

# ECAs: Critical Public Agents in Promoting Trade and Economic Development

INTERNATIONAL  
FINANCIAL  
CONSULTING

**Diana Smallridge, President & CEO**

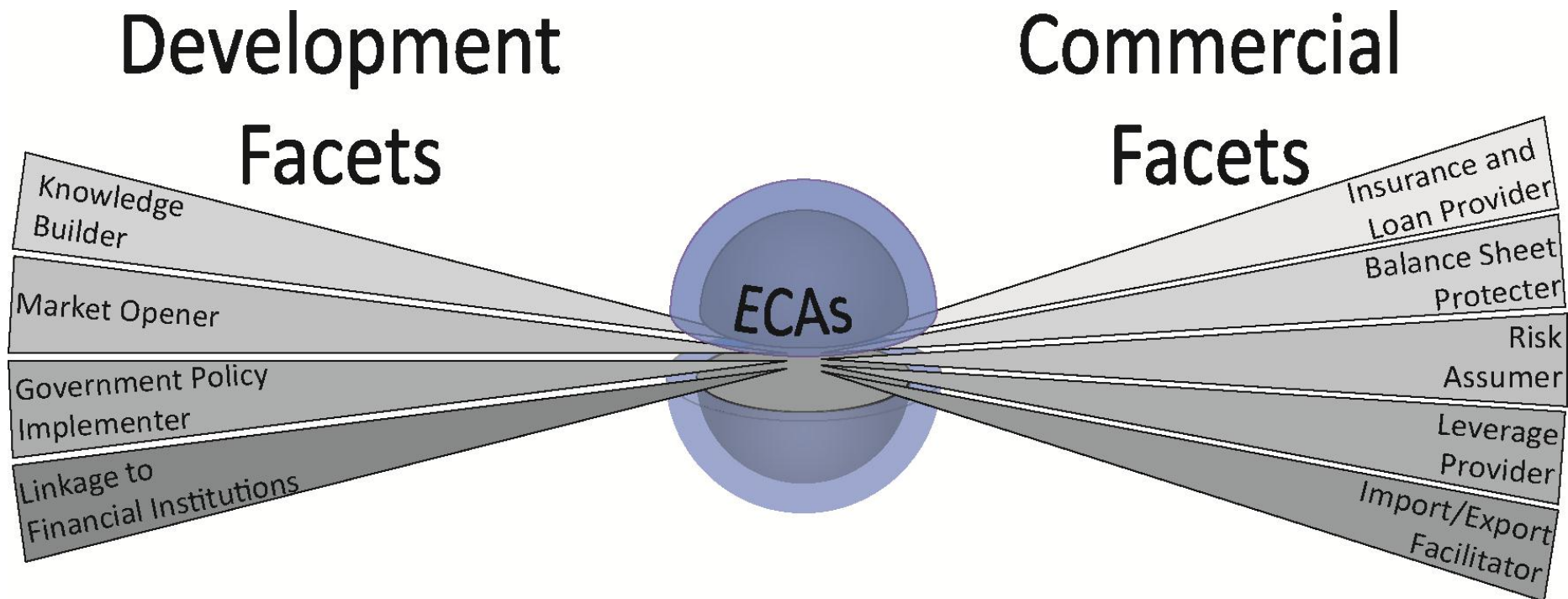
AMAN UNION 3<sup>rd</sup> Annual Meeting, Kuala Lumpur

November 20-22, 2012

# Exports Aren't Good for Malaysia.....

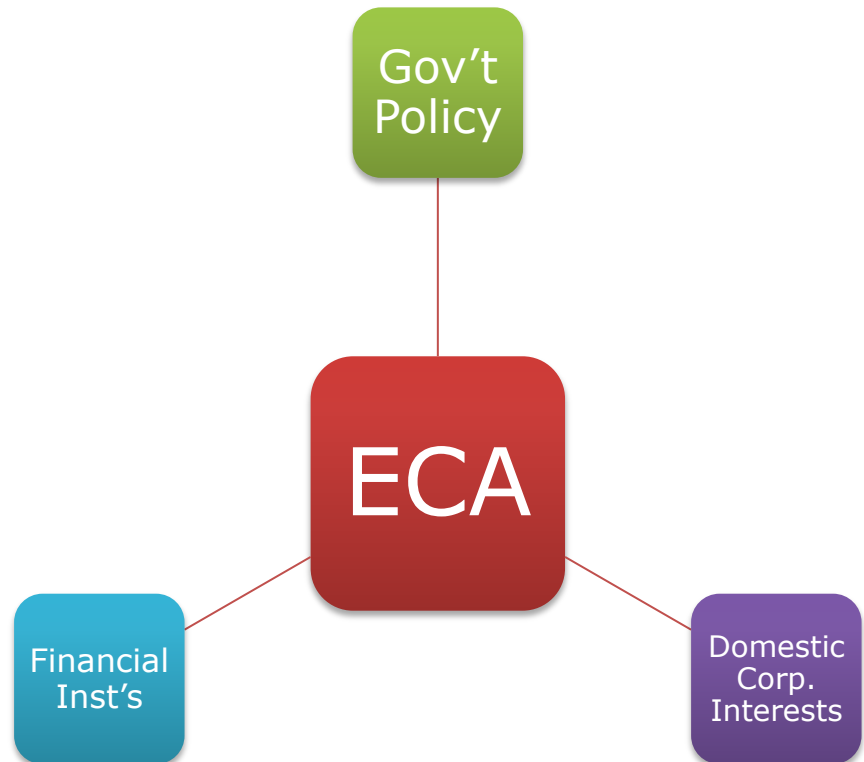
.... Getting Paid for Exports is Good  
for Malaysia

# ECA's Role is Complex and Multi-faceted



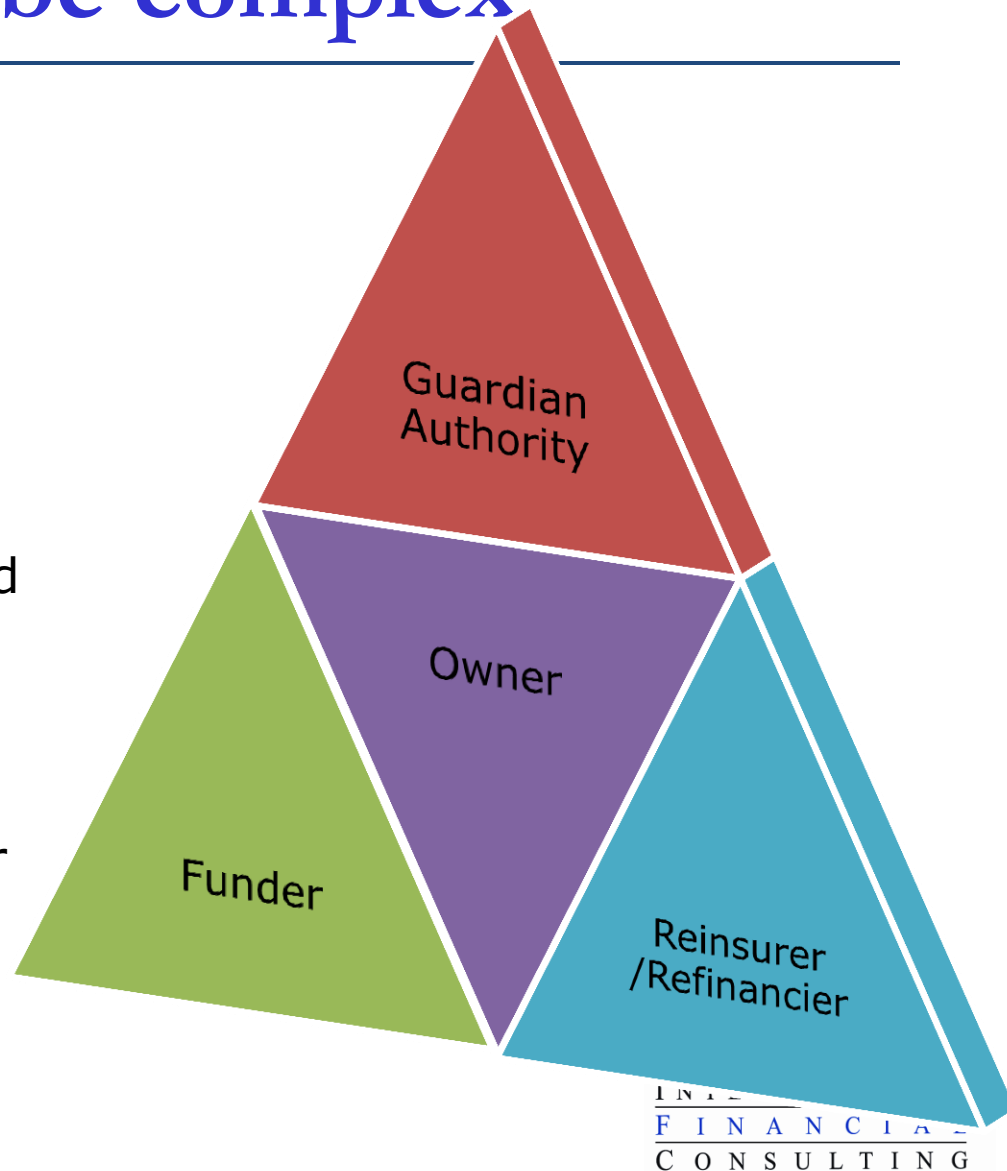
# With a Unique Position in the National Economy

- ❑ It is part of the government's overall set of policy tools to promote trade and investment
- ❑ It focuses on large, medium and small companies
- ❑ It has unique knowledge of foreign markets and risks
- ❑ It is part of an international network, such as the Aman Union, Berne Union, ICISA



# An ECA's Relationship with Government can be complex

- The Government plays a variety of roles vis-à-vis the ECA:
  - as guardian authority – providing mandate and approval of annual strategic plan
  - as owner – requiring financial sustainability and development impact
  - as funder – providing capital and as ultimate backstop for losses
  - as reinsurer or refinancier – providing access to risk capacity



# The Government's financial backing can take a variety of forms

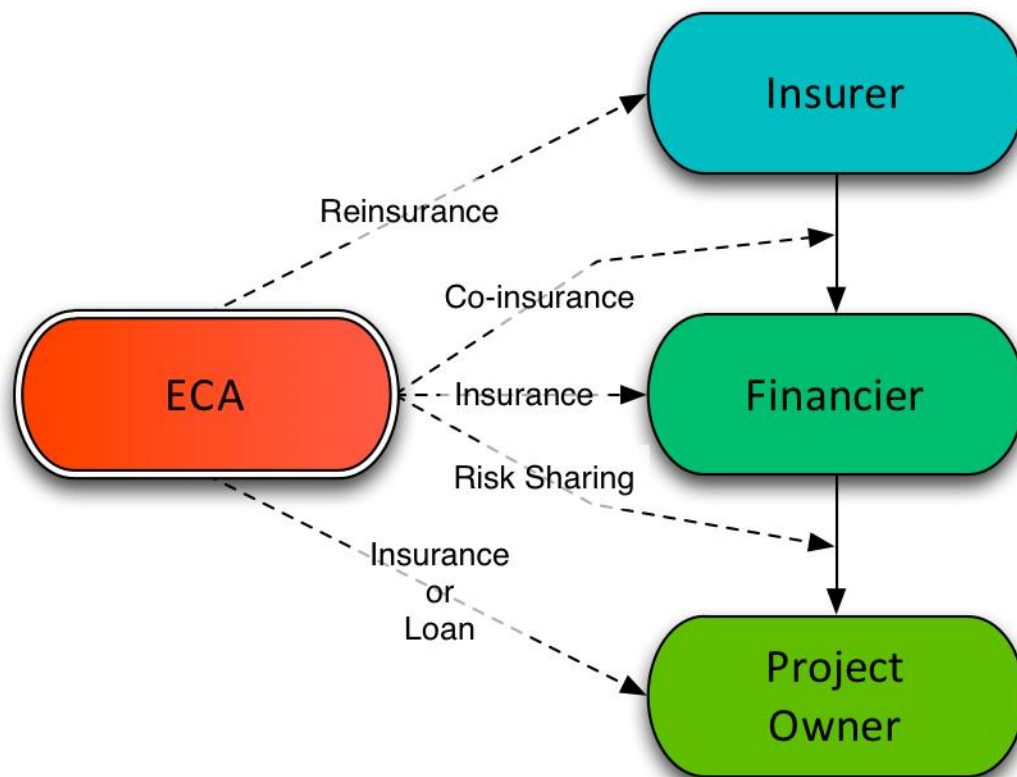
---

7

1. Capitalize agency and leave it to them to manage (Finland)
2. Capitalize agency and put 90% of risks covered by Government Budget (Japan)
3. Put all risks on the Government Budget (Germany)
4. Put all risks on the Government Budget but establish a maximum annual amount of expected losses allowed (United States)

# ECAs intervene at many levels

- ❑ **Insurers** – provide reinsurance and co-insurance
  - Also can help cash/treasury management
- ❑ **Financiers** – Provide insurance
- ❑ **Project** – Provide direct guarantee or risk sharing instrument on loan





# An ECA's Relationship with Exporters<sup>9</sup> and Investors can also be complex

---

- ❑ The ECA has a fine line between risk and opportunities
- ❑ Risk management is critical, not only for its own balance sheet, but also for clients with whom risks are shared.
- ❑ ECAs are critical public policy instruments for promoting trade and investment opportunities....
- ❑ ....but they are also critical public policy instruments for avoiding loss

# Thank you!

World Exchange Plaza

P.O. Box 81119

Ottawa, Ontario K1P 1B1, Canada

Tel.: +1-613-742-7829 ext. 20

Fax: +1-613-742-7099

General Email: [info@i-financialconsulting.com](mailto:info@i-financialconsulting.com)

Direct Email: [dsmallridge@i-financialconsulting.com](mailto:dsmallridge@i-financialconsulting.com)