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

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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

- Multilateral
- Govt Dept
- Govt Agency
- Private Company
- Private Company with State Mandate
- Majority State Ownership
- 100% State Ownership

100% State Ownership
Govt Agency
Private Company
Private Company with State Mandate
Majority State Ownership
Multilateral
Govt Dept
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)
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)

1,542
ST commitments at year-end

(USD billion)

2005: 548
2006: 707
2007: 902
Q1: stable
Q2: 908
Q3: 908
Q4: Q1: 908
Q2: 908
ST commitments at quarter-end

(USD billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>548</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>707</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>902</td>
<td>8%</td>
</tr>
<tr>
<td>Q1</td>
<td>971</td>
<td>5%</td>
</tr>
<tr>
<td>Q2</td>
<td>1,017</td>
<td>-3%</td>
</tr>
<tr>
<td>Q3</td>
<td>989</td>
<td>-8%</td>
</tr>
<tr>
<td>2008</td>
<td>908</td>
<td>-11%</td>
</tr>
<tr>
<td>Q1</td>
<td>806</td>
<td></td>
</tr>
<tr>
<td>2009 Q2</td>
<td>796</td>
<td></td>
</tr>
</tbody>
</table>
ST claims paid quarterly

(USD million)

- 2007 Q4: $309
- Q1: $259
- Q2: $271
- Q3: $288
- 2008 Q4: $309
- Q1: $381
- 2009 Q2: $612

23% increase from Q3 to 2008 Q4.
60% increase from Q1 to 2009 Q2.
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%
### OECD

**ST claims paid by country**

(USD million)

<table>
<thead>
<tr>
<th>Country</th>
<th>2008</th>
<th>2009 Q1</th>
<th>2009 Q2</th>
<th>2009</th>
<th>08/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>183.8</td>
<td>57.4</td>
<td>119.4</td>
<td>176.8</td>
<td>96%</td>
</tr>
<tr>
<td>Italy</td>
<td>107.6</td>
<td>28.5</td>
<td>34.6</td>
<td>63.1</td>
<td>59%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>88.1</td>
<td>19.7</td>
<td>40.3</td>
<td>60.0</td>
<td>68%</td>
</tr>
<tr>
<td>Spain</td>
<td>52.2</td>
<td>25.2</td>
<td>28.0</td>
<td>53.2</td>
<td>102%</td>
</tr>
<tr>
<td>Turkey</td>
<td>32.4</td>
<td>10.1</td>
<td>31.6</td>
<td>41.7</td>
<td>129%</td>
</tr>
<tr>
<td>Germany</td>
<td>57.9</td>
<td>20.0</td>
<td>20.6</td>
<td>40.6</td>
<td>70%</td>
</tr>
</tbody>
</table>

OECD

% of prior year claims
### Non-OECD

**(USD million)**

<table>
<thead>
<tr>
<th>Country</th>
<th>2008 Full Year</th>
<th>2009 Q1</th>
<th>2009 Q2</th>
<th>2009 First Half</th>
<th>2009</th>
<th>08/09 % of Prior Year Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>22.5</td>
<td>30.5</td>
<td>33.8</td>
<td>64.3</td>
<td>286%</td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>10.3</td>
<td>11.5</td>
<td>39.6</td>
<td>51.1</td>
<td>496%</td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td>2.9</td>
<td>8.8</td>
<td>29.0</td>
<td>37.8</td>
<td>1303%</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>26.8</td>
<td>5.1</td>
<td>28.8</td>
<td>33.9</td>
<td>126%</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>6.3</td>
<td>7.9</td>
<td>6.4</td>
<td>14.3</td>
<td>227%</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>14.1</td>
<td>3.9</td>
<td>6.1</td>
<td>10.0</td>
<td>71%</td>
<td></td>
</tr>
</tbody>
</table>
MLT offers at quarter-end

(USD billion)
Requests to reschedule MLT corporate/bank debt

- Increased strongly
- Increased moderately
- Unchanged
- Decreased strongly
- Decreased moderately
Beirut – 27/28 October 2009

Kimberly Wiehl

MLT claims paid during quarter

(USD million)

+ 159 %

2007Q1: 261
2007Q2: 241
2007Q3: 307
2007Q4: 435
2008Q1: 271
2008Q2: 267
2008Q3: 284
2008Q4: 260
2009Q1: 186
2009Q2: 477
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
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
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
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
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
5. Asia-Pacific trade insurance network

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

- Japan
- Malaysia
- Singapore
- Other Asian-Pacific Economies including Indonesia, etc.