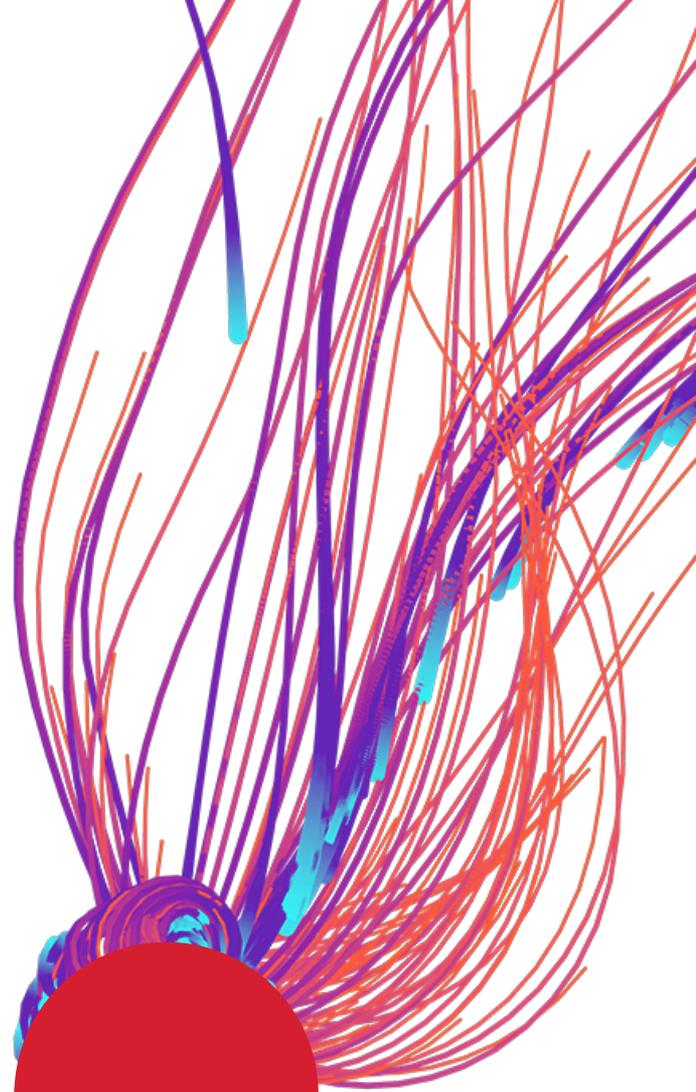


The Role of Export Credit Agencies in supporting International Trade

CAREC 2017 Energy Investment Forum
Astana, 18 July 2017



Introduction to ECAs' Activities

- **Export Credit Agencies (ECAs)** are institutions whose mission is to support national exporters and enhance trade and investment flows globally through insurance and guarantees, Trade Finance and Investment facilities. For “Participants”, the OECD regulates the business principles of the ECAs.
- The majority of ECAs act as **insurers**, covering from non-payment risk the credits arising from extended payment terms / financing provided by commercial banks in relation to export transactions. Some Countries (e.g. Canada, US, Korea, Japan) have established **direct lender ECAs** (sometimes referred to as EXIM Banks), directly funding transactions, or specific funding programs in combination with state-owned development banks (i.e. France, Finland, Italy). Individual ECAs might have a broader developmental mandate beyond the regulated export support business.



- The major **advantages** of ECA support lie in the possibility of **facing liquidity problems** and restrictions to lending from the banking sectors (i.e. credit crunch), as well as in the **reduction of the all-in price** of the transaction.

Overview of Main Products by Client

For Corporates

- Supplier's Credit
- Political Risk Insurance
- Civil Works
- Multi-export Credit Insurance
- Trade Finance
- Surety Bonds (Guarantee)

Major Advantages:

- Certainty of **repayment** and thus more **stable cash flows**
- More **competitive terms** and interest rates for the buyer
- **Advanced assessment** of buyers' solvency
- Experienced advisor

For Banks

- Supplier's Credit (Policy assignment)
- L/C Confirmation
- Buyer's Credit / Project Finance
- Political Risk Insurance
- Financial Guarantee
- Surety Bonds (Counter-guarantee)

Major Advantages:

- The insured portion of the borrower's credit line can be used for other purposes
- **Zero weighting** of the risk guaranteed by the ECA under Basel agreements
- Added value of **joint assessment** of country and foreign borrower risk

How it works: Supplier's Credit



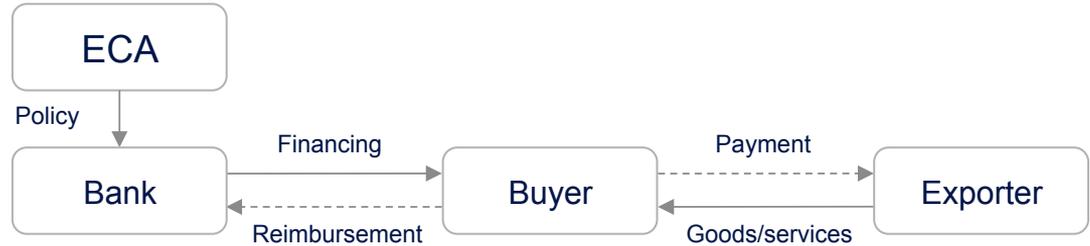
Features

Insurance cover for individual export contracts against the non-payment risk of credits extended to foreign buyers, due to political and commercial events

Benefits

- better payment terms
- cheaper rates in comparison with the local market
- no need to use bank credit line and no pledge required

How it works: Buyer's Credit



Features

This policy guarantees loans granted by international banks to local buyers both on a corporate and project finance basis, for transactions involving national exporters or investors

Benefits

- competitive financial package with attractive terms and conditions compared with other financing sources, such as longer tenor, competitive all-in financing cost and fixed rates on demand
- opportunity to diversify funding sources

Thank you for your attention!

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