

THE GLOBAL EXPORT CREDIT DIMENSION

The Size of Foreign Export Credit Agencies
Compared to the Export-Import Bank of the
United States



NATIONAL ASSOCIATION OF
Manufacturers

To understand more fully the dimensions of export credit activity globally, the National Association of Manufacturers (NAM) commissioned The Economist Intelligence Unit (EIU)¹ to research and detail the activities and policies of the world's leading foreign export credit agencies (ECAs). That research, as detailed below, demonstrates that major foreign ECAs are far larger than the U.S. Export-Import (Ex-Im) Bank and are growing strongly to support foreign manufacturers and exporters.

Scope of EIU Research and Analysis

The EIU researched and provided an analysis of the primary ECAs of nine of our largest trading partners and compared that data to the U.S. Ex-Im Bank. The nine ECAs—Brazil, Canada, China, France, Germany, Japan, Mexico, South Korea and the United Kingdom—are listed in Appendix A. The EIU's data gathering and analysis only examined comparable data from the main, official ECA of each country reviewed—those whose primary business is trade financing. Given that several of these countries have multiple entities providing similar export assistance, the data in this analysis likely understate the size of the global export credit supply.

Size of Export Credit Assistance Globally

While data on the size of total official export credit worldwide are not available, the EIU found that the nine largest foreign ECAs provided approximately \$488 billion in export financing support in 2013, more than 18 times the level of the Ex-Im Bank.

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Financing plays an important role worldwide in promoting global trade that supports jobs, manufacturing and a higher standard of living. While there is no comprehensive source for measuring the full scope of global trade finance, estimates put the size of the trade finance market—for government-sponsored ECAs as well as private lenders and insurers—at between \$6.5 trillion and \$8.0 trillion in 2011.²

Most developed countries and many developing countries have official ECAs, with more than 60 operating worldwide as listed in Appendix A.

Relative Size of Major Trading Partners' ECAs and the Ex-Im Bank

As set forth in Table 1, the EIU found that total authorizations of the primary ECAs of China (\$153.8 billion), Japan (\$104.0 billion), Canada (\$92.5 billion), South Korea (\$63.5 billion) and Germany (\$37.1 billion) were much larger than those from the Ex-Im Bank (\$27.3 billion). The data are minimum identifiable amounts and appear to understate the size of some foreign export credit activity given that several countries—China, Japan, South Korea, Germany and Brazil—have more than one agency that is listed as an official ECA or provides similar financing.

¹Any views expressed in this report are those of the author and not of The Economist Intelligence Unit or its affiliates. Neither The Economist Intelligence Unit nor its affiliates can accept any responsibility or liability for reliance by any person on the information contained in this report.

²Committee on the Global Financial System (2014). With a smaller sample, the International Union of Credit & Investment Insurers (or so-called Berne Union) reports that its members, which include official ECAs, other governmental entities and some nonofficial private organizations, provided \$1.9 trillion in trade financing in 2013.

Table 1: International Comparisons for ECAs in Major Markets*(All Amounts Converted to U.S. Dollars, Organized by Total Authorizations)*

	Minimum Identifiable Amounts				Total Outstanding Loans (on Balance Sheet)
	Financing/Loans	Guarantees	Export Credit Insurance	Total Authorizations	
China	\$143.1 billion	\$11.3 billion	N/A	\$153.8 billion	\$234.0 billion
Japan	\$1.5 million	\$25.4 billion	\$77.1 billion	\$104.0 billion	N/A
Canada	\$17.0 billion	\$7.3 billion	\$54.6 billion	\$92.5 billion	\$35.4 billion
South Korea	\$44.1 billion	\$19.4 billion	N/A	\$63.5 billion	\$40.7 billion
Germany	N/A	\$15.1 billion	\$15.8 billion	\$37.1 billion	N/A
United States	\$6.9 billion	\$14.9 billion	\$5.5 billion	\$27.3 billion	\$18.2 billion
France	\$208.0 million	\$351.0 million	\$13.4 billion	\$14.0 billion	\$2.8 billion
United Kingdom	\$3.5 billion	N/A	\$2.5 billion	\$9.8 billion	\$165.0 million
Mexico	\$8.0 billion	\$484.0 million	\$48.0 million	\$8.4 billion	\$66.9 billion
Brazil	N/A	N/A	N/A	\$5.6 billion	N/A

Source: Research data provided by the EIU.

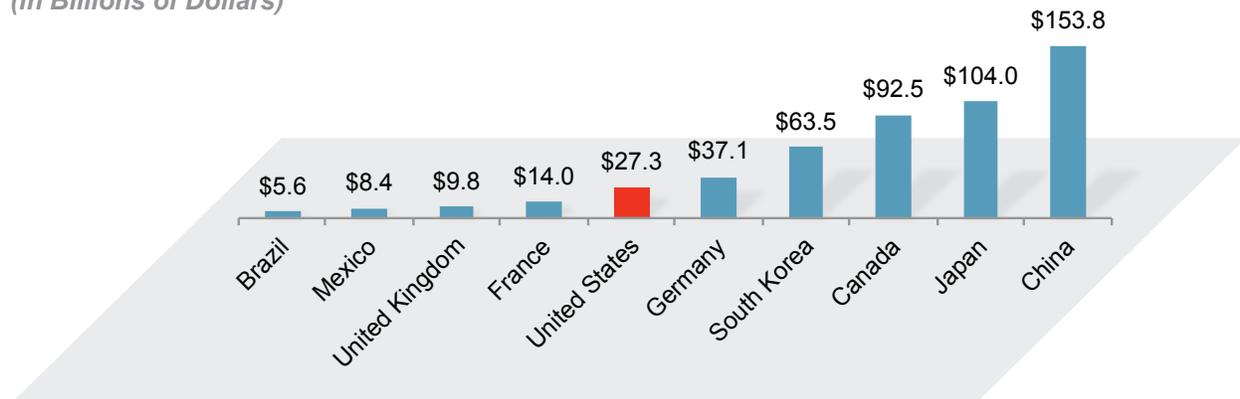
Notes:

- Data shown are only for the one major ECA of each country. Several Organisation for Economic Co-operation and Development (OECD) member countries list more than one ECA, including Germany, Japan and South Korea. Non-OECD countries, such as China and Brazil, also have other institutions that provide export financing and similar services. None of the secondary institutions are included in this table.
- All of the lending figures (financing/loans, guarantees and export credit insurance) are minimum identifiable amounts based on data collected by the EIU from annual reports and primary sources. Actual amounts for some countries may be higher.
- All data come from 2013 annual reports except for Japan, Mexico and South Korea, which stem from the 2012 report. The United Kingdom's data covered the period from April 1, 2012, to March 31, 2013.
- Total authorizations for France were not available in its annual report, but the figure shown represents the sum of the previous three columns. As such, it could be interpreted as the "minimum estimate" for authorizations.
- The figure for China's financing/loans includes what the ECA describes as "international settlements" in support of trade activities.

Definitions:

- **Financing/Loans:** Loans are offered directly to foreign buyers of ECA countries' goods and services. If the foreign borrower—the buyer of the goods or services—defaults, the ECA will pay the outstanding principal and interest on the loan.
- **Guarantees:** The ECA uses loan guarantees to assist exporters by protecting against the commercial and political uncertainty of exporting. Loan guarantees by an ECA cover the repayment risk on the foreign buyer's debt obligations incurred in the purchase of the ECA country's exports. Through a loan guarantee, the ECA guarantees to a lender (domestic or foreign) that makes a loan to a foreign buyer that the ECA pay the lender the outstanding principal and interest on the loan if the foreign borrower defaults.
- **Export Credit Insurance:** Export credit insurance is provided to exporters in the ECA's home country. If the foreign borrower defaults on the exporter for political or commercial reasons, the ECA will pay the exporter the outstanding balance owed by the foreign borrower/purchaser.
- **Total Authorizations:** This is the total amount of lending activity (typically the sum of financing/loans, guarantees and export credit insurance).
- **Total Outstanding Loans (on Balance Sheet):** Total outstanding loans are reported on the annual balance sheet. While all other figures represent new authorizations per year, this is the total stock of outstanding loans.

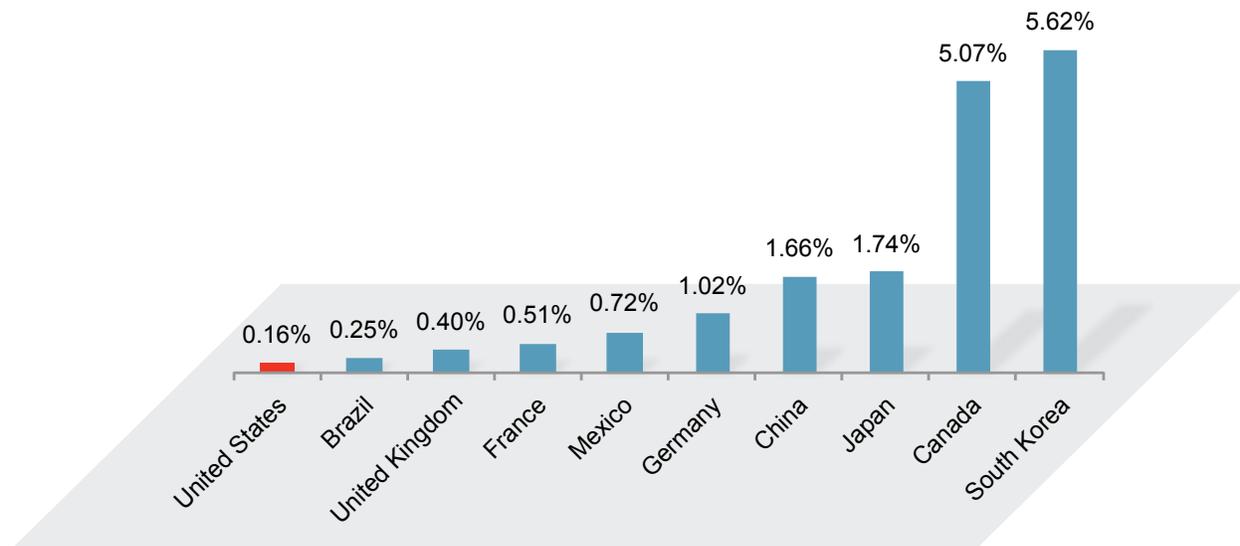
Figure 1: Total Export Credit Authorizations in Major Markets, 2013
(in Billions of Dollars)



Source: Research data provided by the EIU.

Foreign ECA activity as compared to the size of each country's economy (GDP) demonstrates that all nine foreign major governments have devoted a greater proportion of their economy to promote their own export growth compared to the United States (Figure 2).

Figure 2: Total Authorizations as a Percentage of GDP, 2013



Source: Research data provided by the EIU.

The data show the following:

- Japan's ECA was nearly four times the size of the Ex-Im Bank, while Japan's economy is less than half the size of the U.S. economy.
- Total authorizations for Canada's ECA are more than three times the level of the Ex-Im Bank, even though Canada's economy is one-eighth the size of the U.S. economy.
- South Korean's ECA provided Korean companies with more than double the financing in 2013 than the Ex-Im Bank did for American exporters despite Korea having an economy less than one-tenth the size of the United States.
- Although Germany's economy is one-fourth the size of the U.S. economy, the country's ECA was larger than the Ex-Im Bank.
- In the case of France, Mexico and the United Kingdom, their ECAs are relatively larger as a share of their economies than the Ex-Im Bank.

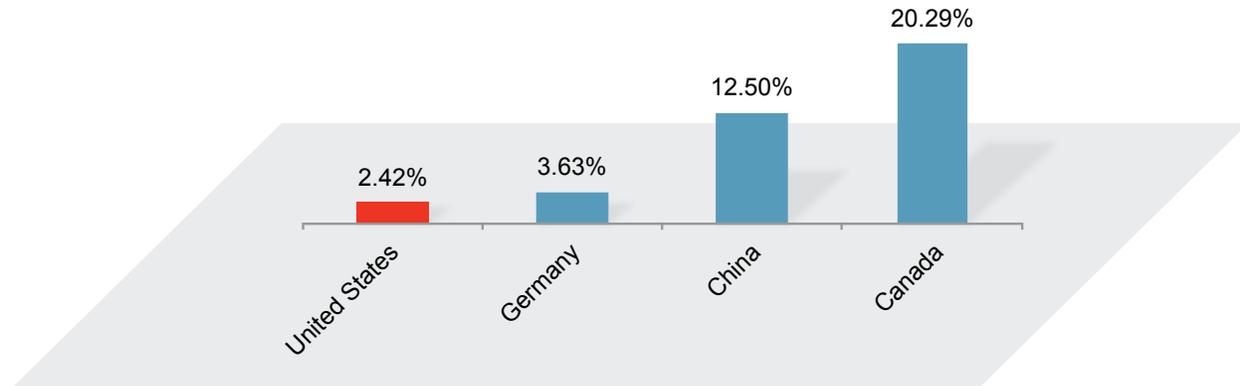
In addition, the EIU found that export credit activity grew rapidly in several countries between 2005 and 2013:

- Total export credit authorizations in China have expanded from \$15.9 billion in 2005 to \$153.8 billion in 2013, an 867 percent increase.
- South Korean authorizations have more than doubled, from \$27.1 billion to \$63.5 billion, over that time frame.
- Canada increased its export credit assistance by \$40 billion, from \$52.4 billion in 2005 to \$92.5 billion in 2013.

ECA Activity to Expand Exports

The EIU found that only three of the nine largest foreign ECAs—Canada, China and Germany—self-report the value of exports supported by their services. The EIU compared the data to the Ex-Im figures and found that all three foreign ECAs supported a greater share of their countries' total exports than supported by the Ex-Im Bank.

Figure 3: Percentage of Total Exports Supported, 2013



Source: Research data provided by the EIU.

Relative Size of China's ECA

The EIU found that China dominates the ECA landscape, with authorizations for loans and loan guarantees from its primary ECA—the China Ex-Im Bank—valued at more than \$150 billion in 2013. The China Ex-Im Bank increased its authorizations by 56.6 percent from 2012. The data include only the China Ex-Im Bank and not China's other policy banks, including Sinosure, the China Development Bank and the China Agricultural Development Bank, that provide similar forms of export assistance.

Taken alone, the authorizations from China's Ex-Im Bank are more than five times as large as the U.S. Ex-Im Bank (\$153.8 billion versus \$27.3 billion).

China's Ex-Im Bank authorizations are more than the ECA authorizations for the United States, France, Germany and the United Kingdom combined.

ECA Sectoral Activity

While noting that global data are not complete or comparably reported, the EIU found that infrastructure and transportation are among the two most important sectors that ECAs finance. ECA support for small and medium-sized enterprises is also common among the entities that were reviewed.

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Appendix A

The data used in this analysis come from the official ECAs for the respective countries being discussed. The EIU examined annual reports from each of the following entities:

- Brazil: BNDES Exim (a subsidiary of the Brazilian Development Bank)
- Canada: Export Development Canada
- China: The Export-Import Bank of China
- France: Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE)
- Germany: Export Credit Guarantees of the Federal Republic of Germany
- Japan: Nippon Export and Investment Insurance
- Mexico: Banco Nacional de Comercio Exterior
- South Korea: Korea EximBank
- United Kingdom: UK Export Finance
- United States: Ex-Im Bank

In addition to these institutions, the following are other agencies devoted to export finance around the world³:

- Argentina: Banco de Inversión y Comercio Exterior (BICE)
- Australia: Export Finance and Insurance Corporation (EFIC)
- Austria: Oesterreichische Kontrollbank Aktiengesellschaft (OeKB)
- Bangladesh: Sadharan Bima Corporation Export Credit Guarantee Department (ECGD)
- Barbados: Central Bank of Barbados Export Credit Insurance and Guarantee Scheme
- Belgium: Office National du Ducroire
- Brazil: Programa de Financiamento às Exportações (PROEX)
- China: China Export & Credit Insurance Corporation (Sinosure)
- Colombia: Segurexpo de Colombia (Segurexpo)
- Croatia: Croatian Bank for Reconstruction and Development (HBOR)
- Czech Republic: Czech Export Bank
- Czech Republic: Export Guarantee and Insurance Corporation (Egap)
- Denmark: Eksport Kredit Fonden
- Ecuador: Corporación Financiera Nacional Fondo de Promoción de Exportaciones (CFN/Fopex)
- Estonia: KredEx Krediidikindlustus
- Finland: Finnish Export Credit Ltd.
- Finland: Finnvera plc
- Germany: Hermes Kreditversicherungs-AG (Hermes)
- Germany: KfW IPEX Bank (part of the KfW Bankengruppe)
- Greece: Export Credit Insurance Organization
- Hong Kong: Hong Kong Export Credit Insurance Corporation
- Hungary: Hungarian Export Credit Insurance Plc. (MEHIB)
- India: Export-Import Bank of India
- Indonesia: Asuransi Ekspor Indonesia (ASEI)
- Israel: Export Insurance Corp. Ltd. (ASHRA)
- Israel: Israel Foreign Trade Risks Insurance Corporation Ltd. (IFTRIC)
- Italy: Istituto per i Servizi Assicurativi e il Credito all'Esportazione (SACE)

³Harvard Business School, Project Finance Portal, Export Credit Agencies, accessed at <http://www.people.hbs.edu/besty/projfinportal/ecas.htm>, and OECD, Official Export Credits Agencies, accessed at <http://www.oecd.org/tad/xcred/eca.htm>.

- Japan: Japan Bank for International Cooperation
- Jordan: Jordan Loan Guarantee Corporation
- Luxembourg: Office de Ducroire (ODD)
- Malaysia: Malaysia Export Credit Insurance Berhad
- Netherlands: Nederlandsche Credietverzekering Maatschappij NV (NCM)
- New Zealand: EXGO (a division of State Insurance)
- Norway: Guarantee Institute for Export Credits (GIEK)
- Oman: Export Credit Guarantee Agency (ECGA)
- Poland: Export Credit Insurance Corporation (KUIKE)
- Portugal: Companhia de Seguro de Créditos S.A. (COSEC)
- Russia: Export-Import Bank of the Russian Federation
- Singapore: ECICS Credit Insurance Ltd. (ECICS)
- Slovak Republic: Export-Import Bank of the Slovak Republic
- Slovenia: Slovene Export Corporation
- Sri Lanka: Sri Lanka Export Credit Insurance Corporation
- South Africa: Credit Guarantee Insurance Corporation of Africa Limited (CGIC)
- South Korea: Korea Trade Insurance Corporation (K-sure)
- Spain: Compañía Española de Seguros de Crédito a la Exportación, S.A. (CESCE)
- Spain: Secretaría de Estado de Comercio (Ministerio de Economía)
- Sweden: Exportkreditnämnden (EKN)
- Sweden: Svensk Exportkredit (SEK)
- Switzerland: Export Risk Guarantee Agency
- Thailand: Export-Import Bank of Thailand
- Trinidad and Tobago: Export-Import Bank of Trinidad and Tobago
- Turkey: Export Credit Bank of Turkey
- Uzbekistan: Uzbekinvest National Export-Import Insurance Company (UNIC)
- Zimbabwe: Credit Insurance Zimbabwe (Creditsure)



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