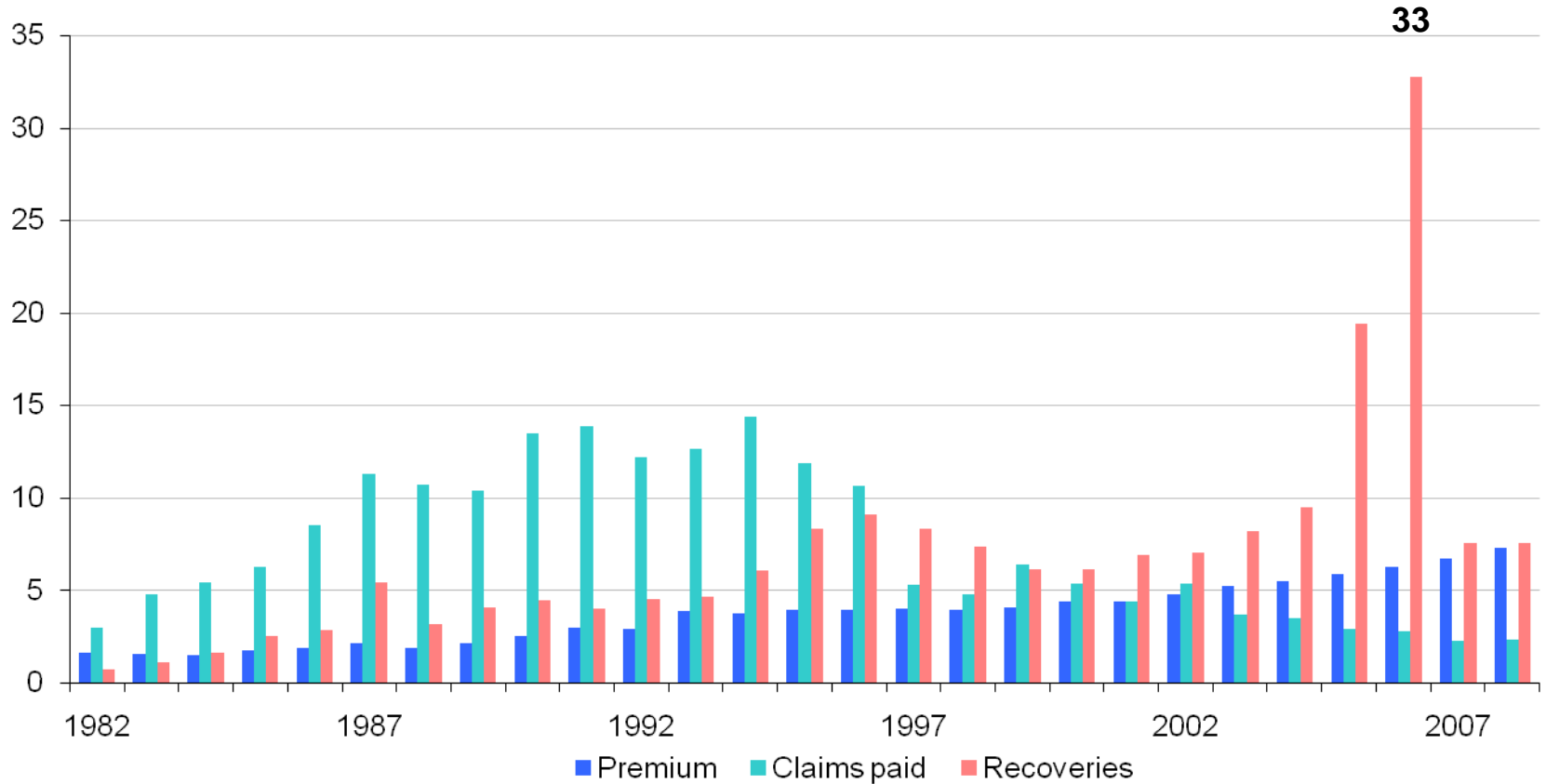




2008 premium, claims, recoveries during year

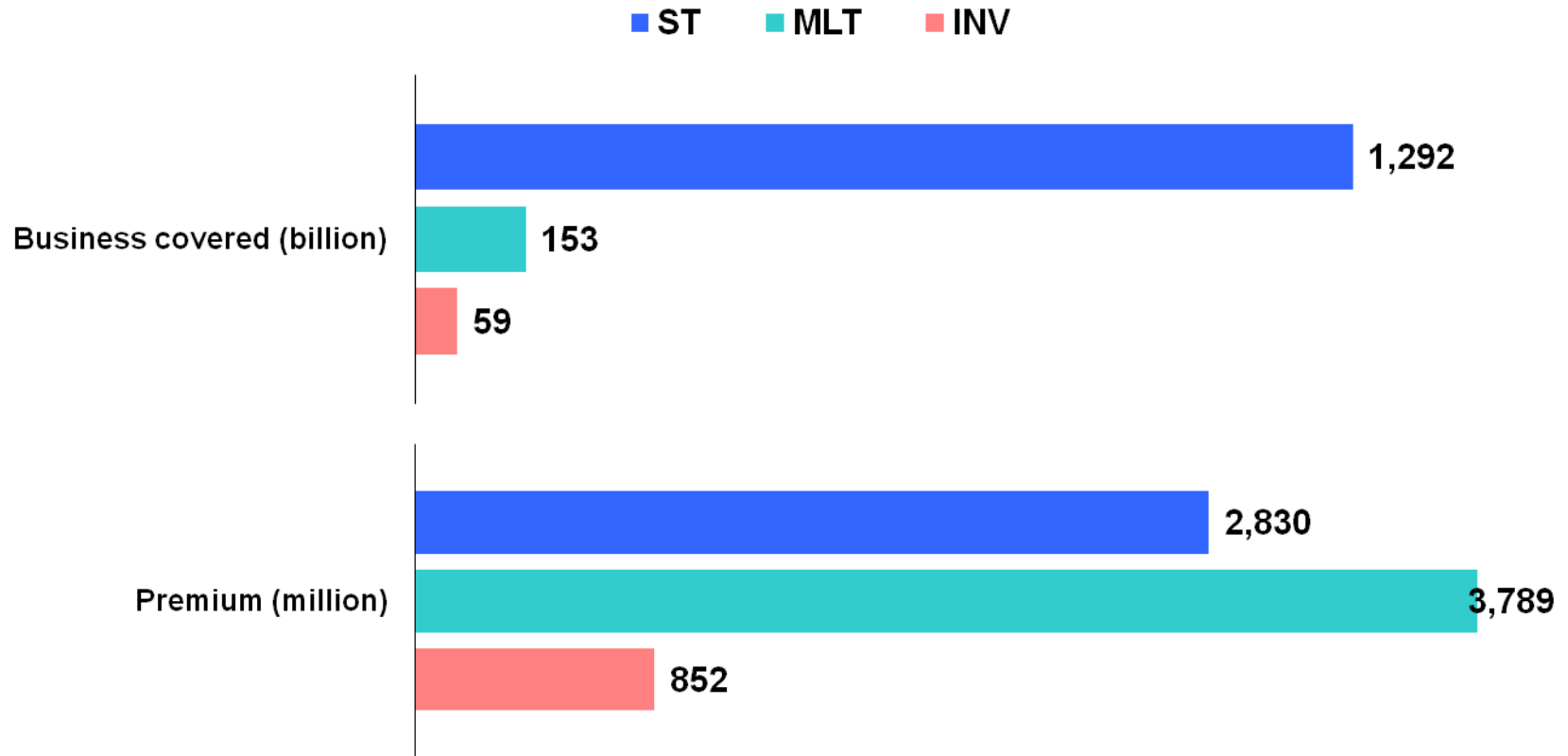
All Berne Union members

(in USD billion)





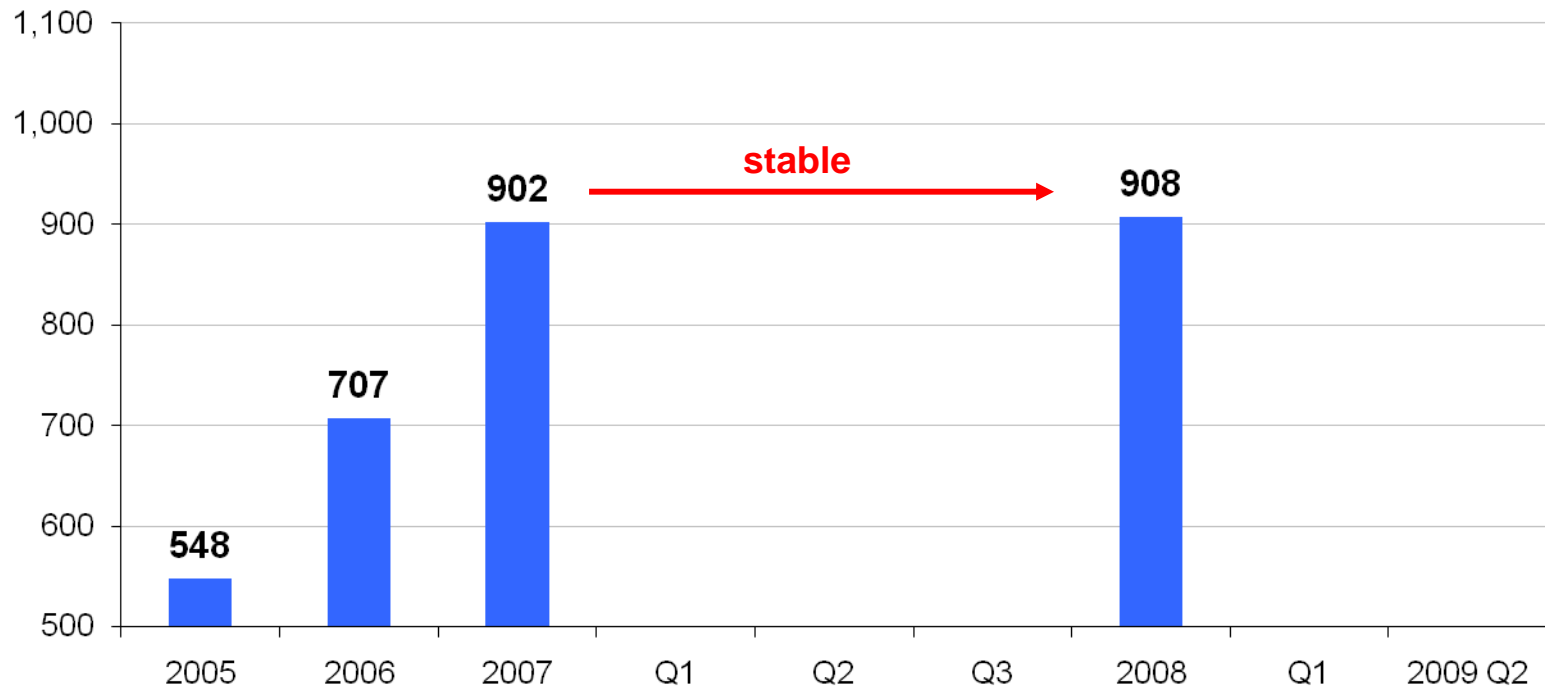
Business areas 2008





ST commitments at year-end

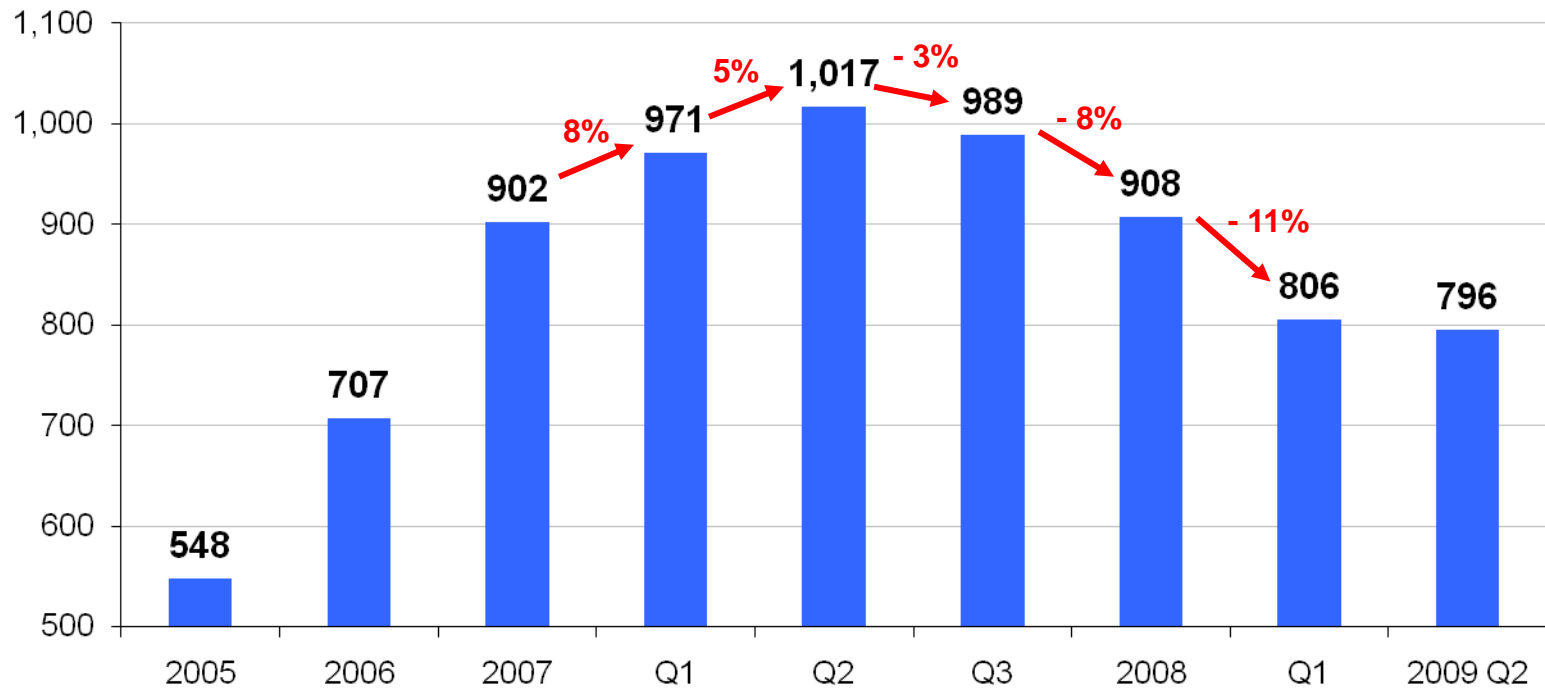
(USD billion)





ST commitments at quarter-end

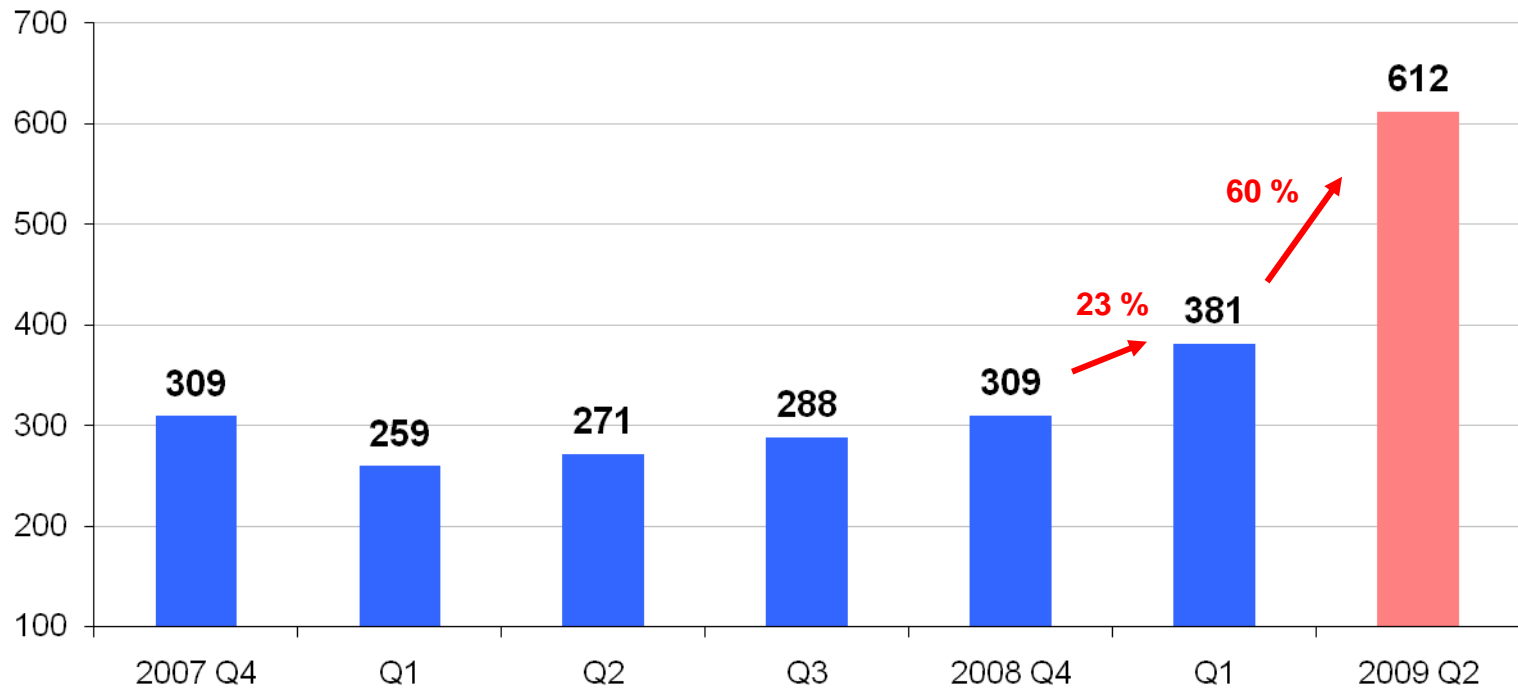
(USD billion)





ST claims paid quarterly

(USD million)

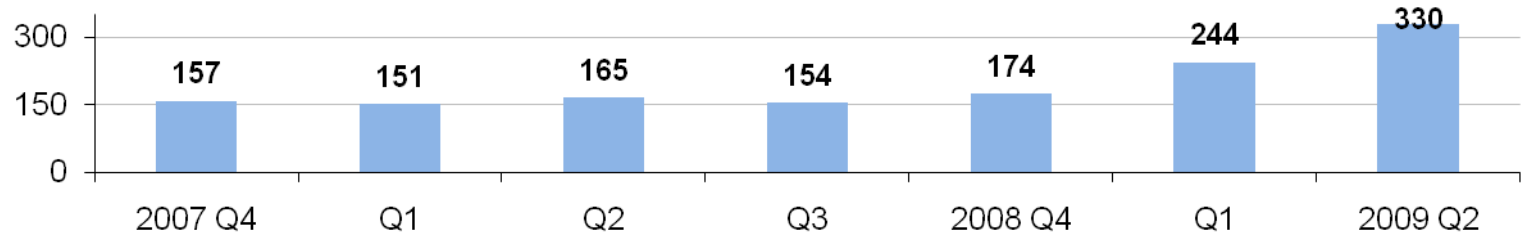




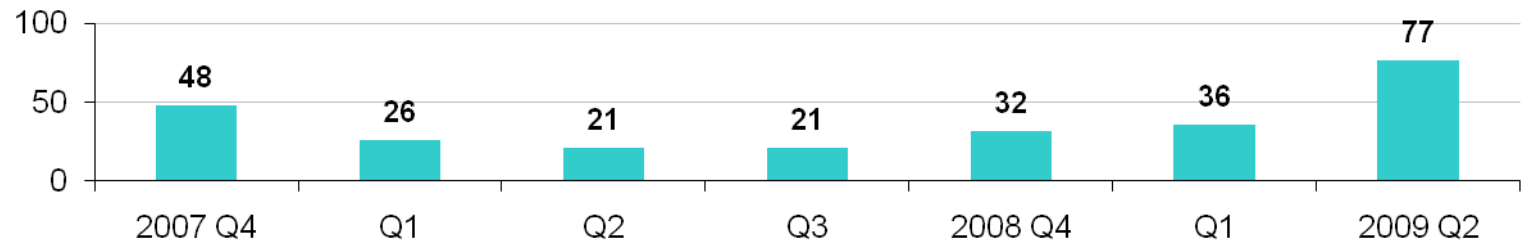
ST claims paid quarterly

(USD million)

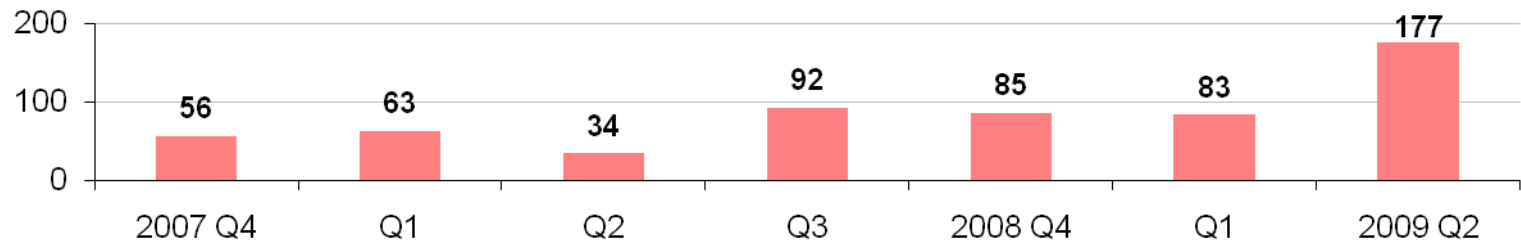
Europe



Asia



Americas



ST claims paid – regional trends

Claims paid in 2009 so far (at the end of 2009 Q2) –
in percent of previous year's total claims

- Europe : 90%
- Asia : 110%
- Americas : 85%
- Africa : 55%
- Oceania : 100%

ST claims paid by country

OECD
(USD million)

	2008	2009 Q1	2009 Q2	2009	08/09
	Full Year			First Half	<i>% of prior year claims</i>
United States	183.8	57.4	119.4	176.8	96%
Italy	107.6	28.5	34.6	63.1	59%
United Kingdom	88.1	19.7	40.3	60.0	68%
Spain	52.2	25.2	28.0	53.2	102%
Turkey	32.4	10.1	31.6	41.7	129%
Germany	57.9	20.0	20.6	40.6	70%

ST claims paid by country

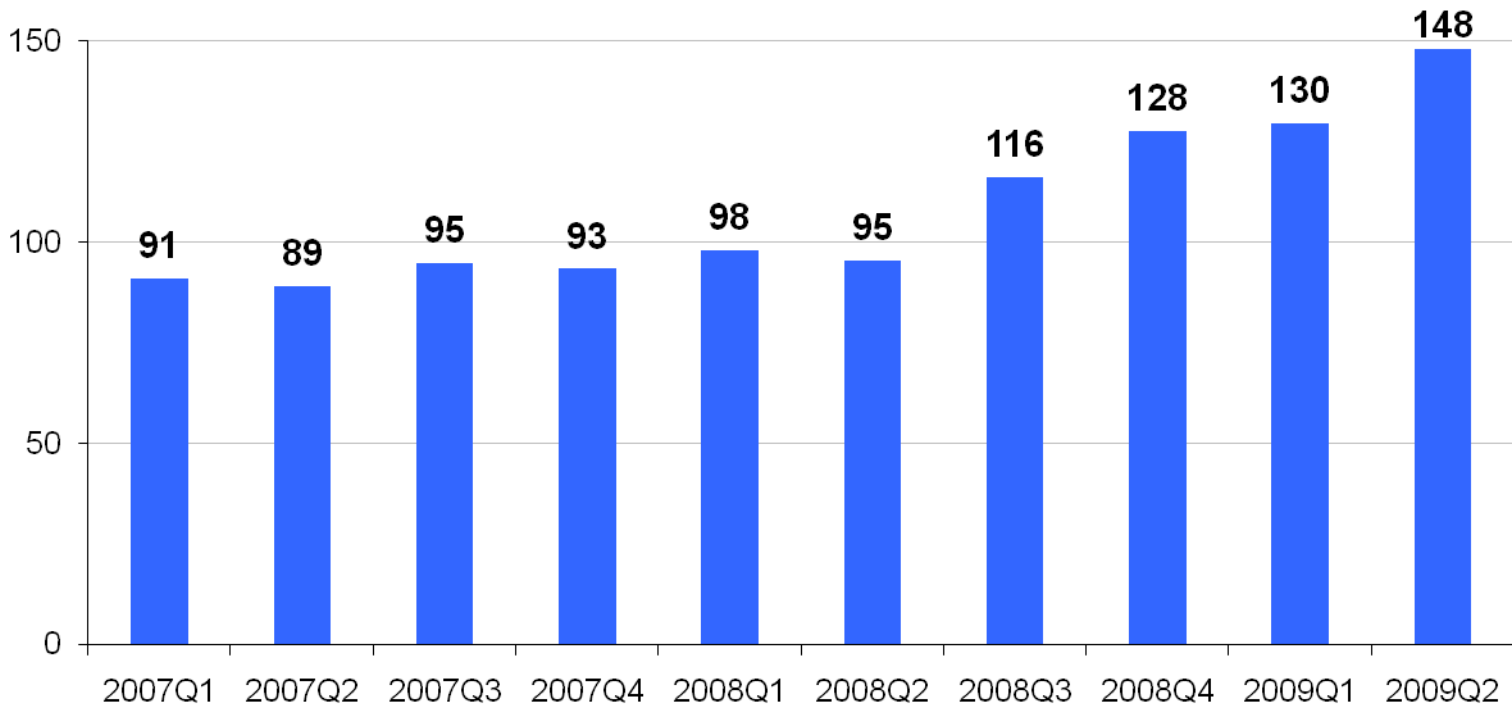
non – OECD
(USD million)

	2008	2009 Q1	2009 Q2	2009	08/09
	Full Year			First Half	<i>% of prior year claims</i>
Russia	22.5	30.5	33.8	64.3	286%
Hong Kong	10.3	11.5	39.6	51.1	496%
Ukraine	2.9	8.8	29.0	37.8	1303%
Brazil	26.8	5.1	28.8	33.9	126%
Romania	6.3	7.9	6.4	14.3	227%
China	14.1	3.9	6.1	10.0	71%



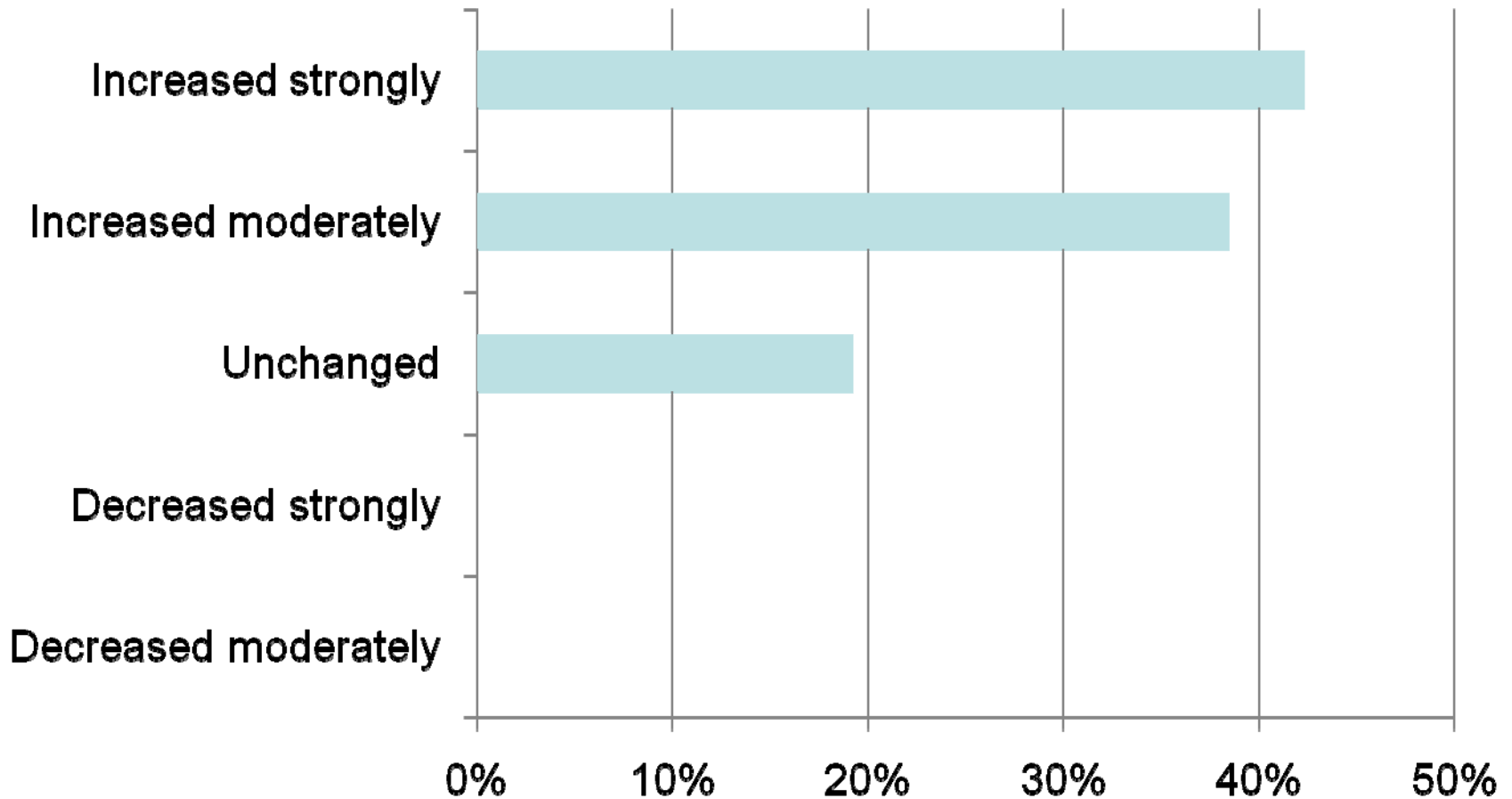
MLT offers at quarter-end

(USD billion)





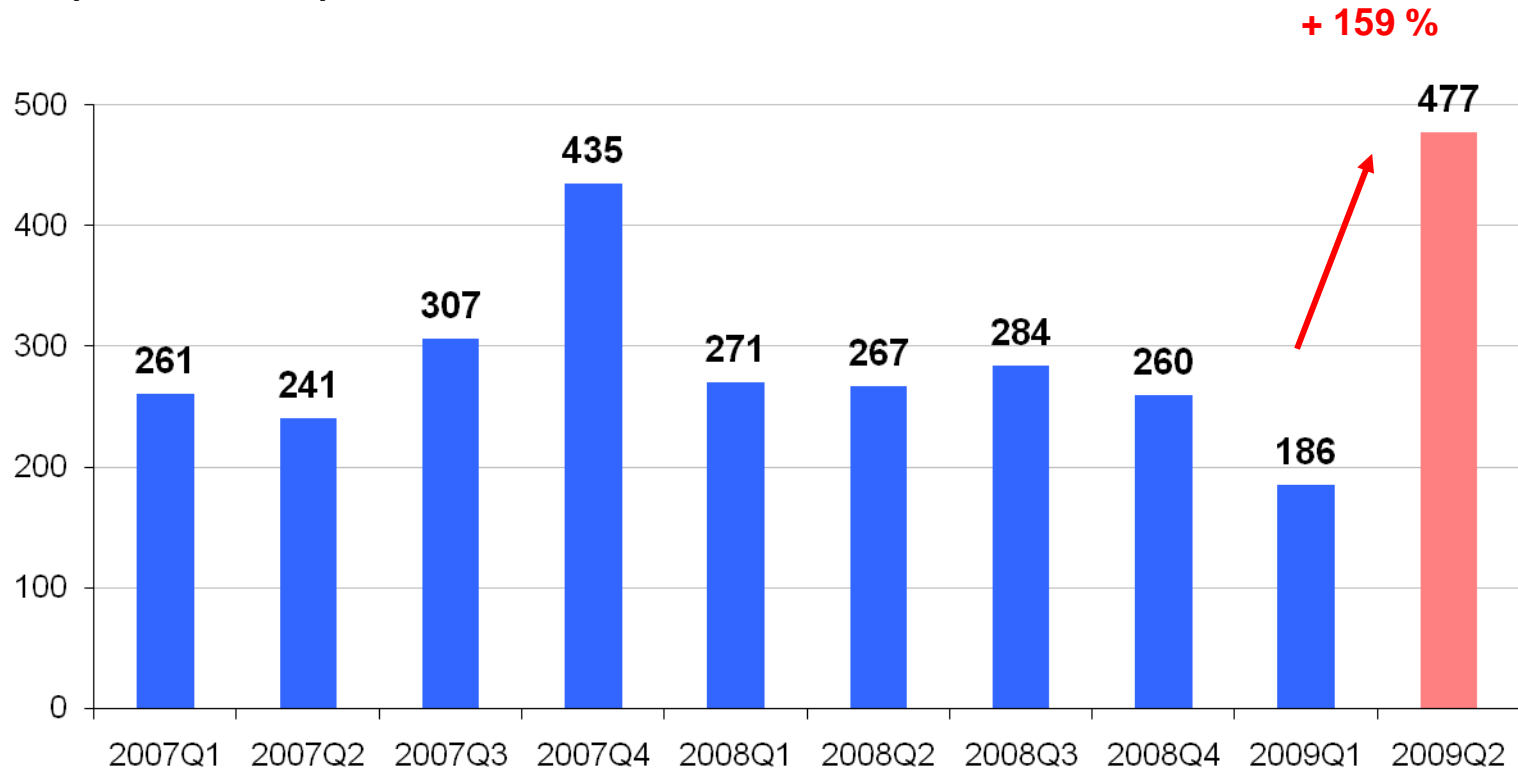
Requests to reschedule MLT corporate/bank debt





MLT claims paid during quarter

(USD million)





How do BU and Prague Club members react?

Re-underwriting the portfolio

ECA & Government Initiatives

- Maintaining and expanding capacity
- Complementing ST export credit
- Liquidity support
- Working capital support

Reinsurance cooperation



Mid 2009 – where do we stand?

A different story for different players

High demand for the product

Reinsurance capacity?

Questions on state aid

Conclusions

- Credit insurance is needed more than ever
- Governments/EU/OECD have been supportive of credit insurance
- ECAs are playing their role
- Sufficient capacity to cover acceptable risks
- Assessment of risk / pricing of risk
- Opportunities – new clients, new products

Appendix

1. Maintaining and expanding capacity

- **NEXI (Japan)**
Budgeting JPY50 trillion risk capacity for NEXI in FY'09
- **Euler Hermes (Germany)**
Announced maintaining sufficient capacity of €117 billion
- **US Exim & China Exim**
Announced US\$ 20 billion credit lines for trade finance
US Exim: US\$ 4 billion for ST + US\$ 8 billion for MLT
China Exim: US\$ 8 billion
- **KEIC (Korea)**
Capital injection of US\$200 million to KEIC for 2009
Increased export insurance limit to US\$130 billion for 2009
- **TEBC (Taiwan)**
Established a specific reserve for additional insurance capacity
- **Slovak Exim (Slovakia)**
15% Increase of the insurance funds capacity
- **ASEI (Indonesia)**
Increased capital from US\$55 million to US\$150 million

Appendix

2. Complementing ST export credit

- **US Exim**
 - Provided cover for L/C issued by Korean banks
 - Reduction in premium for SMEs
- **Euler Hermes (Germany)**
 - Increased coverage for commercial risks (85%→95%)
 - Offer cover for confirmations of L/Cs issued by foreign banks
- **EKF (Denmark)**
 - Increased coverage for bank L/Cs (50%→95%)
- **COFACE (France)**
 - Expanded coverage for suppliers credit (95%→100%) provided by SMEs
 - Eased modalities for cover of export contracts (pre-shipment cover, supplier credit transfer/cession), cover for banks confirming L/C and cover against the exporter risk for banks issuing bonds or working capital financing
- **MEHIB (Hungary)**
 - Increased coverage, CBC (95%→100%)
 - New EU Decision on prolongation of the ST SME insurance facility
- **EU**
 - Flexible use of the escape clause on short-term marketable risks

Appendix

3. Liquidity support

- **NEXI (Japan)**
Facilitate the assignment to banks of export receivables with NEXI cover
- **Euler Hermes (Germany)**
Make easier the assignment of export receivables covered by a state guarantee
Raise the max amount for counter-guarantee covering a contract bond from €80m to €300m for an exporter to fully utilize its bank credit line
- **SERV (Switzerland) etc**
Considering securitisation guarantees for bank refinancing

Appendix

4. Working capital support

- **US Exim**
Working capital loan guarantee for indirect exporters
Considering to offer direct working capital loans through lenders to exporting SMEs
- **NEXI (Japan)**
Untied Loan Insurance for working capital loan to Japanese overseas subsidiaries
- **SACE (Italy), EKN (Sweden), SERV (Switzerland), ASEI (Indonesia) etc.**
Guarantee on working capital facilities

Appendix

5. Asia-Pacific trade insurance network

To facilitate intra- and extra-regional trade and investment flows

