

REPORT TO THE U.S. CONGRESS ON **GLOBAL** **EXPORT CREDIT** **COMPETITION**

June 2021

For the period January 1, 2020
through December 31, 2020

Responding to Challenges of COVID-19 in 2020



EXIM
EXPORT-IMPORT BANK
OF THE UNITED STATES



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Board of Directors and Advisory Committee Status

Board of Directors and Advisory Committee Status

June 2021

Board of Directors

Mr. James C. Cruse

First Vice President and Vice Chairman (Acting)

The Honorable Spencer Bachus III

Member of the Board of Directors

The Honorable Judith D. Pryor

Member of the Board of Directors

The Honorable Gina Raimondo

U.S. Secretary of Commerce, Board Member, *ex officio*

The Honorable Katherine C. Tai

U.S. Trade Representative, Board Member, *ex officio*

Advisory Committee Status

Section 3(d)(4) of EXIM’s Charter calls for EXIM’s Advisory Committee to submit to Congress comments on the findings of the Competitiveness Report.¹ In September 2020, EXIM’s Board of Directors appointed the 2020-2021 Advisory Committee, as well as the 2020-2021 Sub-Saharan Africa Advisory Committee. The Advisory Committee and the Sub-Saharan African Advisory Committee held their first meetings on September 29, 2020, and November 18, 2020, respectively. In accordance with EXIM’s Charter, the following pages contain the statement of the 2020-2021 Advisory Committee on the 2020 Competitiveness Report.

¹ 12 U.S.C. §635 a(d)4

From the First Vice President and Vice Chairman (Acting)

In accordance with the Charter of the Export-Import Bank of the United States (EXIM), I am pleased to submit EXIM's June 2021 *Report to the U.S. Congress on Global Export Credit Competition* (Competitiveness Report), a worldwide survey of official medium- and long-term (MLT) export credit provided between January 1 and December 31, 2020, and an account of U.S. exporter and lender experiences with EXIM during that period.

Calendar year 2020 was the first complete year that EXIM was fully operational following its historic seven-year reauthorization that was signed into law on December 20, 2019. The reauthorization followed a nearly four-year hiatus in the agency's history in which there was either a lapse in EXIM's operating authority to conduct new export credit business (July 2015 to December 2015) and/or a lack of a quorum on EXIM's Board of Directors (July 2015 to May 2019). During that period, these limitations to the agency's operating capacity severely hindered EXIM's ability to support the competitiveness of U.S. exporters.

In 2020, EXIM's dedicated staff, participating commercial lenders, and other export-finance partners made significant progress in restoring the agency's leadership in the MLT export credit arena, even while the COVID-19 pandemic upended exports and trade in every corner of the world. For example, EXIM implemented several reforms from the 2019 congressional reauthorization package, including expanding support for and engagement with small businesses, renewable-energy projects, and minority- and women-owned businesses.

Additionally, EXIM introduced domestic content flexibilities for the Program on China and Transformational Exports. In December 2020, EXIM's board unanimously authorized a new content policy, of at least 51 percent with the potential to be even lower, for the program's 10 transformational export areas. EXIM's users found this action to be critically important as a signal of the long-advocated revitalization of EXIM.

As a result, at the end of the year, EXIM authorized \$1.8 billion in support for U.S. exporters and their workers, and EXIM ranked 13th among the major providers of officially supported export credits. Although still low by historical standards, this ranking demonstrates a strong return of the agency to MLT financing after several years of near total absence, and the steps taken laid an important foundation for this next chapter in the agency's history.

Within the official export credit market, total volumes of official MLT export credit support were down across the globe, including those provided by the world's largest export credit provider, China. The COVID-19 pandemic was a prime contributor to both the noticeable drop in MLT activity by global export credit agencies (ECAs) and the significant increases in short-term and working capital support to domestic industries. In response to their collapsing economics, many governments called on their ECAs to serve as a tool to help boost economic growth at home.

Another key emerging trend and driver in 2020 was the emergence of sustainable finance as a focus of ECA support. As governments around the world strengthen efforts to fight climate change and support companies driving innovation within the global energy transition, many ECAs made efforts to prepare for greener portfolios and to restrict new commitments for carbon-intensive projects. For example, several ECAs became more flexible in their content policies as an incentive for sustainable transactions; other ECAs introduced new programs designed explicitly to incentivize buyers to use their support specifically for “greener” projects.

Additionally, the report highlights the increasing importance that the U.S. export community places on ECAs and other government agencies working together as part of a whole-of-government approach for individual projects in emerging/developing markets to unlock official financing packages that involve multiple government agencies and create more competitive offerings. The blended cost of such packages is highly valued by buyers, thus providing a competitive edge for exporters supported by the ECA component.

All in all, EXIM’s support for U.S. exporters in 2020 demonstrates that the agency is on an upward trajectory and is well-positioned to support U.S. priorities and execute its mission to support U.S. jobs by facilitating U.S. export sales. As we look forward, the 2020 actions serve as a solid start for the following key areas of EXIM’s focus today:

Building Back Better – EXIM’s swift actions at the start of the COVID-19 pandemic in March 2020, and in the year since then, have been focused on providing financial relief to U.S. exporters struggling during the pandemic, supporting the economic recovery of the United States, and helping American companies to sustain or add U.S. jobs. The agency’s actions showed nimbleness and will serve as a template for how EXIM can rise to the occasion during future crises.

Restoring America’s—and EXIM’s—Global Standing – As the Biden-Harris Administration works to Build Back Better and restore America’s global standing, EXIM also aims to re-emerge from the years of being out of the long-term export finance business and restore its standing as one of the world’s most competitive ECAs.

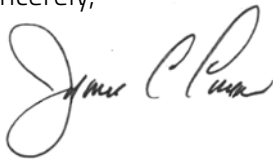
Supporting U.S. Competitiveness – EXIM’s primary mandate is to provide financing that is competitive with foreign official export financing in order to place U.S. exporters on a level playing field when selling their goods and services abroad. This mandate includes developing the Program on China and Transformational Exports (CTEP) and continuing to expand and diversify EXIM’s portfolio, especially in strategically important regions such as sub-Saharan Africa. The CTEP was a major focus in 2020 and will continue to be at the center of EXIM’s efforts going forward.

Support for Climate and Clean Energy – Starting from several of the transformational sectors emphasized in 2020, EXIM is increasingly focused on empowering American exporters and supporting U.S. jobs to lead a global clean-energy transition. EXIM will need to be competitive and innovative in its support for these sectors in order to keep pace with other ECAs that in 2020 showed a determined effort to constantly find new ways to support their exporters vying for these projects.

In conclusion, EXIM is on the pathway back to being a leader in export credit and providing the nature and scale of official MLT export credit needed to give U.S. exporters and U.S. interests a fair shot at trade opportunities in the years ahead. During a global pandemic, EXIM showed resilience and agility in responding to U.S. exporters and enacting key reforms.

However, as the report demonstrates, other official export credit providers have fundamentally evolved their philosophy and substantively expanded their roles during the nearly four years of EXIM's absence from the long-term financing marketplace, and the United States must work hard to keep pace. This reality will require continued progress on all of EXIM's strategic priorities, a fresh look at how the steps taken in 2020 can inform the agency's actions to support U.S. exporters in the future, and ongoing analysis to ensure that EXIM's programs and policies are responsive and appropriately adapted so that American companies drive the global economic recovery as the world emerges from COVID-19.

Sincerely,

A handwritten signature in black ink, appearing to read "James C. Cruse". The signature is fluid and cursive, with the first name "James" being the most prominent.

James C. Cruse
First Vice President and Vice Chairman (Acting)

EXIM 2020-2021 Advisory Committee Statement on the EXIM Competitiveness Report²

June 30, 2021

To: Members of the United States Congress

From: EXIM Advisory Committee

As part of the *2021 Report to the U.S. Congress on Global Export Credit Competition* for Calendar Year 2020 (Competitiveness Report), the Advisory Committee believes that the Export-Import Bank of the United States (EXIM) overall under the leadership of Chairman Kimberly A. Reed (2019-2021) not only met and fulfilled its Congressional mandate to provide competitive financing to expand U.S. exports but **also increased America's competitiveness, supported hundreds of thousands of U.S. jobs, advanced the nation's economic and national security**, and built a strong and transformed foundation for the future to help the world buy American.

The battle for global competitiveness and international markets has never been more intense or important. In many respects, **the United States is in a fight for its economic life.**

While we remain a world leader in technology and services, our manufacturing base has lost too many jobs to China and other nations. Over the last two decades, mercantilist exchange-rate policies, technology infringement, and active use of export credit abroad has restrained U.S. access to the 95 percent of the world's consumers that reside outside our nation.

Our exporters face too many barriers to fair competition.

EXIM's lending and education programs provide an essential vehicle for the United States to restore its global economic prominence, help thwart unfair trading practices abroad, and reach our growth potential.

Most of the world's nations have some form of export credit agency (ECA), but theirs are empowered to do more to promote and expand their national industries than EXIM is allowed to do. China's ECAs alone are the largest in the world and support an unprecedented number of jobs in China, many at the expense of the United States.

If there is a take-away for Members of Congress, it is that the Chinese are the largest threat to our economic competitiveness, but even some of our close allies are doing everything they can to take away American jobs.

The United States must continue to respond to these threats.

EXIM is an indispensable part of the solution to level the international playing field, to reassert our natural competitiveness, and to restore America's economic prominence in manufacturing and services.

² The members of the Advisory Committee submit this letter as a commentary on the contents of the report. Not every opinion included in this statement has been agreed upon by all members, but a majority of the committee does agree.

This Competitiveness Report is mandated to survey exporters and lenders that have worked with the agency, including its critics. Those responses should be viewed in light of the extraordinary and unprecedented context of the year 2020. EXIM had been dormant for four years and was still ramping up operations during a global pandemic. When the agency received its new authority to act in 2019, the new Board of Directors and the energetic leadership of Chairman Reed launched the 374 full-time staff into an unprecedented level of activism. EXIM became agile and responsive to the competitive threats from around the world. They formulated new processes covering asset management, reforms important to and legislative changes mandated by Congress, a more dedicated focus on the People's Republic of China, a new narrowly tailored content policy (which had been one of the most uncompetitive in the world) for its Program on China and Transformational Exports, and a new focus on transformational sectors. In short, EXIM made giant steps under the most difficult and challenging of circumstances.

The agency has moved in the right direction and with purpose and intensity under strong leadership. This letter contains many recommendations for more improvements to its competitiveness, but know that you have an agency that is responding to the competitive threats and making critical corrections to remain competitive for decades to come.

Background of the EXIM Advisory Committee

The U.S. Congress established the **Advisory Committee** in EXIM's Charter to advise the agency on its programs. The EXIM Advisory Committee is required to submit to Congress its own comments on the extent to which EXIM, the official ECA of the United States, is "meeting its mandate to provide competitive financing to expand United States exports, and any suggestions for improvements in this regard." As such, we are pleased to submit these comments, which are being included as part of EXIM's *2021 Report to the U.S. Congress on Global Export Credit Competition* for Calendar Year 2020.

At the start of 2020, after four years of near closure, EXIM President and Chairman of the Board Kimberly A. Reed, Board Members Spencer Bachus III and Judith D. Pryor, and the entire 374-person agency were hard at work fully reopening, reforming, and transforming the agency when the world was struck with the COVID-19 global pandemic.

Throughout the global pandemic, our Advisory Committee continued to meet quarterly in open "virtual" meetings. Diverse experts, stakeholders, and the public also had the opportunity to present and comment at each of these meetings to better inform our efforts.

We would like to commend the members of EXIM's Sub-Saharan Africa Advisory Committee, which is led by Chair Daniel Runde, for their leadership on advising the EXIM Board of Directors on promoting EXIM's engagement in sub-Saharan Africa throughout this challenging year.

Specifically, EXIM, in 2020:

- Successfully navigated a very difficult COVID-19 environment and transitioned into a fully functioning teleworking organization that provided competitive financing for U.S. exports;
- Provided important COVID-19 economic recovery tools to support U.S. jobs and help reopen the economy;
- Oversaw a pipeline of \$39 billion in new applications and those undergoing various stages of rigorous underwriting; legal, environmental, and social due diligence; and interagency and other processes and reviews;
- Fully implemented five major provisions of EXIM's historic 2019 Congressional reauthorization; of the two remaining, one is being finalized and the other requires hiring new staff to fully implement;
- Established the "Program on China and Transformational Exports;"

- Implemented a new content policy (51 percent) for transformational export areas to make the United States more competitive;
- Continued to institute reforms important to Congress;
- Fostered domestic and international awareness of EXIM's programs to build a foundation for competitive financing opportunities and business success for U.S. companies in the future; and
- Evaluated risk management processes to safeguard the U.S. taxpayer.

These efforts and many more focused on facilitating U.S. exports are outlined in the [2020 EXIM Annual Report](#), which is entitled "All America." EXIM is committed to supporting all of America, especially America's small businesses, and did much throughout the unprecedented global pandemic year to position the agency to expand U.S. exports and increase America's competitiveness globally for years to come.

Congressional Mandate to EXIM on the People's Republic of China

EXIM's historic seven-year bipartisan Congressional reauthorization (Pub. L. 116-94), which was signed into law on December 20, 2019, directed EXIM to establish a new "Program on China and Transformational Exports" (China Program). The China Program is arguably one of the most important programs in the agency's history. Given that this significant new Congressional mandate could bolster EXIM's ability to provide competitive financing to expand U.S. exports, EXIM Advisory Committee Chairman Stevan Pearce **established a newly formed EXIM Advisory Committee Subcommittee on Strategic Competition with the People's Republic of China**, informally referred to as the Chairman's Council on China Competition (Chairman's Council) on September 9, 2020.

Comprised of 11 members with diverse backgrounds and a profound knowledge of China, the Chairman's Council counsels the Advisory Committee on how the People's Republic of China is engaging in strategic competition against the United States and how Beijing's actions impact American interests and economic security. The 11 council members, led by Ambassador Paula Dobriansky, offer their views on emerging trends and the challenges that U.S. exporters confront in meeting the enormous scale of Chinese state-backed competition in international markets, particularly in strategically significant sectors in sub-Saharan Africa.

In the meetings held thus far, the Chairman's Council specifically strived to provide insights to the Advisory Committee on how to make the most of EXIM's Congressionally directed China Program, advance the comparative leadership of the U.S. with respect to the People's Republic of China, and support U.S. innovation, employment, and technological standards in 10 key technology areas, ranging from 5G to artificial intelligence, high-performance computing, biomedical sciences, and renewable energy.

Significantly, the Chairman's Council supported the EXIM Board of Director's unanimous December 17, 2020, vote to establish a narrowly tailored content policy (51 percent) specific to the China Program, creating a vastly more practical way for U.S. exporters in the 10 Congressionally specified transformational export areas to utilize EXIM support.

Recommendations:

- Because Congress established EXIM's Program on China and Transformational Exports outside of the normal budget cycle, the EXIM Advisory Committee recommends that Congress fully resource this significant new mandate which also has national security components.
- The EXIM Advisory Committee recommends that EXIM implement key items the Chairman's Council has identified: proper EXIM senior management attention to and resourcing of the China Program, both in terms of appropriations and human capital, and that the China Program deal pipeline, and number of transactions completed, steadily increases; streamlined, flexible, and responsive policies, requirements, and financial products; EXIM's engagement in a whole-of-government approach to advance prosperity and economic security; and agency-wide identification and achievement of China Program-related, concrete, metric-based results.

- The People’s Republic of China’s position as the world’s largest official MLT export credit provider has been identified a national security threat, and China remains our most immediate security threat. ECAs in Europe and elsewhere actively courted U.S. exporters to fill the void left by EXIM during the quorum lapse. EXIM and other ECAs are now seeking ways to cooperate to stem the China threat. The EXIM Advisory Committee recommends that EXIM and ECAs of ally and partner nations brief Congress on these collaborative efforts and institutionalize processes for greater success in the future.
- The EXIM Advisory Committee recommends that Congress expand the “Renewable Energy” transformational export sector to include innovative “Clean Energy” categories, including nuclear energy and advanced batteries.
- The EXIM Advisory Committee recommends that the Congress consider expanding EXIM’s authority to support defense articles and services and review how foreign ECAs support such exports.

Content Policy

Many U.S. stakeholders and financial institutions regularly identify EXIM’s content policy as the greatest challenge to EXIM support of their exports. This concern was further validated through EXIM’s extensive discussions with exporters across numerous sectors, including during EXIM’s 2020 “Strengthening American Competitiveness” initiative—where more than 1,000 stakeholders participated—specifically when it comes to neutralizing the People’s Republic of China and supporting transformational exports.

On December 17, 2020, the EXIM Board of Director’s took a bold step to fulfill Congress’s mandate for the new Program on China and Transformational Exports and voted unanimously to **establish a narrowly tailored content policy (51 percent)** for the 10 transformational export areas. Although opposition was voiced by some members of the EXIM Advisory Committee, the majority strongly favored the decision, understanding that many other nations have lowered or eliminated their content policy altogether in order to improve their competitiveness in the evolving world market.

Supporting More U.S. Exporters in the Competitive Global Marketplace

With 95 percent of the world’s potential consumers being located outside the United States, the opportunities for U.S. exporters are virtually boundless. Last year, the EXIM Advisory Committee identified the importance of educating all U.S. companies and stakeholders about the products EXIM offers to help America compete across the globe. The Advisory Committee felt this was particularly important given the fact that EXIM had just fully reopened after four years of dormancy while ECAs around the world continued to support their businesses and workers. As such, the Advisory Committee recommended that EXIM include a primer on its programs as part of EXIM’s *2020 Report to the U.S. Congress on Global Export Credit Competition* for Calendar Year 2019. A primer again appears in this year’s Report in Appendix A.

Recommendations:

- The EXIM Advisory Committee recommends that EXIM develop a robust, sustained forward-looking strategy that continues the outreach that took place in 2020 to ensure potential applicants know of EXIM’s tools that may be available to them.
- Building on Chairman Reed’s 2020 initiative to fully staff a “boots on the ground” presence through 12 EXIM Regional Export Centers across the nation to better serve small business exporters locally, the EXIM Advisory Committee now recommends that EXIM launch and Congress properly resource a modest international presence in Asia, Africa, and Latin America to further increase EXIM’s international business engagement in support of U.S. exports.
- Recognizing the importance of a whole-of-government approach to defend U.S. businesses in the competitive global marketplace, the EXIM Advisory Committee recommends that EXIM, and the Executive and Legislative Branches more broadly, continue to enhance EXIM’s whole-of-government integration and proactively ensure

the agency is included in larger, high-level Administration-wide economic and national security strategies. EXIM also should proactively provide the interagency with examples of foreign countries utilizing such approaches.

Instituting Reforms Important to Congress

We applaud EXIM for implementing and following through on the following six transformational reforms:

1. Increase transparency;
2. Strengthen taxpayer protections;
3. Improve protection for domestic companies;
4. Ensure EXIM does not “crowd out” private financing options;
5. Crack down on “bad actors;” and
6. Work to reduce the reliance on ECAs globally.

Recommendations:

- As Congress looks to consider EXIM legislation and reforms in the future, the EXIM Advisory Committee recommends that Congress initiate an independent study on the microeconomics of U.S. exporting activity. It could incorporate—but not be limited to ideas such as the role of EXIM finance and education on supply chain and export network effects—that support American companies’ ability to compete and grow in the global marketplace.
- In order to better appreciate the competitive global landscape and unlevel playing field, Congress should also review how U.S. companies’ utilization of foreign ECA financing impacts global competitiveness.
- The EXIM Advisory Committee also recommends that EXIM provide Congress with detailed briefings on the competitive global landscape of export credit finance and foreign whole-of-government approaches to competitive financing. These briefings could be presented to the authorizing and appropriating committees, and committees and task forces focused on international affairs and national security issues, particularly given the new Congressional mandate for EXIM with respect to the People’s Republic of China. These briefings should be given to the National Security Council and appropriate agencies.
- The EXIM Advisory Committee recommends that EXIM provide direct feedback on the customer experience and data that demonstrate the unlevel playing field facing American businesses wishing to participate in markets abroad continues to be both an economic and a national security concern.

Institutionalizing Best Practices Gleaned from EXIM’s COVID-19 Response

The last year proved the vulnerability of the supply chain to world events and required special actions to offset the problems and threats to U.S. businesses and the economy. EXIM finance can help hasten the development of supply chain alternatives and reduce an over-reliance on China.

The EXIM’s Board of Directors responded quickly by:

- Unanimously supporting a Bridge Financing Program to enable short-term financing of U.S. exports until private-sector liquidity returns;
- Expanding EXIM’s Pre-Export Payment Policy;
- Increasing the guarantee level of EXIM’s Supply Chain Financing Guarantee Program;
- Expanding the eligibility of its Working Capital Guarantee Program to cover all inventory that could potentially be exported;

- Temporarily increasing EXIM’s guarantee level; and
- Relaxing criteria and reducing fee structures.

Recommendation:

- COVID-19 exposed the weakness of the world’s supply chains. The EXIM Advisory Committee recommends that EXIM continue its efforts to support U.S. small and medium-sized businesses, many of which form parts of the critical supply chains of larger U.S. exporters.

Continually Improving Customer Service

In the past, U.S. exporters and major international lenders found EXIM’s policies and processes to be generally uncompetitive. EXIM has adapted, streamlined, and become more agile and responsive.

Recommendation:

- The EXIM Advisory Committee recommends that the agency continue to do these things going forward focus on and properly resource new, innovative technologies that provide excellent customer service, including when compared to customer service experiences provided by other ECAs; and engage with and apprise Advisory Committee members who have appropriate expertise.

Fostering a “First in Class” EXIM Workplace

In order for EXIM to succeed in its competitive mission, the agency must foster a positive workplace for its employees and to recruit and retain top talent. The 2020 Federal Employee Viewpoint Survey shows that the EXIM transformed in a significantly positive direction from 2019 to 2020—a more than 15-point increase—when it comes to employee satisfaction. And, EXIM ranked first among all federal government agencies (with more than 100 employees) when it comes to the largest improvement in satisfaction overall.

Recommendations:

- The EXIM Advisory Committee urges EXIM’s senior management team to continue to take actions that make EXIM one of the most outstanding, innovative, customer-focused places to work in government.
- The EXIM Advisory Committee also urges Congress to be mindful of and continue to take actions that provide needed stability, certainty, and resources to EXIM as it strives to recruit and retain top talent, U.S. exporters, and potential customers in the competitive global marketplace.

Focusing on Economic and National Security Issues, Including Strategic Rare Earth Mineral Threats

Chairman Reed established the first EXIM National Security Advisor, and the agency became more engaged in the National Security Council, interagency, and whole-of-government approaches important to evolving U.S. economic and national security issues, such as strategic rare-earth minerals necessary for key strategic high-tech hardware.

Recommendations:

- The EXIM Advisory Committee recommends that EXIM continue to fill the National Security Advisor position and be engaged on time-sensitive national security issues, as appropriate, at the highest levels of government.
- The EXIM Advisory Committee recommends that EXIM proactively explore strategic sectors, such as rare-earth minerals, and share its Congressional authority financing capabilities across government, particularly as whole-of-government solutions are being timely developed to ensure the economic and national security of the United States.

EXIM Advisory Committee Findings on EXIM's 2020-2021 Competitiveness Report

The Advisory Committee engaged in a lengthy discussion with staff on the tone and tenor of the report. The response was that they are required to report the stakeholder responses, including criticisms they receive.

The Advisory Committee believes that these responses give an incorrect perception of EXIM. With its reforms, with the revised content policy (which is perhaps the most important change in the history of the agency), with its nimbleness in avoiding catastrophic upsets in the export economy from COVID-19 and its new asset management rules, the agency is poised to respond strongly to the competition from China and the other ECAs throughout the world.

We, the Advisory Committee, have carefully reviewed the findings of EXIM's *2021 Report to the U.S. Congress on Global Export Credit Competition* for Calendar Year 2020 and make the following comments on specific references in the Competitiveness Report:

1. There is insufficient emphasis on the major and historic step toward improved competitiveness contained in the December 2020 Board decision to introduce much greater flexibility on **content** for transactions within the scope of "transformational export sectors."
2. The report's discussion of the increased role of foreign ECAs in supporting domestic companies with no export footprint during COVID-19 is relevant, but given that domestic activity is not included in the country rankings of MLT activity, that difference should be noted in the report.
3. The report's discussion of clean-energy finance should reference the EXIM Charter:

EXIM Charter:

Sec. 2(k) Prohibition on Discrimination Based on Industry.

Sec. 2(k)(1) In general—Except as provided in this Act, the Bank may not—

(A) deny an application for financing based solely on the industry, sector, or business that the application concerns; or

(B) promulgate or implement policies that discriminate against an application based solely on the industry, sector, or business that the application concerns.

Sec. 2(k)(2) Applicability—The prohibitions under paragraph (1) apply only to applications for financing by the Bank for projects concerning the exploration, development, production, or export of energy sources and the generation or transmission of electrical power, or combined heat and power, regardless of the energy source involved.

4. The discussion of **Exporter and Lender views lacks the context of the extraordinary and unprecedented impact of the global pandemic in 2020.**

The report fails to include an important communication between the United States Senate and EXIM.

On June 23, 2020, Chairman Reed [testified](#) before the Senate Committee on Banking, Housing, and Urban Affairs, where she focused, in part, on other EXIM components leading to competitive financing to expand U.S. exports at the height of COVID-19:

"EXIM has also seen significant demand for Letters of Interest, which are a pre-export tool to help U.S. exporters compete during the bidding or negotiating of an export sale. This increase is an indication of heightened interest by exporters for EXIM financing."

“Today, we have more than \$39 billion in Board-level transactions that are undergoing various stages of due diligence and underwriting and are estimated to support 147,000 U.S. jobs. Additionally, we are in pre-application stage conversations with many companies that are exploring what EXIM potentially can do for them. This period of conversation can go on for varying amounts of time as companies assess the unique EXIM value proposition.

“Once a Board-level application is filed, which is a serious commitment of time and resources by the company and its lender, EXIM takes on a thorough analysis of the application to ensure that the transaction meets all applicable statutory and agency requirements.”

Further on, she noted:

“While the results of these and other efforts will not be immediate, they help position U.S. exporters to better compete in markets around the world and will help support U.S. jobs for years to come.”

The **report omits** important indicators of EXIM activities, such as applications for funding and services, the lending pipeline, success in dealing with COVID-19, management reforms, increased funding of small and women-owned businesses, partnering with other countries ECAs to fight the China competition and identifying critical supply chain breakdowns.

Those numbers are impressive in the story they tell about the reforms the agency has implemented:

- EXIM authorized more than \$2.0 billion out of total authorizations of \$5.4 billion in support of U.S. small business exports in FY 2020. **Small business authorizations represented nearly 38.6 percent of the total dollar value of authorizations.**
- The number of small business authorizations was 1,836, or almost 89 percent, of the total number of EXIM’s authorizations in the fiscal year. Of EXIM’s small business authorizations, 1,049 involved amounts under \$500,000. There were 229 small businesses that used the agency’s products for the first time in FY 2020.
- In FY 2020, EXIM approved \$335.4 million in support of minority- or women-owned (MWOB) businesses, of which \$303.7 million directly benefited small businesses. MWOB authorizations constituted nearly 14.6 percent of EXIM’s total direct small business support for the fiscal year.
- EXIM approved \$29.5 million in support of renewable-energy exports in FY 2020 (up from \$18.9 million in FY 2019).

Conclusion

Through all of the challenges in 2020, as well as throughout the recent change of Administrations and leadership at EXIM—including the naming of Mr. James C. Cruse, a 51-year employee of EXIM, as EXIM’s Acting Vice Chairman and First Vice President—during the first half of 2021, the EXIM Advisory Committee was and will continue to be engaged to ensure the Agency is focused on providing competitive financing.

In closing, we would like to recognize former EXIM Chairman of the Board of Directors and President Kimberly A. Reed for serving the American people with extraordinary distinction, unparalleled performance, and exemplary leadership.

Chairman Reed made history by reopening and transforming the institution after four years of near closure. With great judgment and a steady hand, she led the agency to a historic seven-year Congressional reauthorization—the longest in its 87-year history—that provided \$135 billion in lending authority to increase the competitiveness of the United States and support hundreds of thousands of American jobs.

We also would like to commend all of the career officers and staff who worked diligently and professionally day-in and day-out under unprecedented conditions brought on by the COVID-19 pandemic to maintain EXIM's excellent service to U.S. exporters and the American people as well as to produce this year's annual Competitiveness Report. We also especially commend the dedicated political appointees who served until January 20, 2021, and EXIM Board Members Bachus and Pryor for their tremendous efforts. You can read each of their names beginning on page 114 of the [2020 EXIM Annual Report](#).

We are confident that, with the continued support of the United States Congress, the transformed EXIM now is on a strong trajectory for future success when it comes to fulfilling its critical mission of supporting American jobs by facilitating U.S. exports.

Sincerely,

A handwritten signature in black ink that reads "Stevan Pearce". The signature is fluid and cursive, with a long horizontal stroke at the end.

Stevan Pearce
Chairman
EXIM 2020-2021 Advisory Committee

EXIM 2020-2021 Advisory Committee Members



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The Honorable Stevan Pearce*
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Chairman
AfricaGlobal Schaffer



EE Okpa
Principal
The OKPA Co.



Marise Duff Stewart
Director Customer and Industry Relations
Progress Rail, a Caterpillar Company



Paul Sullivan
President
International Business
Acrow Bridge



Sola Yomi-Ajayi
Chief Executive Officer
United Bank for Africa (UBA),
America

Executive Summary

In 2020, the simultaneous onset of the COVID-19 pandemic and EXIM's first full-year return to the medium- and long-term (MLT) export credit market after a more than four-year hiatus presented historic challenges for the Bank's competitiveness within the global export credit community. In response, EXIM met the moment and persevered in several ways.

First, EXIM took several steps to provide temporary COVID-19 relief through the Working Capital Guarantee Program, the Supply Chain Financing Guarantee Program, the Bridge/Backstop Financing Program, and the Pre-Delivery/Pre-Export Financing Program for transportation-related and other large-scale exports. Since April 2020, the measures have resulted in \$1 billion in EXIM working capital guarantee and supply-chain financing guarantee authorizations. In fiscal year (FY) 2021 to date, EXIM's working capital guarantees for minority and women-owned businesses have risen to a total of \$31.5 million—a 50 percent increase over the previous period in FY 2020.

Additionally, EXIM implemented numerous Bank-wide reforms and new congressional mandates in partnership with its many stakeholders. Of particular importance to EXIM's competitiveness was EXIM's response to the congressional mandate to establish the Program on China and Transformational Exports. To inform that effort, EXIM Advisory Committee Chairman Stevan Pearce established a Subcommittee on Strategic Competition with the People's Republic of China—also known as the Chairman's Council on China Competition—to solicit expertise and policy recommendations from the nation's foremost China experts.

As EXIM was fully operational in 2020, this report evaluates the impact of 2020 activity and events on EXIM's competitiveness, per EXIM's Charter mandate. This year's report identifies several themes related to these issues and other emerging trends around the globe, including:

- **Global COVID-19 Impact:** U.S. exporters and lenders generally perceived EXIM as responsive in addressing their immediate needs in 2020. However,

the COVID-19 crisis, as the second crisis within a decade, led many foreign governments to call on their export credit agencies (ECAs) as tools to help boost economic growth while their economies struggled, for instance by directing ECAs to take steps meant to support broader export promotion in 2020 and expand programmatic offerings beyond traditional export credit support.

- **EXIM Market Re-emergence:** In 2020, EXIM authorized \$1.8 billion in MLT export credit financing and placed 13th among official export credit providers in terms of activity volumes. Although official MLT export credit volumes decreased across the board, EXIM's ranking was low by historical standards. Multiple exporters and lenders explained that the low activity levels, in part, reflect U.S. exporter reluctance to seek EXIM support because of the Bank's relatively longer due-diligence processes and documentary burden compared to foreign ECAs. While exporters and lenders continue to recognize the value proposition and high quality of EXIM support, several recommended that EXIM prioritize regaining a presence in the global market and addressing specific points of friction in EXIM's customer experience.
- **OECD vs. non-OECD Activity:** Both OECD and major non-OECD ECAs (such as Brazil, Russia, India, China, and South Africa, known as the BRICS) export credit volume was down. BRICS official MLT export credit activity decreased by approximately 50 percent while OECD official MLT export credit activity decreased by only about 20 percent. Conversely, trade-related (unregulated) support offered by OECD and non-OECD countries increased, reducing the proportion of OECD Arrangement (regulated) activity to roughly 30 percent of total export and trade-related financing in 2020.
- **China's Volume of Official Financing is Down but Still Dominant:** In 2020, estimates suggest that China's official MLT export credit support appeared to decrease from just over \$33 billion in 2019 to about \$18 billion in 2020, but its volumes remain significantly higher than all other major

providers.³ Chinese official financing appears to be more disciplined in terms of risk appetite, but new evidence confirms increasing opacity, making their activity more difficult to track.⁴ Despite estimations of lower Chinese official financing volumes in 2020, exporters and lenders emphasized ongoing Chinese competition.

- **ECAs in Europe and Asia are Just as Competitive:** Exporters and lenders reported that many face global competition, and that official financing from Europe, Canada, Korea, and Japan is often as competitive as that provided by China, even though the scale of support from such countries is smaller.
- **Sustainable Financing Takes Center Stage:** “Sustainable finance” is emerging as the focus of ECA support, and in 2020, ECAs introduced and expanded programs aimed at building greener portfolios and restricting new commitments for brown projects. Despite sluggish U.S. export activity during 2020 generally, U.S. exporters reported increasing interest in supporting clean-energy projects, presenting an opportunity for EXIM to catch up to its peers in these sectors.
- **Content Requirement Evolution:** Although content requirements have been at the forefront of U.S. exporter and lender complaints for decades, in 2020, the issue continued to evolve in the United States and remains an ongoing policy flexibility abroad. Once focused on national export promotion, COVID-19 realities led many ECAs to further develop their support for domestic industry and their international supply chains, continuing a long-term trend against focusing on domestic content as a requirement for support.
- **Emergence of a Whole-of-Government Approach to Official Financing:** Export finance practitioners, including U.S. exporters and lenders, have referred to official financing packages involving multiple government agencies as an increasing

competitiveness consideration. Lenders and exporters noted that some countries have started supplementing export credit support with other forms of official support that ultimately results in a highly competitive financing package.⁵

This year’s Competitiveness Report also includes key qualitative feedback from exporters and lenders that indicates both significant opportunities in the Bank’s future as well as several areas that could hinder the Bank’s—and the U.S. government’s—ability to support American exports if left unaddressed.

Notably, while exporters and lenders provided EXIM generally positive feedback regarding the Bank’s ability to effectively deal with difficult challenges such as COVID-19 disruptions, many also highlighted the need for EXIM to be more responsive to market developments, more flexible in meeting shifting customer needs and flagging concerns with the execution risk of working with EXIM. Several also expressed a desire for EXIM to be more proactive in offering standard terms, rather than being reactive to foreign ECA offers. Additionally, exporters and lenders viewed EXIM and other U.S. government finance agencies as often siloed and lacking a core national strategy. Finally, exporters and lenders generally expressed frustration about overly burdensome policy parameters and regulatory requirements. If left unaddressed, these issues will hold EXIM back from fully reemerging into the global marketplace and may present long-run negative implications for U.S. exporters. Through continued collaboration with U.S. government partners and Bank stakeholders, EXIM is eager to address these significant challenges and advance its mission to support American jobs.

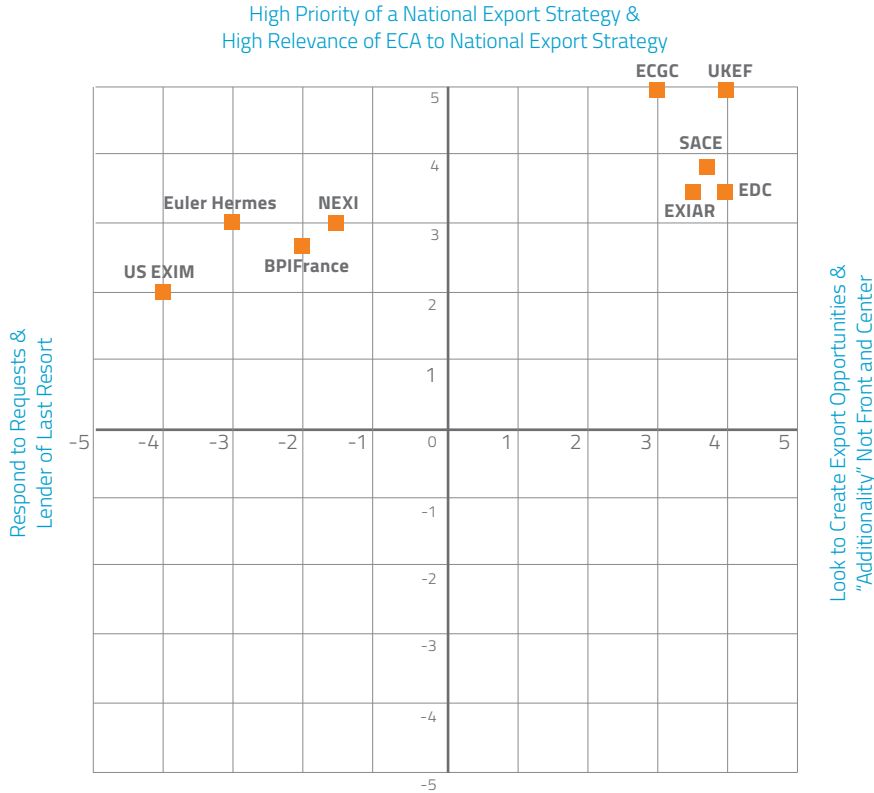
3 EXIM conducts research on Chinese official export credit volumes through open-source research, and therefore these volumes are considered estimates. They may not fully reflect the actual trend in Chinese official MLT export credit volumes.

4 New evidence highlights how China has prevented the publication of their financing commitments through confidentiality clauses in loan contracts. The report depicts a “pronounced shift towards greater secrecy in Chinese lending contracts that is driven by the widespread introduction of confidentiality clauses in China Eximbank contracts around 2014.” Anna Gelpner, Sebastian Horn, et. al., “How China Lends: A Rare Look into 100 Debt Contracts with Foreign Governments,” <https://www.aiddata.org/how-china-lends>, March 2021. pg. 22-23. Additionally, in China there have been recent crackdowns on publicly available information pertaining to political independent media and open research, which may be having an indirect impact on economic sources. Chonkar, Kunal. “China Shuts down Online Forums, Public Accounts on Defense, Political Affairs,” April 11, 2021. <https://thenews21.com/china-shuts-down-online-forums-public-accounts-on-defense-political-affairs>.

5 EXIM notes that this trend has been referred to in many different ways, including by appropriating the term “blended finance” to this activity. For more information on “blended finance” as defined in international fora, please see Appendix E.

Box 1: Results of “Role of Official ECAs in 2020’s—Indispensable or Irrelevant?” Panel at EXIM’s 2020 Annual Conference

Figure 1: Matrix of How Major ECAs View Their Objectives and Roles



No/Low Priority of a National Export Strategy & Low Relevance of ECA to National Export Strategy

Countries Represented: US EXIM (United States), Euler Hermes (Germany), BPIFrance (France), NEXI (Japan), ECGC (India), UKEF (United Kingdom), EXIAR (Russia), SACE (Italy), EDC (Canada)

Source: Bilateral engagement

At EXIM’s 2020 annual conference, EXIM hosted a panel of the heads of major ECAs from Canada, France, Germany, India, Italy, Japan, Russia, and the United Kingdom. EXIM asked these ECA leaders to self-describe their ECA’s role in their nation’s export strategy, and their ECA’s approach as proactive or reactive from their perspective. The heads of each ECA then summarized their own thoughts and chose coordinates that best described their agency’s approach, in their own view, which were then used to place their ECA on the matrix seen in Figure 1. The x-axis scores the reactive versus proactive nature of each ECA, indicating if they are more traditional and demand-driven or more proactive and forward-leaning. The y-axis scores whether their country places a strategic value on exports and their institution’s role in pursuit of that goal. ECAs that felt they are generally integrated into their respective governments’ export strategies placed themselves in the upper right-hand quadrant, while ECAs that mostly operate independently placed themselves in the upper left-hand quadrant. As reported in the 2019 Competitiveness Report, UKEF, SACE, and EDC have become important tools in their governments’ economic growth and export promotion plans. These same ECAs were incorporated into government-wide recovery efforts their countries pursued in 2020. In contrast, in the United States, economic support during the pandemic was provided through a range of monetary and fiscal interventions, such as under the CARES Act.

In 2020, EXIM placed itself in the upper left-hand quadrant, signifying its traditional role as a lender of last resort that is demand-driven through the x-axis placement.

Introduction

Background

The Export-Import Bank of the United States (EXIM or the Bank) is the official export credit agency (ECA) of the United States. EXIM's Charter (12 U.S.C. §635 et seq) mandates that EXIM provide financing "that is fully competitive with Government-supported rates and terms and other conditions" offered by foreign providers of official export finance.⁶ The Charter requires that, in this report, EXIM "indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly."⁷ EXIM's Charter also requires the Bank submit to Congress an annual assessment of this competitiveness in the previous calendar year.⁸ As such, EXIM annually submits this Report to the U.S. Congress on Global Export Credit Competition (the Competitiveness Report).

Previous editions of the Competitiveness Report focused specifically on medium- and long-term (MLT) officially supported export credits because U.S. exporters report acute competition against foreign exporters (supported by their respective ECAs and other parts of their governments). Although instruments protecting against cross-border risk and supporting overseas projects have dominated previous editions of this report, given the economic impacts of the coronavirus pandemic (COVID-19 or the pandemic) in 2020, this year's report will expand its historical scope to also capture measures focused on short-term liquidity which ECAs took to bolster their exporter base and their domestic economies in the near term.

This report focuses on the following:

- **The official export finance market's response to COVID-19:** ECAs quickly introduced new programs, enhancements, and adjustments for their customers

to respond to the uncertainty. ECAs' countercyclical role re-emerged, in part based on their experience navigating the Global Financial Crisis of 2008 (GFC) as they took steps to address financing gaps in the market by increasing capacity. Moreover, some ECAs expanded access to programs by introducing flexibilities which were aimed at broadening their support of exporters and domestic champions.

▪ Emerging trends in export finance:

- The COVID-19 pandemic led foreign governments to turn to their ECAs as a component of the national economic toolkit. OECD countries expanded their ECAs' scope of activity to better serve their domestic industries and continue to focus on national interest (not simply national content). Governments have called on ECAs, based on their expertise and capabilities, to address economic challenges for domestic industry.
- Meanwhile, China (with the largest non-OECD export credit system, led by China's official ECAs—the Export-Import Bank of China or China EXIM, and China Export and Credit Insurance Corporation or Sinosure)—appears to be taking a more disciplined approach to its export and trade-related financing and more selectively targeting its support.⁹ In 2020, China's official MLT export credit support appeared to decrease from just over \$33 billion in 2019 to about \$18 billion in 2020, but its volumes remained significantly higher than all other major providers.¹⁰ Despite this change, U.S. exporters and lenders still experience ongoing competition from companies backed by Chinese government financing.
- Finally, sustainable finance was a catalyst for ECA change in 2020, including shifts in ECA content policies. The continuous evolution in domestic content requirements is a major discretionary tool used by ECAs to attract business prospects and

6 12 U.S.C. §635(b)(1)(A)

7 U.S.C. 635g-1

8 12 U.S.C. 635g-1. This report covers calendar year 2020 unless otherwise specified.

9 As reported in the 2019 Competitiveness Report, China has two official ECAs and other financing entities that support its export and trade-related finance. These institutions include Sinosure, China EXIM, China Development Bank, and other state-owned banks.

10 EXIM conducts research on Chinese official export credit volumes through open-source research, and therefore these volumes are considered estimates. They may not fully reflect the actual trend in Chinese official export credit volumes.

promote engagement with major players in the international supply chains. Content flexibility is a leading example of a critical issue within the United States and abroad.

Methodological Note – Foreign Official Export and Trade-Related Finance Data

Congress mandates that EXIM provide U.S. exporters with financing terms and conditions that are “fully competitive” with those that foreign governments provide to their exporters.¹¹ The Charter requires that where data is not available, “the Bank shall use all available information to estimate the annual amount of export financing available from each such government and government-related agency.”¹² EXIM undergoes an extensive process for data compilation, collection, and verification, as detailed below. EXIM’s data for export and trade-related program activity is largely reported directly to EXIM bilaterally by almost every major ECA. EXIM draws upon data from public sources, such as institutions’ websites and annual reports to better contextualize ECA activities.¹³ As in previous years, EXIM has again collected data through a third-party survey of export credit practitioners to supplement its own survey findings.

Further, EXIM’s use of commitment data (rather than, disbursement or exposure data) is intentional, in order to provide a sense of the volume and types of export credit support that providers were willing to authorize and commit in support of their exporters at the time of competition.¹⁴ (Note: EXIM acknowledges that such an approach does not track whether funds were ultimately disbursed, whether exports were ultimately shipped, etc., but that the approach provides an indication of whether the official export credit provider fulfilled its mission to provide competitive financing to level the playing field for their exporter.)

With respect to ECA outreach, EXIM approached all ECAs whose data is presented to request their 2020 commitment data. This year, EXIM’s bilateral outreach extended even further and now all ECAs mentioned in this report (with the exception of the Chinese ECAs)

approved EXIM’s requests for 2020 data, confirmed their data when EXIM had questions or cross-checked data sources, provided EXIM with information on their institution’s activity and/or programs, and provided clarifying comments where necessary. Importantly, this verification process provides a more accurate portrayal of foreign ECA activity and intent, which contextualizes the individual views of export credit practitioners. EXIM’s Competitiveness Report would not be possible without the responsive transparency of most of the global ECA community.

To obtain data on Chinese export and trade-related finance volumes, EXIM utilized multiple open sources and research techniques to gather information on China’s official financing activity. First, EXIM generated a list of potential projects receiving Chinese official financing support through public web-search tools. EXIM searched for articles, press releases, and other media using these tools, which included:

- Emerging Markets Information Service (EMIS) Intelligence
- Google Alerts
- Bloomberg
- EBSCO Information Services
- Lexis Nexis (Lexis Advance)

After the initial list was compiled, EXIM conducted further research in English and Mandarin on the list of those projects in order to confirm loan amounts, interest rates, repayment terms/tenor, and other terms and conditions. EXIM also confirmed the existence of transactions and their details through interagency engagement. In the past, EXIM briefed China EXIM on its research methodology, in a good-faith effort at transparency and to gauge the accuracy of EXIM’s findings. EXIM previously requested that China EXIM comment on the database, either on a holistic basis or for individual projects. China EXIM has, to date, not provided substantive comments on EXIM’s estimates or on project-specific information.

¹¹ 12 U.S.C. § 635(b)(1)(A)

¹² 12 U.S.C. § 635g-1(a)(1)

¹³ EXIM would not be able to put together the Competitiveness Report without the gracious assistance of its foreign ECA colleagues. EXIM appreciates the time spent responding to its many inquiries and data requests.

¹⁴ For example, EXIM did not include the 2020 amendment to the Mozambique LNG transaction, which had been originally approved in 2019, in its 2020 MLT export credit volumes.

Additionally, in 2020, EXIM worked together with the U.S. Air Force Office of Commercial and Economic Analysis (OCEA), which commissioned a study of China's export and trade-related financing. The study compiled broad information on recent trends in official and unofficial Chinese export credit and trade-related support.

Finally, data on Sinosure's activity was found through Chinese-language internet searches. Sinosure's 2020 figures were obtained from Chinese-language Xinhua News Agency-affiliated state media reports and estimated from Sinosure's 2019 annual report, released in September 2020. Sinosure's 2019 figures were also obtained from Sinosure's 2019 annual report.

Methodological Note – Stakeholder Views

EXIM's Charter requires that EXIM survey U.S. exporters and lenders on their experience in meeting financial competition from other countries.¹⁵ EXIM also conducts several methods of outreach to solicit qualitative and quantitative feedback from the Bank's stakeholders throughout the year. Included in this work is a congressionally mandated survey to exporters and lenders about their experiences regarding EXIM's role in meeting competition from other countries whose exporters compete with those from the United States. The survey is sent to 112 recipients who are familiar with EXIM and includes roughly 100 questions. This year, 26 exporters and lenders responded— half were exporters, half were lenders. While this response rate is lower than in 2020, it is in line with the response rate of previous years when EXIM lacked a board quorum.¹⁶

EXIM remains committed to providing unbiased qualitative and quantitative data from the survey and to that end has supplemented the EXIM exporter and lender survey results with a variety of supplemental

engagements. Additionally, included alongside reporting of direct feedback and data is EXIM's analysis of the export credit reporting data, which is based on policy expertise of the official export and trade-related finance market and EXIM engagements with exporters, lenders, and other market participants year-round. More information on EXIM's efforts to understand exporters' and lenders' experiences, and on the survey results, can be found in Section B: Exporter and Lender Views.

Report Structure

Section A provides an overview of the effects the COVID-19 pandemic had on the official MLT export and trade-related finance market. Chapter 1 offers a detailed look at 2020 export and trade-related finance activity levels from various institutions. Then, to convey how ECAs responded to the crisis, COVID-related response measures from various ECAs are covered in Chapter 2. Finally, Chapter 3 will explore how COVID-19 has accelerated emerging trends in the official export credit market.

Section B reports the findings of EXIM's outreach to exporters and lenders, including results from the congressionally mandated survey of exporters and lenders, and results from a separate export credit practitioner survey conducted by a third party. To provide a more fulsome picture of exporters' and lenders' experiences, the Competitiveness Report also includes findings obtained through focus groups, bilateral meetings, third-party industry reports, meetings with experts, and conferences pertaining to the export credit market.

Section C includes appendices that cover important topics in export finance and fulfill EXIM Charter reporting requirements. For more information on official export and trade-related finance for new readers, refer to Appendix A.

¹⁵ 12 U.S.C. § 635g-1(a)(1)

¹⁶ Although the 26 percent response rate is low, it is in line with the eroding response rate that EXIM began reporting during the years of EXIM inactivity in MLT business, reflecting a shrinking number of respondents knowledgeable about EXIM competitiveness relative to its peers. For example, the response rate for the 2018 survey was 25 percent.



Section A

Trends in Official Medium- and Long-term (MLT) Export and Trade-related Activity

Trends explored in this section include:

- Countries' use of official export and trade-related finance in 2020 (Chapter 1),
- New programs, enhancements, and adjustments ECAs introduced for their customers in response to COVID-19 (Chapter 2), and
- Emerging trends in export finance, including domestic roles for ECAs and sustainable finance (Chapter 3).

OECD and non-OECD Official MLT Export and Trade-related Activity in 2020

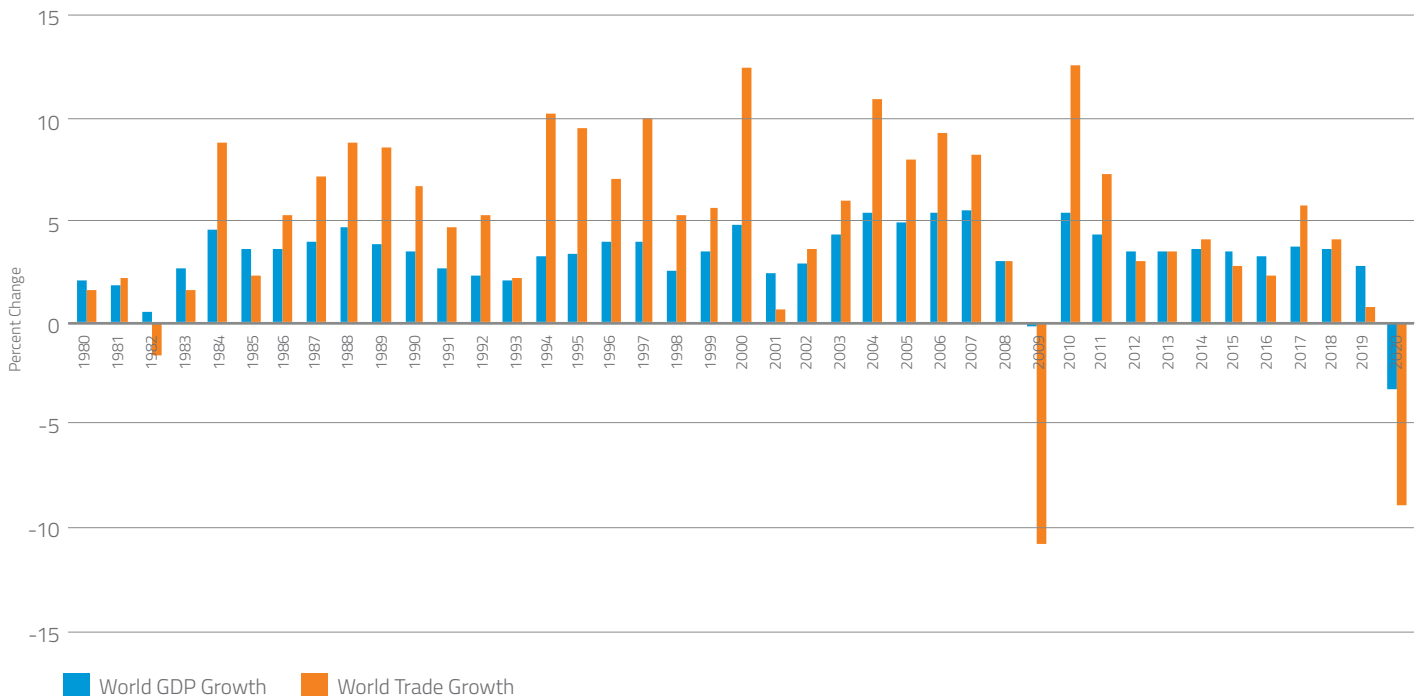
Introduction

This chapter of the Competitiveness Report describes the full range of official MLT export and trade-related support available in 2020. In practical terms, this combination of export and trade-related support represents the estimated volume of official MLT financing that could support competitors of U.S. businesses. Accordingly, in order to more accurately measure the marketplace in which U.S. exporters operate, and to more appropriately assess EXIM’s competitiveness, this chapter measures both officially supported export credit activity and the scope and scale of support for exports through trade-related support, including investment, untied, market window, and development finance programs. Separately, specific types and volumes of COVID-19 relief support and their implications on the competitive landscape EXIM faces are chronicled in Chapter 2 of this section.

Overview

The COVID-19 pandemic’s impact on the global economy defined 2020. As shown in Figure 2, world GDP growth was the lowest recorded over the past 40 years at a decline of 3.26 percent, and world trade growth was the second-lowest recorded with a decline of 8.91 percent. As the COVID-19 pandemic spread across the globe, there was a chain reaction of closures of economies and production, impacting supply chains and cross-border trade, as well as delaying capital expenditure decisions due to widespread uncertainty. Similarly, exporters and lenders broadly agreed that this reduction in spending also affected the general willingness of buyers to commit to ECA funding for further capital expenditures in 2020.

Figure 2: World GDP and Trade Growth



Sources: International Monetary Fund, World Economic Outlook Database, volume of imports of goods and services (TM_RPCH), April 2021

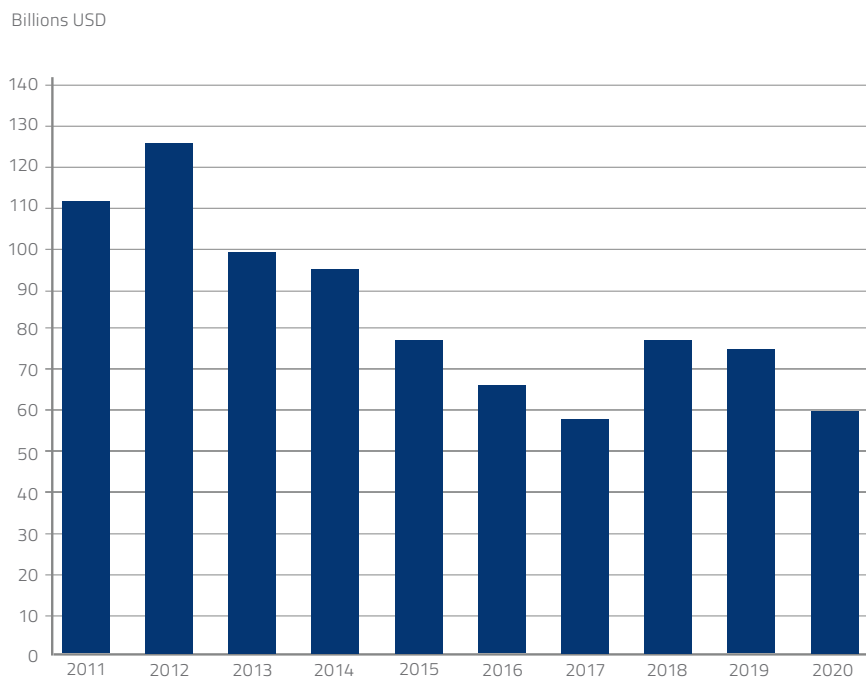
Against this economic backdrop in 2020, total official MLT export credit volumes provided by OECD and non-OECD ECAs appear to have decreased significantly from 2019 volumes. As such, this was the second consecutive year of declining official export credit volumes. While in 2019, OECD and non-OECD ECAs' standard export credit volumes had declined by roughly 9 percent, these volumes declined by 30 percent in 2020. Notably, several ECAs employed COVID-19 response measures in 2020 that are not encapsulated by official export credit volumes. Many of these programs—such as short-term financing—fell outside the scope of this “standard” MLT export credit support covered by the OECD Arrangement. Moreover, exporters and lenders shared that, given foreign governments' primary focus on combating the COVID-19 public health crisis and economic downturns at home, these foreign buyers decreased their demand for imports and ECA support.

For a number of countries, trade-related support appeared to remain steady, but notably Japan stood out with investment support increasing by 90 percent in 2020. In contrast, China's support is estimated to have decreased dramatically. In total, combined official MLT export and trade-related finance hovered below 2019 volumes at approximately \$200 billion.

OECD Arrangement MLT Export Credit Activity

In 2020, OECD Arrangement activity trended downward (as seen in Figure 3) due to decreased support from major countries providing official export credits under the Arrangement, including Germany, Italy, Korea, the United Kingdom, and the United States. The handful of countries holding steady in their Arrangement MLT business included Canada, Denmark, Netherlands, and Sweden. Overall, despite decreases in volumes reported by many ECAs, those in Europe and Asia led OECD official

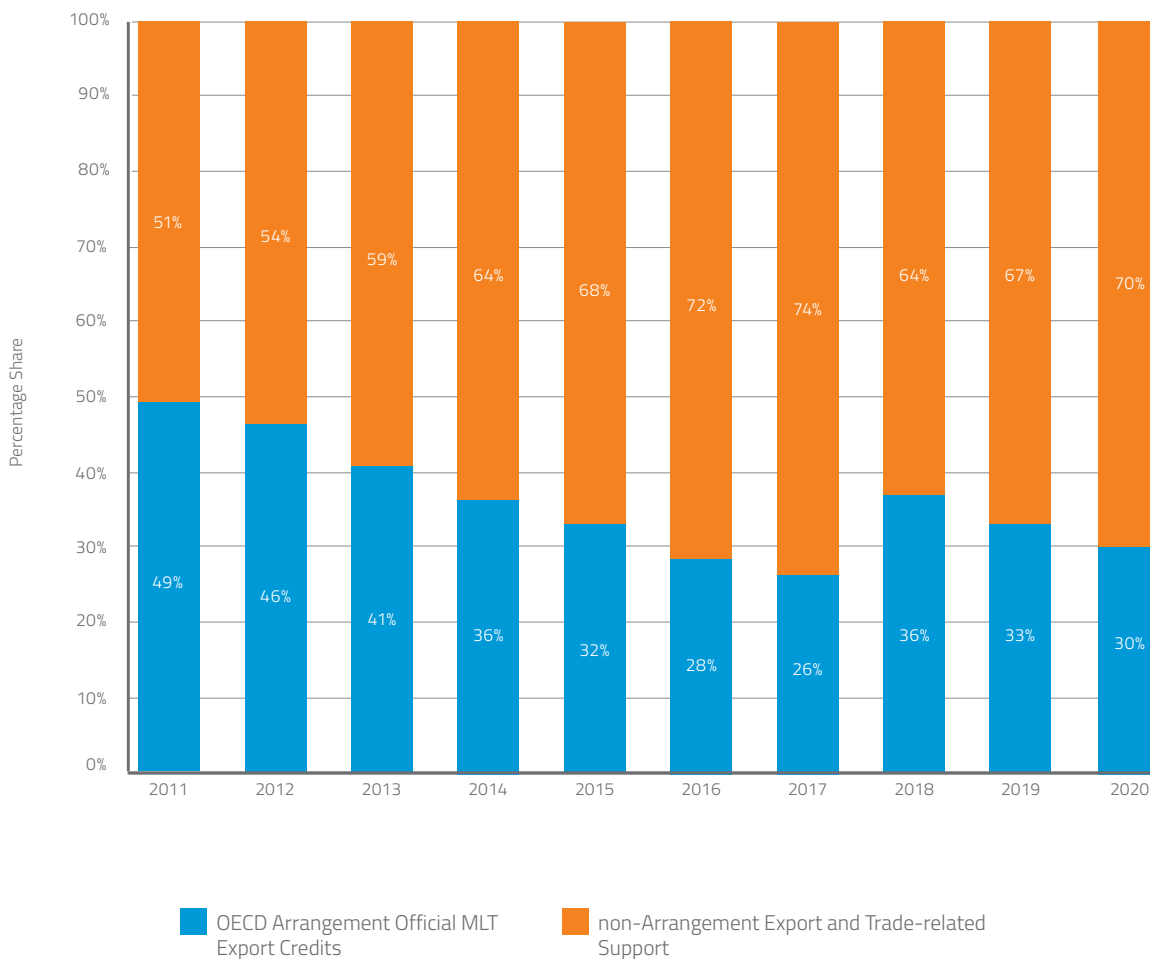
Figure 3: OECD Arrangement Official MLT Export Credits Provided by OECD Participants



Sources: EXIM, bilateral engagement

export credit activity in 2020, with the U.S. trailing. France was the outlier in 2020, doubling its support from approximately \$6 billion to about \$12 billion. France’s major increase was due to support for a large windfarm in the United Kingdom, a large shipbuilding contract, and support for aircraft.¹⁷ OECD Arrangement activity comprised approximately 30 percent of total export and trade-related financing in 2020—a slight decrease from 2019 (see Figure 4).

Figure 4: OECD Arrangement Official MLT Export Credits vs. non-Arrangement Export and Trade-related Support



Sources: EXIM, bilateral engagement, annual reports

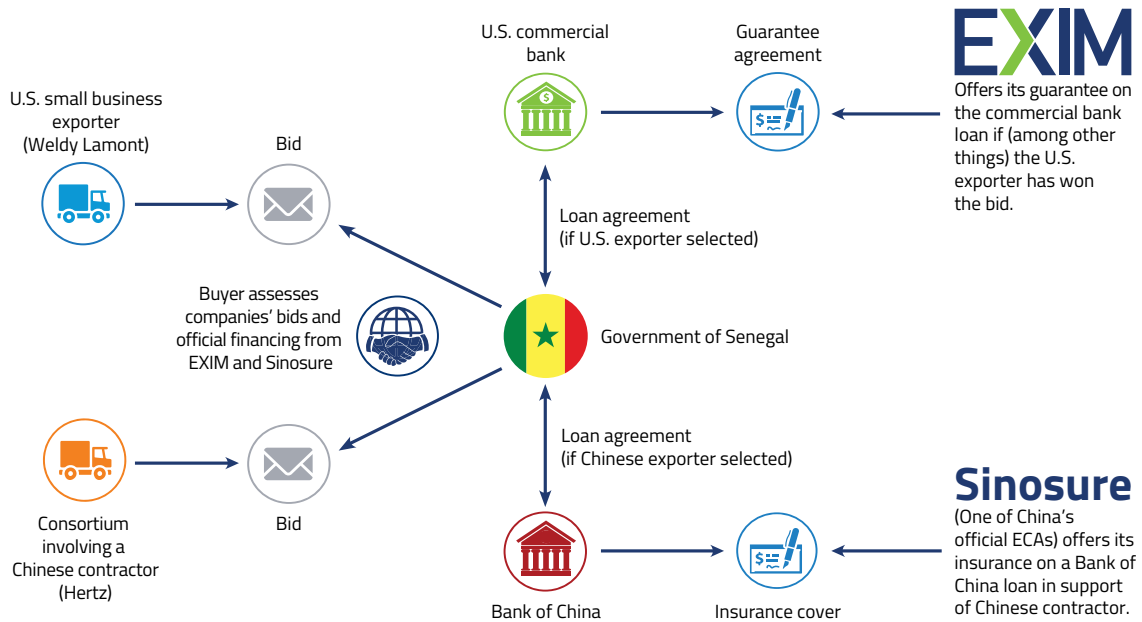
¹⁷ Bilateral engagement. Of note, U.S. aircraft manufacturer Boeing decided not to seek a loan from the federal government under the CARES Act, after the company completed a \$25 billion bond issuance in May 2020.

Box 2: EXIM Authorization Helps U.S. Small-business Exporter Secure Contract

In March 2020, EXIM’s Board of Directors approved a transaction to support U.S. exports of goods and related services from a U.S. small-business exporter, Weldy-Lamont Associates, Inc., of Mt. Prospect, Illinois, to the Republic of Senegal for a rural electrification project. Weldy-Lamont will export U.S. equipment and design, engineering, and construction services to bring reliable electricity to approximately 330,000 Senegalese in more than 400 villages. The project consists of supplying low-voltage power lines along existing roads to rural villages, with more remote villages to be served by the establishment of a mini-grid of stand-alone solar units and limited low-voltage lines. The completed project will reduce the need for community-based diesel generation of electricity and will connect hundreds of villages to the grid.

In February 2021, EXIM’s Board of Directors approved an amendment to its 2020 commitment by extending the previously approved 10-year repayment term to an 18-year repayment term, among other things. This commitment from EXIM extended beyond EXIM’s standard terms and constituted an exception to those outlined in the OECD Arrangement for these types of projects. This kind of exception was the first EXIM has made in about a decade. EXIM’s board took this action in response to reports of renewed competition from China. A consortium involving Chinese contractors—backed by one of China’s official ECAs (Sinosure)—was known to be offering highly competitive financing on terms outside of those established in the international rules governing officially supported exports credits of the OECD Arrangement. (See Figure 4 below depicting the players and financing involved.) The Chinese consortium was actively pursuing the project using these terms even after Weldy-Lamont originally secured the contract. EXIM’s amendment—paired with the quality of Weldy-Lamont’s exports—overall provided a more competitive package than China was offering. This action helped put Weldy-Lamont on a level playing field, while ensuring EXIM still found reasonable assurance of repayment and was able to meet its own robust underwriting standards.

Figure 5: Example of EXIM Support for U.S. Exporter Facing Chinese Competition in 2020



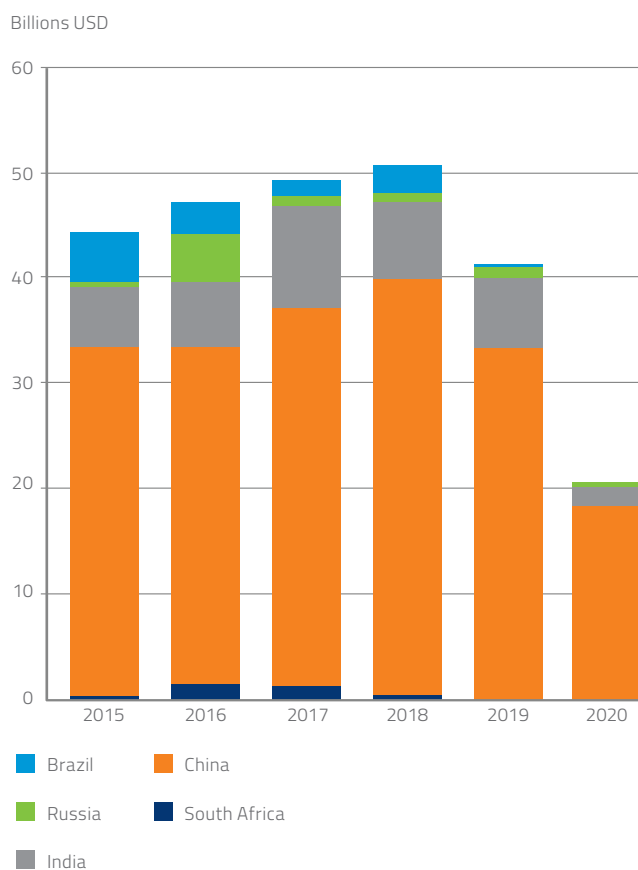
Major non-OECD (i.e., BRICS Countries) MLT Export Credit Activity

As in past years, China and India were the largest providers of official MLT export credits from the BRICS (Brazil, Russia, India, China, South Africa) countries.¹⁸ Based on publicly available data, EXIM estimates that China has experienced a significant downturn in official export credit activity. EXIM research shows that in 2020, China's MLT official export credit support appeared to decrease from just over \$33 billion in 2019 to about \$18 billion in 2020, but its volumes remain significantly higher than all other major providers.¹⁹ In the 2019 Competitiveness Report, EXIM reported China's first decrease in official export credit support since 2015. China's 2020 activity levels represent the potential second consecutive yearly decrease in Chinese official export credit support that EXIM has tracked since 2015.

Despite this decline, China's official MLT export credit volumes continued to top the list of official MLT export credit providers. Moreover, anecdotal information from EXIM's customers indicated continued Chinese competition in 2020, and therefore EXIM continues to track the relevant context undergirding these trends. Given the lack of specific public information on official Chinese ECA activity, EXIM looked to other sources to help explain the reasons for this decline. Specifically, EXIM drew from official Chinese and foreign sources, academia, think tanks, and China experts to better understand the shift in Chinese support, as further described in Chapter 3 of this section.

The decrease in BRICS 2020 official export credit support was not unique to China, as the volumes of official export credit support provided by Brazil, Russia, India, and South Africa also decreased in each of the last two years. The result is a roughly 50 percent decrease in BRICS activity overall, when compared to their aggregate commitments authorized in 2019, as shown in Figure 6. Overall trends in BRICS activity have always been dominated by China's activity, but other factors contributed to the drop in overall BRICS official export credit activity in 2020. For instance, India's support volumes dropped significantly, and Brazil's export credit system is still undergoing restructuring as mentioned in last year's Competitiveness Report.²⁰

Figure 6: BRICS Official MLT Export Credit Activity



Sources: EXIM, bilateral engagement, annual reports

18 The BRICS (Brazil, Russia, India, China, South Africa) countries are significant emerging market economies that meet outside the OECD. With the exception of Brazil as a Participant to the OECD Arrangement's Aircraft Sector Understanding, BRICS ECAs are not Participants to the OECD Arrangement, therefore their official export credit support is not subject to Arrangement rules.

19 EXIM conducts research on Chinese official export credit volumes through open-source research, and therefore these volumes are considered estimates. They may not fully reflect the actual trend in Chinese official export credit volumes.

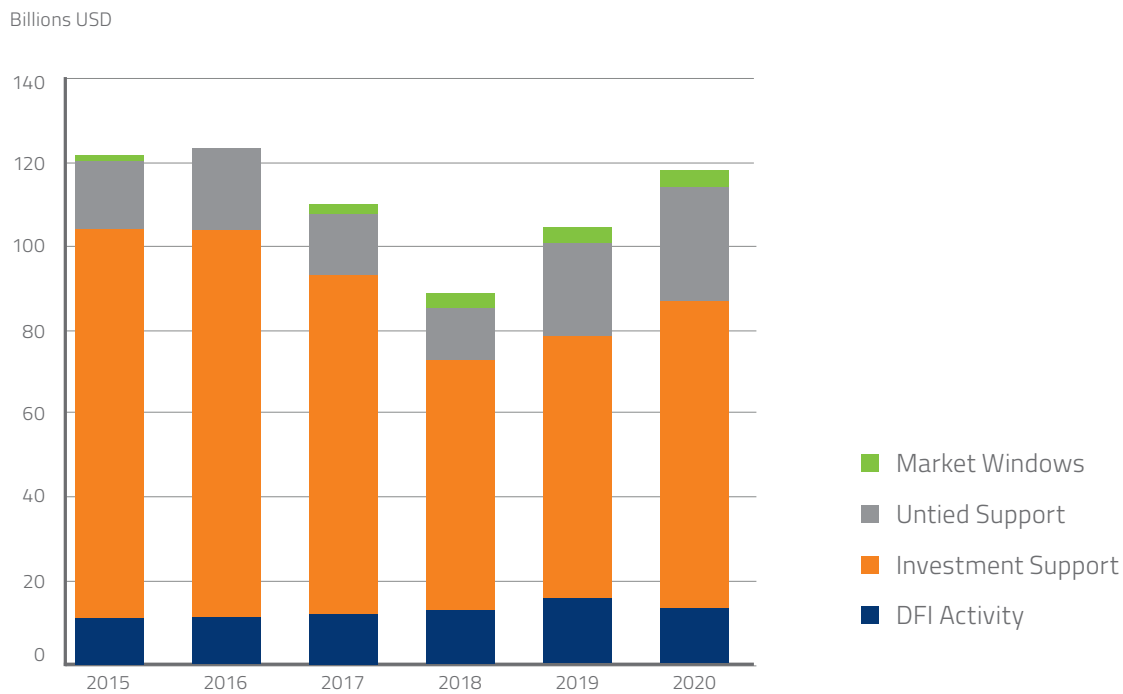
20 See EXIM 2019 Competitiveness Report, page 33.

Trade-related Activity Not Covered by the OECD Arrangement

Official trade-related finance is government-backed MLT financing of trade between nations, but generally provided for a primary purpose other than financing an export sale and does not normally require a minimum amount of exports from a certain country.²¹ Some of this financing is also available to U.S. exporters to fulfill procurement for a given project. However, as U.S. exporters have reported facing global competitors backed by these types of financing, they are again included in this year’s analysis. (See Figure 7 for activity volumes.) Official trade-related finance (in the form of e.g., market windows, investment support, untied support, and development finance) is not within the scope of the OECD Arrangement.

“as production lines and business models change and the structures of financial transactions develop, the traditional term Export Credit no longer fully covers the different types of finance that the markets demand and an ECA provides...The[se] [OECD] rules only apply to export credits. For other products, aimed to support trade, but not export directly (like investment guarantees and untied guarantees) there is no international framework...” – EU Export Finance Lab²³

Figure 7: Trade-related (non-Export Credit) Activity from OECD and non-OECD Countries



Sources:²² EXIM, bilateral engagement, annual reports

21 See Glossary for a more detailed explanation.

22 DFI data is gathered from U.S. DFC, EDFI, and FinDev annual reports and websites, and does not include DFI activity from development finance support from official financing institutions in Asia given that EXIM is still trying to understand these institutions’ programs and activity.

23 https://ekf.dk/media/marbx1f3/re-issue_white_paper_on_public_export_finance_in_the_eu_april-2021.pdf. The authors of the report are European ECAs and their ministries as well as the European Commission. https://ekf.dk/media/marbx1f3/re-issue_white_paper_on_public_export_finance_in_the_eu_april-2021.pdf

Investment Support

When providing investment support, an official government entity, such as an ECA, provides support to an investor from that government’s country looking to acquire an equity stake in a foreign company or project overseas. That support includes insurance or a guarantee that indemnifies an equity investor or a bank financing the equity investment for losses incurred to a cross-border investment as a result of political risks. It can also include insurance or a guarantee that indemnifies the counterparty to a cross-border debt obligation for losses incurred by nonpayment by the debt obligor. The debt obligation is provided without any formal requirement that the capital be used to finance an export or international trade.²⁴

Major providers of official investment support increased their new commitments in 2020. This type of support is often used for major large-ticket projects, and therefore ebbs and flows from year to year. Over the past decade, Asian OECD countries (e.g., Japan and Korea) have gradually increased their investment support, with Japan holding the majority of that share. From 2019 to 2020, Japan’s official investment support reportedly increased by roughly 90 percent and totaled about \$37 billion in 2020. This is its highest volume EXIM has ever reported and more than double the amount of investment support from all other OECD providers combined, largely due to a long-term shift from an export-credit centric model to one focused on investment support.²⁵ JBIC, Japan’s export credit agency, provides investment support through its Overseas Investment Loan program, which is often cited by U.S. exporters as a key type of financing supporting their competitors. Separately, while not as large of an increase in activity as Japan (but still significant during a year of generally lower official financing support overall), Korea’s official investment support in 2020 moderately increased by about 8 percent to \$7.5 billion. This was Korea’s highest volume amount since 2018, and Korea remained the second-highest provider of investment support.

24 See Glossary for a more detailed explanation.

25 Over the course of a few decades, Japan (and particularly JBIC) has shifted from an export credit-centric model, to one focused primarily on providing investment support. This is in line with JBIC’s mission to support Japanese companies engaging in various types of international business, rather than just supporting Japanese exports. For more information on this trend, see page 20 of JBIC’s 2020 Annual Report: https://www.jbic.go.jp/en/information/annual-report/pdf/2020E_m01.pdf.

26 Sinosure’s investment-based financing was derived from figures reported by Chinese official press sources <http://news.xinhua08.com/a/20210302/1977207.shtml>

As shown in Figure 8, these two countries have dominated the investment support share of OECD countries over the past six years. Others’ support decreased, e.g., Germany’s investment support was down by about 70 percent, and Italy’s declined by approximately 20 percent. Investment support from China’s ECAs, initially leading in investment support volumes in 2019, decreased by about 20 percent to approximately \$18 billion.²⁶

Figure 8: Investment Support from OECD ECAs – Asia vs. Europe and North America (Billions USD)

Year	Asia	Europe & North America
2015	33.7	10.7
2016	28.7	10.8
2017	28.4	7.6
2018	27.6	10.0
2019	26.3	13.3
2020	44.4	10.8

Source: Bilateral engagement

Untied Support

Untied financing is generally provided to a multinational company to promote the provider country’s “national interests” (e.g., an ECA or other provider of untied financing supports energy-project development involving offtake contracts that benefit provider’s country, support provides future revenue through subsequent operation and maintenance contracts or taxes paid to the ECA’s country, or support generates pledges of future procurement from the ECA’s country) rather than to directly financing a specific export sale. Exporters and lenders have touted the untied programs that foreign ECAs offer as competitive offerings that give buyers sourcing flexibility for the current financing as well

as increased supply chain options into the future, and have stated that, in their first-hand experience, such financing leverages procurement in subsequent transactions.

In tandem with other business lines, untied support saw decreased volumes in 2020. As shown in Figure 9, Korea’s untied support remained high in 2020 and provided around \$4 billion, still almost double that provided by the next highest (Canada), albeit not as high as its peak in 2015 (\$7.7 billion). Canada provided slightly over \$2 billion through its Pull loan program, but still only half of what it provided in 2019. Japan’s untied activity, which was initially on the rise since 2017, also slightly declined in 2020 to \$1.6 billion.

One banker described recent developments in tied aid programs as follows: “ECAs are pushing the envelope to overcome restrictions of the OECD Arrangement,” which embodies a sentiment commonly shared in the exporter and lender focus groups this year and in recent years.

Figure 9: Untied Support from Korea, Canada, and Japan vs. Rest of OECD (Billions USD)

Year	Korea	Canada	Japan	Rest of OECD
2015	7.7	1.1	1.3	0.9
2016	6.8	6.6	1.5	0.7
2017	1.0	6.5	0.6	1.7
2018	0.4	4.6	1.1	1.9
2019	5.2	4.7	2.0	1.7
2020	4.0	2.2	1.6	2.7

Source: *Bilateral engagement*

Market Windows

A market window program is an officially backed financing program with pricing on commercial market terms and is, as such, not subject to Arrangement disciplines. EXIM’s Charter places a special focus on market window programs and mandates that this report cover them.²⁷ As such, EXIM has continued to monitor market window activity of OECD ECAs. Market window support remained low in 2020 and was all provided by Belgium and Canada. As reported in last year’s report, in early 2020 EXIM became aware of a market window program operated by Credendo in Belgium. Accordingly, EXIM included this program in its data. In 2018 and 2019, Belgium’s market window support totaled approximately \$2.7 billion annually—more than double Canada’s volume in those years. This also proved to be the case in 2020. Of the \$3.9 billion in total market window support, Belgium provided about 70 percent of the volume at \$2.7 billion. Canada provided roughly \$1.2 billion, which was only a slight decrease from their 2019 volumes of around \$1.3 billion.

Development Finance

Development finance, provided by bilateral development finance institutions (DFIs), including the United States International Development Finance Corporation (DFC), encourages private-sector entities to do business in foreign developing markets for developmental purposes.²⁸ Exporters and lenders have reported that DFIs’ ability to support a broad array of projects while remaining flexible, makes their financing more attractive and easier to use. While development finance is untied, many foreign DFIs have “national interest” mandates similar to those of many ECAs, or initiatives aimed at supporting domestic exporters, although this does not mean that DFI support is limited to national exporters. Further, several exporters provided EXIM feedback indicating a strong interest in EXIM pursuing greater integrated financing solutions through a whole-of-government approach.

²⁷ 12 U.S.C. § 635g-1(a)(1)

²⁸ See Glossary for a more detailed explanation.

In 2020, many OECD countries' DFIs in Europe and North America (19 in total) reported consistent activity, remaining at just under \$14 billion.^{29,30} However, solely looking at commitment volumes does not sufficiently depict how countries are offering a competitive whole-of-government approach to financing. DFIs in Europe are increasingly partnering with their export credit agencies to support domestic exporters including providing export finance solutions in the form of joint financing packages, as shown in examples chronicled in the 2018 and 2019 Competitiveness Reports, and again in 2020. DFIs are able to bring financing components that some ECAs do not offer, including direct equity authority or equity support, and local currency financing, among others. In certain sectors and in riskier markets, these financing components, paired with more flexible terms and conditions, are seen as very competitive and able to move a project across the finish line.

As an example of effective DFI and ECA collaboration, in 2020, the Dutch DFI, FMO, partnered with the Dutch ECA, Atradius, to provide an approximately \$50 million export finance loan to Eastern and Southern Africa via the Southern African Trade and Development Bank. According to FMO, this "export finance loan is destined for financing the acquisition of Dutch sourced capital goods," and "the aim of this program is to enable African enterprises to procure Dutch goods and services at *attractive funding conditions*."³¹

"We are pleased to announce our cooperation with TDB [Southern African Trade and Development Bank] in facilitating investments in Africa. This program allows us to provide long-term capital to projects of mutual interest which support innovation and job generation. Furthermore, the program stimulates export projects that include service and equipment deliveries from the Netherlands." — Janet Nieboer, director of NL Business, FMO³²

In terms of non-OECD development finance institutions, one increasingly referenced agency is China Development Bank (CDB). CDB refers to itself as China's DFI and the largest DFI in the world, but it is significantly different from European DFIs and U.S. DFC according to their fundamental functions. Many U.S. exporters have complained that CDB support competes with export credits from official export credit agencies.³³

Last year, EXIM reported that CDB lists buyer's credits and other export finance products on its website as available products and services. Further research by EXIM confirmed that CDB finances Chinese exports by providing loans to foreign importers for the purchase of Chinese goods and services. Moreover, CDB financing can only be used to purchase Chinese goods and services (i.e., CDB's support is "tied"), and Chinese content should not be less than 50 percent. CDB also requires customers to purchase Sinosure export credit insurance when using CDB's buyer's credit program.³⁴

29 <https://www.edfi.eu/>; [https://www.dfc.gov/sites/default/files/media/documents/DFC Annual Management Report FY 2020.pdf](https://www.dfc.gov/sites/default/files/media/documents/DFC%20Annual%20Management%20Report%20FY%202020.pdf); <https://www.findevcanada.ca/en/what-we-do/our-portfolio>

30 EXIM has only been able to identify DFIs and data from the European Development Finance Institutions (EDFI), the U.S. International Development Finance Corporation (DFC), and FinDev of Canada. Unlike the clear division of ECAs into Arrangement-based categories, DFIs do not have an equivalent set of international rules governing the terms and conditions these institutions can provide. As such, the same breakdown of OECD and non-OECD institutions is irrelevant. However, there is not sufficient clarity on certain countries' DFIs to even identify which institution acts as the country's DFI in, for example, Japan and Korea.

31 FMO, <https://www.fmo.nl/news-detail/f6e3e38c-0d85-4754-b275-080c95c86e42/fmo-provides-eur-40-million-loan-program-to-tdb-to-support-dutch-exports-to-eastern-and-southern-africa>

32 FMO, <https://www.fmo.nl/news-detail/f6e3e38c-0d85-4754-b275-080c95c86e42/fmo-provides-eur-40-million-loan-program-to-tdb-to-support-dutch-exports-to-eastern-and-southern-africa>

33 China Development Bank's main objective is to provide "medium- and long-term lending and investment to support the implementation of major strategies for medium- and long-term development of China's national economy." http://www.cdb.com.cn/English/gykh_512/khjj/. This objective is primarily domestic and inward-focused, while most development finance institutions are primarily outward-focused. For example, U.S. DFC's main objective is to "partner with the private sector to finance solutions to the most critical challenges facing the developing world today." <https://www.dfc.gov/who-we-are>. Furthermore, all of U.S. DFC financing is of an untied nature, meaning financing is not tied to U.S. exports.

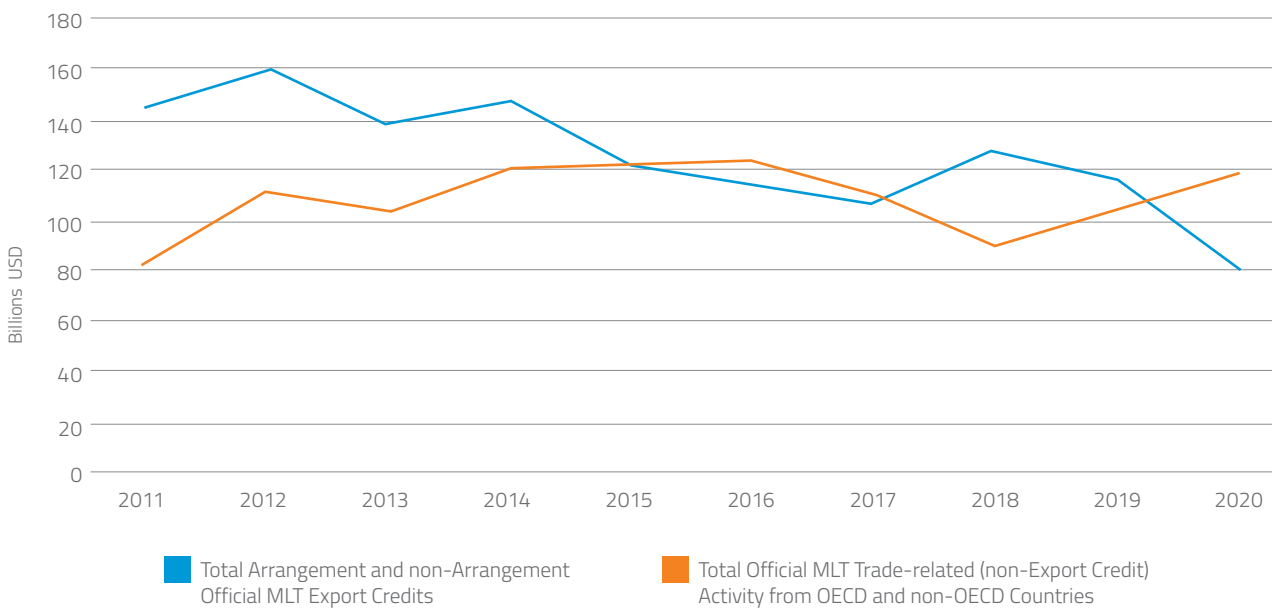
34 CDB, http://www.cdb.com.cn/cpfw/gjyw/dkrz_434/201602/t20160219_2641.html (translated)

Lastly, it is important to note that exporters have not identified DFIs across the board as causing competitive concerns—primarily those operating export-related or export-focused support. The U.S. DFC, for example continues to provide essential development finance only of an untied nature. In 2020, several exporters and lenders of all sizes working across various sectors (but particularly those operating in the clean-energy sector), requested EXIM explore joint financing opportunities with the DFC in order to provide U.S. exporters with a similarly competitive financing package they see offered to their peers.

Conclusion

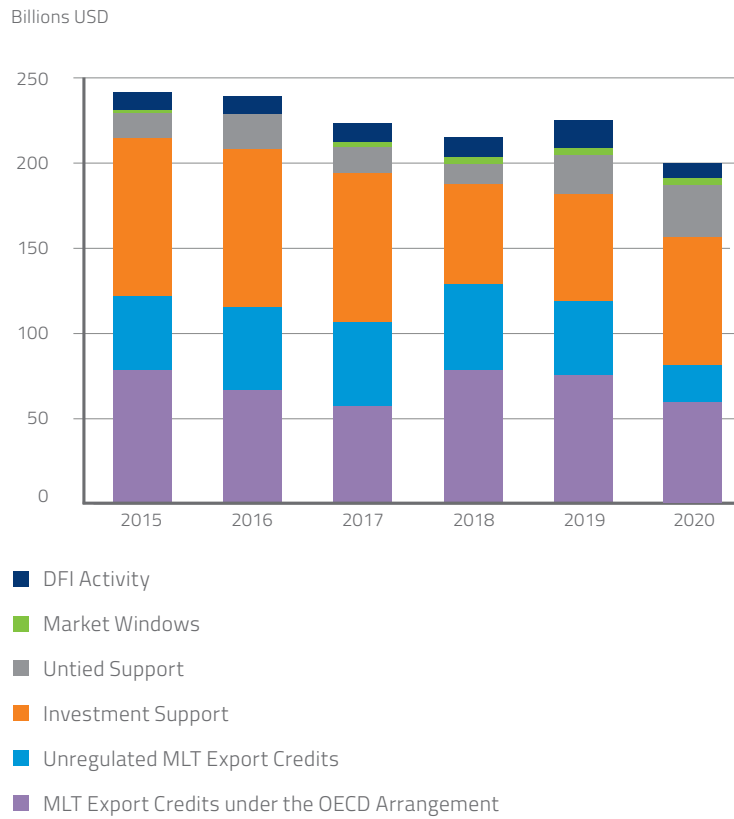
Official MLT export credit volumes fell by \$35 billion in 2020 while official trade-related activity rose by \$12 billion (as seen in Figure 10), resulting in an overall total decline in total official MLT export and trade-related support of \$23 billion, or roughly 10 percent, to approximately \$200 billion (as seen in Figure 11).

Figure 10: Official MLT Export Credits vs. Official MLT Trade-related (non-Export Credit) Financing from OECD and non-OECD Countries



Sources: EXIM, bilateral engagement, annual reports

Figure 11: Grand Total of Official MLT Export and Trade-related MLT Activity from OECD and non-OECD Countries



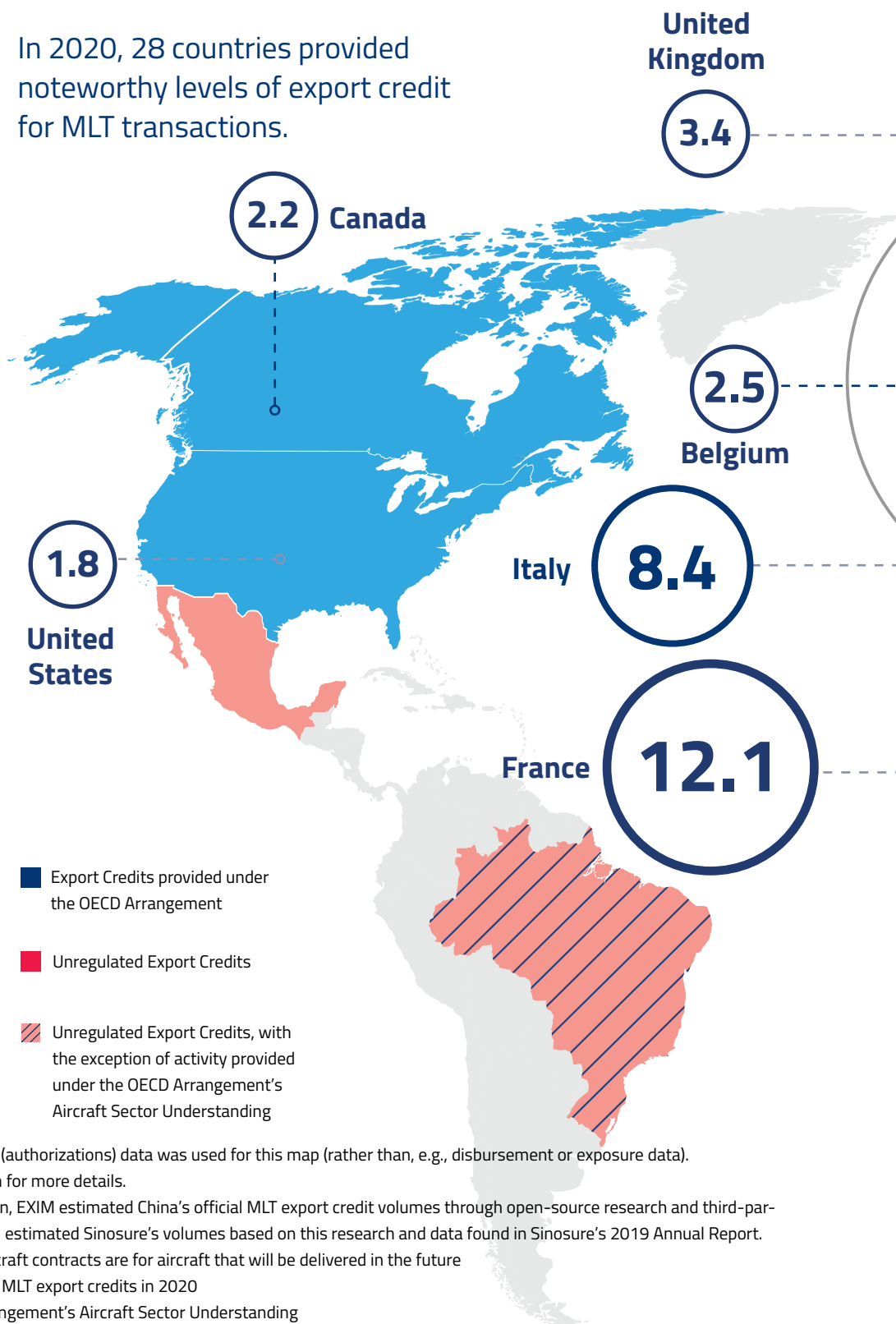
Sources: EXIM, bilateral engagement, annual reports

New Major Official Medium- and Long-Term Export Credit Volumes

Billions USD*

1	China**	18.0
2	France***	12.1
3	Germany	8.6
4	Italy	8.4
5	Korea	5.0
6	Sweden	4.7
7	United Kingdom	3.4
6	Denmark	2.8
9	Belgium	2.5
10	India	2.3
11	Canada	2.2
12	Netherlands	1.9
13	United States	1.8
14	Spain	1.8
15	Finland	1.1
16	Austria	1.1
17	Japan	0.9
18	Norway	0.8
19	Switzerland	0.6
20	Israel	0.4
21	Russia	0.4
22	Czech Republic	0.3
23	Hungary	0.3
24	Mexico	0.1
25	South Africa	0.1
26	Turkey****	0.0
27	Australia	0.0
28	Brazil*****	0.0

In 2020, 28 countries provided noteworthy levels of export credit for MLT transactions.



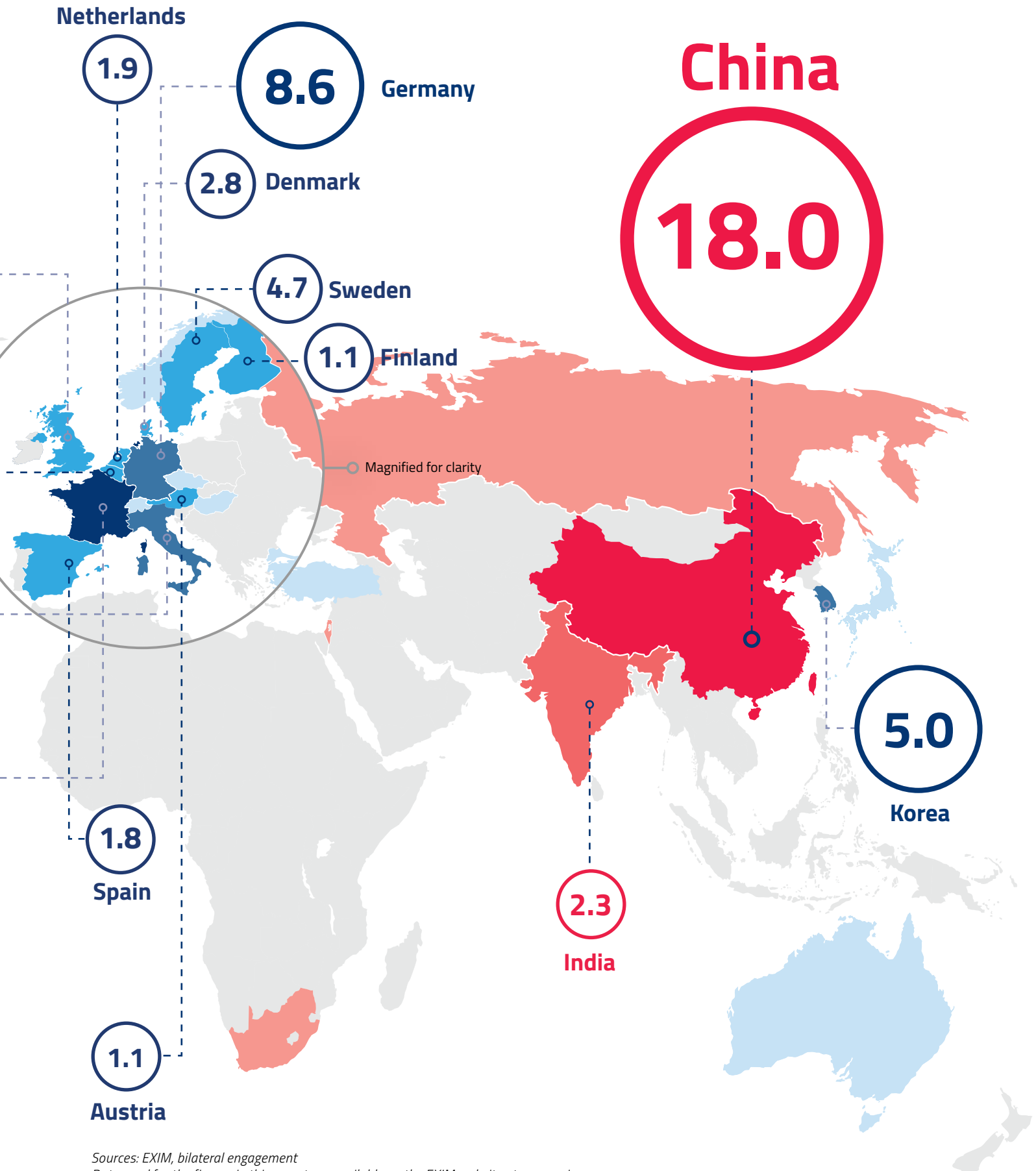
*ECAs' MLT export credit new commitments (authorizations) data was used for this map (rather than, e.g., disbursement or exposure data). See methodological note in the introduction for more details.

** As reported in EXIM's methodology section, EXIM estimated China's official MLT export credit volumes through open-source research and third-party research in English and Mandarin. EXIM estimated Sinosure's volumes based on this research and data found in Sinosure's 2019 Annual Report.

*** Roughly \$8 billion of Bpifrance's new aircraft contracts are for aircraft that will be delivered in the future

**** Turkey reported \$0.016 billion in official MLT export credits in 2020

***** Brazil is a Participant to the OECD Arrangement's Aircraft Sector Understanding



Sources: EXIM, bilateral engagement
 Data used for the figures in this report are available on the EXIM website at www.exim.gov.
 Disclaimer: Bubbles are not to scale and do not correlate with export credit volumes listed.

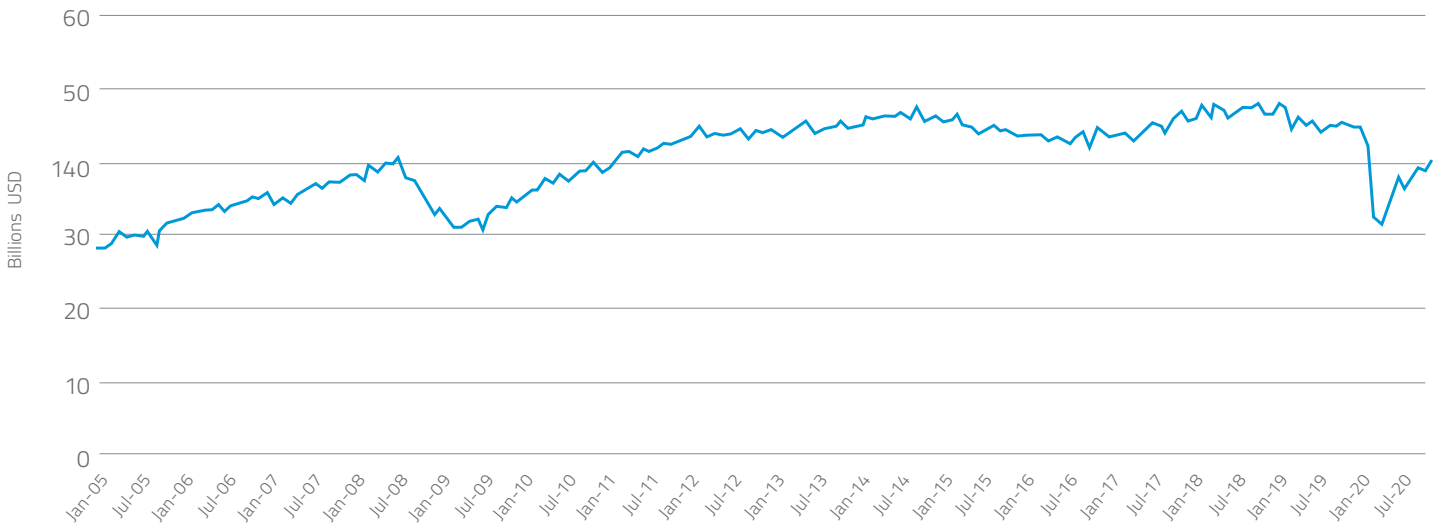
The Official Export Finance Market's Response to COVID-19

Introduction

In 2020, global trade volume fell as the world grappled with the socioeconomic effects of the COVID-19 pandemic.³⁵ The COVID-driven decline of Chinese economic activity in the first quarter of 2020 caused shocks to the supply of consumer goods and significant disruptions to global supply chains.³⁶ As consumers limited movement to essential activities (mostly due to stay-at-home orders), decreased demand was particularly detrimental to the travel, tourism, transportation, and retail industries.

With respect to U.S. exports specifically, U.S. capital goods exports dropped 31 percent from November 2019 to May 2020, a drop more severe than during the Global Financial Crisis (GFC) and in half of the time (as shown in Figure 12). However, U.S. capital goods exports were able to recover over 60 percent of the COVID-related losses by the end of 2020, showing signs of a moderating recovery. Fewer U.S. export shipments of capital goods also affected willingness of foreign buyers to finalize commitments to finance future exports.

Figure 12: Seasonally Adjusted U.S. Capital Goods Exports (2005-2020)



Sources: U.S. International Trade in Goods and Services, Bureau of Economic Analysis, Series on Seasonally Adjusted Capital Goods (X2) from Balance of Payments

35 https://unctad.org/system/files/official-document/ditctab2020d4_en.pdf

36 <https://gfs.eiu.com/Article.aspx?articleType=wt&articleId=1439889927&seclId=1>; <https://oxfordbusinessgroup.com/news/international-trade-year-review-2020>

Globally, further dampening demand for MLT financing, sovereign borrowers in particular sought debt restructuring and rearranged their project priorities to address the pressing health and technology concerns brought about by the pandemic.³⁷ Additionally, simultaneous commodity price shocks and deteriorating credit risk caused a bleak outlook on global trade and weakening demand. As a result, ECAs have provided short-term support and relief measures that have helped stabilize companies in the export finance market.

In response to the COVID-19 crisis, ECAs were prepared to use their available tools to mitigate the impact of the pandemic on their respective customers by acting quickly and decisively, including through new and expanded programs, enlarged risk appetite, increased capacity, and improved portfolio management. When the World Health Organization (WHO) declared COVID-19 a pandemic on March 11, 2020, many ECAs rolled out COVID-19 response programs within weeks. Some ECAs even re-introduced some programs and flexibilities first put in place following the GFC, such as EKN's (Sweden) working capital guarantee for large corporates and the European Union's removal of its ban on E.U. ECAs supporting short-term transactions in higher-income markets (also known as "marketable risks").^{38,39}

Numerous exporters and lenders described the most important trait from competitive ECAs as flexibility—from managing distressed credits through the pandemic to introducing new programs that fell outside the scope of the OECD Arrangement and therefore allotted customers more options. Those ECAs that introduced or reinstated new programs received positive feedback from exporters and lenders. Of note, innovative support programs helped build relationships with existing and new customers and aimed to cultivate export capabilities down the line. Governments used their ECAs' expertise in these areas to continue to support broad national interests, and these COVID-19 response measures align with many countries' efforts to use their ECAs beyond their traditional purposes, as detailed in Chapter 3.

*"During the Global Financial Crisis of 2008, when liquidity and access to credit were hard hit, ECAs stepped in to fill the large and crucial gap left by the retracting private market of insurers and lenders. During the Asian crisis, as a signal to the market to stem capital flight, ECAs were the first to extend credit into these markets facing temporary uncertainty, thus giving confidence that the underlying risks had (yet) not changed significantly and that these markets were still open for business. **These three roles—capital provider, gap filler, signal giver—have been critical in the midst of current and past economic crises and in helping to lead into recovery.**" Diana Smallridge, president and chief executive officer, International Financial Consulting Ltd⁴⁰*

*"We welcome the decisive early actions taken by governments, development banks and regulators to provide support for trade credit as the economic impacts of the pandemic have become clear in recent weeks. We believe that **these interventions have already played an important role in stabilising market confidence, avoiding delays to the processing of transactions and providing vital additional coverage for trade lines.**" – International Chamber of Commerce⁴¹*

"No single year like 2020 has proven more the necessity and "raison d'être" of ECAs, stabilizing trade and investments and quickly counterbalancing a comprehensible drawback of private players." — Ferdinand Schipfer, managing director of international relations and analysis, Oesterreichische Kontrollbank AG (OeKB)⁴²

37 Lender Focus Group, April 2020

38 <https://www.ekn.se/en/magazine/financing/new-support-measures/>

39 https://ec.europa.eu/commission/presscorner/detail/en/IP_20_542

40 <https://www.tradefinanceglobal.com/posts/the-role-of-export-credit-agencies-in-post-pandemic-recovery/>

41 International Chamber of Commerce, <https://iccwbo.org/content/uploads/sites/3/2020/05/icc-trade-financing-covid19.pdf>, May 2020

42 Bilateral Engagement

OECD ECAs' Responses to the COVID-19 Pandemic

OECD ECAs took four distinct actions to respond to the economic effects of COVID-19:

- New and Expanded Programs
- Increased Risk Appetite
- Increased Capacity
- Portfolio Management

ECAs demonstrated flexibility for their customers in these areas by waiving standard requirements and extending deadlines, working with companies that have never exported before, and offering more support through increased capacity and risk appetite. Many used the current crisis as an opportunity to establish reliable partnerships with industries and banks.

Flexibility during difficult situations also afforded several ECAs a competitive standing with borrowers and exporters going forward. For EXIM specifically,

its trajectory over the past several years strained exporter confidence in its staying power. Although EXIM did not innovate as much as other ECAs to provide new and varied forms of trade-related support, during 2020 EXIM delivered on the value of its guarantee by living up to market expectation of the quality of its cover.⁴³ Lenders reported that their ECA-backed assets performed well, and in this regard EXIM support was competitive with its counterparts.

New and Expanded Programs

Given the widespread uncertainty in the market, liquidity constraints, and delays in deliveries, ECAs understood that exporters and their supply chains needed quick liquidity to manage cashflow. Most ECAs introduced new programs or expanded existing ones, including by reviving those originally created following the GFC (e.g., the European Union's allowance of E.U. ECAs offering short-term export credit support in all countries). Figure 13 provides a snapshot of notable actions taken by the G7 ECAs, including EXIM. Greater access to, and enhancements of, these programs led to an uptick in EXIM's short-term and working capital activity.

⁴³ Separately, the United States provided economic support during the pandemic through a range of monetary and fiscal interventions, such as under the CARES Act.

Figure 13: Examples of Major ECAs' Programmatic Trade and Export Finance Responses to the COVID-19 Crisis

ECA (Country)	New Programs	Enhanced Programs
EXIM (United States) ⁴⁴	<ul style="list-style-type: none"> ▪ Bridge Financing 	<ul style="list-style-type: none"> ▪ Supply Chain Finance Guarantee Program ▪ Working Capital Guarantee Facility ▪ Pre-Delivery/Pre-Export Financing
UKEF (United Kingdom)	<ul style="list-style-type: none"> ▪ Export Development Guarantee⁴⁵ ▪ Reinsurance of trade credit insurers^{46,47} 	<ul style="list-style-type: none"> ▪ Export Insurance Policy (enhanced short-term insurance to cover more countries)^{*48}
Euler Hermes (Germany)	<ul style="list-style-type: none"> ▪ State guarantee of trade credit insurers^{49,50} 	<ul style="list-style-type: none"> ▪ Enhanced short-term insurance to cover more countries^{*51}
Bpifrance (France)	<ul style="list-style-type: none"> ▪ State guarantee to banks on corporate loan portfolios⁵² 	<ul style="list-style-type: none"> ▪ Cap Francexport reinsurance of trade credit insurers⁵³ ▪ Enhanced short-term insurance to cover more countries^{*54}
JBIC (Japan)	–	<ul style="list-style-type: none"> ▪ COVID-19 Emergency Window⁵⁵
SACE (Italy)	<ul style="list-style-type: none"> ▪ Reinsurance of trade credit insurers⁵⁶ 	<ul style="list-style-type: none"> ▪ Plan for the Promotion of Made in Italy⁵⁷ ▪ Business Platform Financing⁵⁸
EDC (Canada)	<ul style="list-style-type: none"> ▪ Business Credit Availability Program⁵⁹ 	<ul style="list-style-type: none"> ▪ Working Capital Guarantee⁶⁰ ▪ Domestic powers capability[*]
KEXIM (Korea)	–	<ul style="list-style-type: none"> ▪ Working Capital Guarantee⁶¹

**Re-instated after being introduced during the 2008 GFC. With respect to the E.U. ECAs, they were able to provide short-term support without country restrictions (based on availability of private sector cover) as a result of the E.U. lifting its prohibition on short-term credit insurance for marketable risks.*

44 <https://www.exim.gov/news/exim-board-takes-united-action-response-covid-19-support-exporters-and-jobs-unprecedented>

45 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/899097/uk-export-finance-business-plan-2020-2024.pdf

46 <https://www.gov.uk/government/publications/trade-credit-reinsurance-scheme>

47 While the U.K. government did introduce a state guarantee of trade credit insurers, this program was administered by PricewaterhouseCoopers on behalf of the U.K. government's Department for Business, Energy & Industrial Strategy.

48 <https://www.gov.uk/government/news/uken-expands-protection-against-non-payment-for-uk-exporters>

49 https://ec.europa.eu/commission/presscorner/detail/en/IP_20_653

50 Ibid. While the German government did introduce a state guarantee of trade credit insurers, EXIM was not able to confirm whether Euler Hermes, acting as the German government's official export credit agency, administered the program.

51 <https://www.agaportal.de/en/news/beitraege/escape-clause>

52 https://ec.europa.eu/commission/presscorner/detail/en/IP_20_503

53 https://ec.europa.eu/commission/presscorner/detail/en/ip_20_650

54 https://www.economie.gouv.fr/files/files/PDF/2020/Support_plan_for_French_exports.pdf

55 <https://www.jbic.go.jp/en/information/news/news-2020/0501-013397.html>

56 https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1478

57 [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG\(2020\)10](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG(2020)10)

58 <https://www.sace.it/en/media/press-releases-and-news/press-releases-details/cdp-group-new-measures-to-support-businesses-affected-by-the-coronavirus-emergency>

59 <https://www.edc.ca/en/about-us/newsroom/edc-coronavirus-domestic-support.html>

60 <https://www.edc.ca/en/about-us/newsroom/edc-covid-business-support.html>

61 [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG\(2020\)10](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG(2020)10)

"EXIM Bank's [COVID-19] response was very well received by the market. I would note the supply chain finance modifications they did to the program which was not widely adopted before now.... It's not a crowding out, EXIM Bank really stepped up with a 95 percent guarantee and adjusted the fee as necessary." — Lender⁶²

Increased Risk Appetite

In light of the deteriorating credit profiles of exporters and foreign buyers (both public and private), ECAs expanded their risk appetites in 2020. In May 2020, EXIM raised the level of guarantee coverage for its supply chain finance and working capital guarantee programs from 90 percent to 95 percent.⁶³ EXIM also updated its cover policy at the end of 2020, which allows EXIM to consider support in additional markets where the risk is higher, but a reasonable assurance of repayment exists. EXIM's Board of Directors specifically sought to help U.S. exporters compete for good deals in riskier markets in an effort to remain competitive while facing increased global competition and headwinds from the pandemic.⁶⁴

Other notable actions from ECAs included:

- **France:** For SMEs and mid-tier companies, Bpifrance increased its cover for credit institutions from 80 percent to 90 percent for the entire duration of the COVID-19 pandemic. For larger businesses, Bpifrance increased cover from 50 percent to 70 percent. In addition, Bpifrance made available unsecured three- to five-year loans for both small and medium-sized enterprises (SMEs) and large corporations.^{65,66}

- **Canada:** EDC announced that it was "prepared to take on greater risk than in the past when assessing new buyer coverage requests for viable buyers or its ST Export Portfolio Credit Insurance coverage."⁶⁷
- **Japan:** NEXI announced its intention to remain open for cover in all countries, including those highly impacted by COVID-19, in order to support Japanese exporters.⁶⁸

Increased Capacity

In addition to ECA programs aimed at stabilizing existing credits and supporting domestic companies with working capital lines, some governments allotted their ECAs additional financing capacity, including:

- **SACE (Italy):** An additional \$5 billion in guarantees to contribute to Italy's Plan for the Promotion of Made in Italy to support working capital needs and bolster Italian exports to emerging markets. Of this,
 - roughly \$2 billion allocated for guarantees that would facilitate Italian exporters' access to bank loans,
 - approximately \$2.5 billion allocated for insurance cover of new credit lines, and
 - about \$600 million for guaranteeing SME support for new business in emerging markets in South America, Africa and the Middle East.⁶⁹
- **UKEF (U.K.):** A 60 percent increase in direct lending capacity to roughly \$11 billion as a tool for supporting U.K. exporters and buyers of U.K. goods and services.⁷⁰

62 Excred New York Virtual Conference, October 5-6

63 <https://www.exim.gov/news/exim-increases-exporter-access-capital-and-supply-chain-financing-during-covid-19-raising>

64 <https://www.exim.gov/news/exim-board-unanimously-approves-new-policy-support-exporter-sales-additional-foreign-markets>

65 <https://www.bpifrance.com/news-insights/covid-19-bpifrance-emergency-plan>

66 https://www.economie.gouv.fr/files/files/PDF/2020/Support_plan_for_French_exports.pdf

67 [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG\(2020\)10](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG(2020)10)

68 [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG\(2020\)10](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG(2020)10)

69 <https://www.sacesimest.it/en/media/press-releases-and-news/press-releases-details/cdp-group-new-measures-to-support-businesses-affected-by-the-coronavirus-emergency>

70 <https://www.gov.uk/government/publications/coronavirus-covid-19-finance-and-insurance-support-for-exporters/coronavirus-covid-19-finance-and-insurance-for-exporters>

- **KEXIM (Korea):** An “additional [\$2 billion] in loans to provide liquidity to exporters; and [\$2 billion] in guarantees at low guarantee rates.”⁷¹

Enhancing direct lending and other world-leading support available from U.K. Export Finance will encourage overseas companies to source from the U.K. and help exporters across the country succeed abroad. This is a huge increase to our capacity to support U.K. exports. – Louis Taylor, chief executive, UKEF

Portfolio Management

Early in the pandemic, ECAs recognized that existing transactions required flexibility because of lower demand, constrained finances, and disrupted logistics.⁷² Although most foreign ECAs’ portfolio management issues may appear to have little direct effect on a U.S. exporter’s competitiveness, exporters, lenders, and ECAs all reported that the relationships between ECAs and market players forged during economic downturns lay the groundwork for future business. A flexible approach to restructuring, extensions, and waivers clearly demonstrates the value proposition that ECAs bring to the market and that could have competitive impacts going forward.

For example, SACE announced it would offer Italian businesses up to 12-month moratoriums on MLT loans guaranteed by SACE, in line with measures provided by each associated bank or the Italian Banking Association.⁷³ Other measures included the elimination of cancellation penalties.⁷⁴ As of March 16, 2020, Bpifrance also suspended payment of maturities on existing loans and from March 2020 extended the term of export pre-financing guarantee agreements for six months.^{75,76}

In Korea, KEXIM’s flexibilities centered on existing loan extensions and faster loan approval processes, especially for SMEs. K-SURE (Korea) sped up its claims processing, and EDC waived its 60- and 120-day claims waiting periods for credit insurance customers and short-term programs, respectively.^{77,78} In Japan, Nippon Export Investment Insurance (NEXI), modified existing terms and conditions of official support, in anticipation of the private sector’s retreat from the private insurance market. NEXI also offered deadline extensions on administrative procedures.⁷⁹

In March 2020, EXIM provided relief measures that addressed exporters’ potential continuity of business issues, allowing similar flexibilities to EXIM’s general policy of offering help to customers in all areas of the United States that are FEMA-declared federal disaster areas. Furthermore, for EXIM’s MLT portfolio, the Bank took a tailored approach to manage pandemic-impacted credits through a variety of actions such as waivers of certain financial covenants, payment extensions, and restructurings.

Regarding claims, the quality of EXIM’s guarantee stems from the liquid nature of the EXIM note. It is a 100 percent obligation to pay on demand, and during 2020, it performed as advertised. The upfront documentary burden that lenders and exporters have criticized pays off if there is a claim. With an uptick in claims across ECAs, EXIM’s value was made crystal clear to banks. One lender described EXIM’s guarantee as “best-in-class” for these reasons, and another identified the quality of EXIM’s guarantee as EXIM’s top strength, stating that “there is no doubt EXIM would honor a claim.” Additionally, some lenders believed EXIM showed a great deal of flexibility in managing its existing portfolio, a strong ability to provide asset-backed guarantees and guarantees that induced bridge financing. This reliability is key and provides assurances to EXIM’s customers, making EXIM’s products competitive with its peers in this way.⁸⁰

71 <https://www.koreaexim.go.kr/site/program/board/basicboard/view?currentPage=2&menuid=002001007&pagesize=10&boardtypeid=284&boardid=62930>

72 <https://www.berneunion.org/Publications>

73 <https://www.sacesimest.it/en/media/press-releases-and-news/press-releases-details/cdp-group-new-measures-to-support-businesses-affected-by-the-coronavirus-emergency>

74 [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG\(2020\)10](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG(2020)10)

75 <https://www.bpifrance.com/news-insights/covid-19-bpifrance-emergency-plan>

76 [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG\(2020\)10](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG(2020)10)

77 <https://www.edc.ca/en/about-us/newsroom/edc-covid-business-support.html>

78 [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG\(2020\)10](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=TAD/ECG(2020)10)

79 Ibid.

80 Lender focus group, April 2021

Given that the travel and transportation sectors were some of the hardest hit by COVID-19, with travel and tourism grinding to a halt, manufacturers of major goods associated with those sectors stopped production and jobs were put at risk.⁸¹ Countries with major manufacturers in those sectors were ready to assist. Particularly, COVID-19 had an impact on EXIM's aircraft portfolio. EXIM paid installments to guaranteed lenders in order to provide short-term liquidity relief to certain airlines with EXIM-financed aircraft. EXIM is actively working to restructure many of these credits. In the cruise-line industry, governments in Germany, Finland, France, Italy, and Norway allowed cruise line companies—major foreign buyers of cruise ships built in Europe, including some U.S. cruise lines—to apply for a one-year debt holiday on their export credit guarantees.⁸²

“With the coronavirus outbreak, the cruise business has ground to a halt. Cruise liners across the world have all but stopped operations. This sudden loss in earnings is also spilling down to European shipbuilders and affecting their order books. There is a danger that a lack of liquidity will result in cancelled shipbuilding contracts and delayed investments. The impact on thousands of employees in the European shipyards and the many companies in the supply chain would be disastrous.” – German Federal Ministry for Economic Affairs and Energy⁸³

Conclusion

Generally, ECAs responded quickly and similarly to many of the short-term liquidity needs of their respective exporters. Their experience managing the GFC proved essential, as their actions and responsiveness were quickly mobilized. ECAs also made programs available that were tailored to the specific challenges brought on by the COVID-19 pandemic. ECAs reprised their primary countercyclical roles by addressing the needs of their country's industries and supporting commercial banks. While commercial banks were better capitalized and prepared for the COVID-19 crisis than they had been for the GFC, ECAs helped stabilize the market, fill gaps, and pay claims where needed. ECAs played a critical role in providing necessary support, despite the sudden and blunt effects of the pandemic, which were seen by most participants as having been a significant contributing factor to the relatively low MLT financing volumes in 2020.

81 <https://www.offshore-energy.biz/mv-werften-stops-production-at-its-shipyards-for-4-weeks/>

82 <https://www.bmwi.de/Redaktion/EN/Pressemitteilungen/2020/20200414-federal-government-allow-cruise-lines-to-pause-their-repayments-of-export-credits-guarantees.html>

83 Ibid.

Emerging Trends in Export Finance

Overview

The COVID-19 pandemic magnified and accelerated certain key trends that have materialized in the export finance world in recent years. This chapter covers three of those trends, specifically:

- Role of OECD ECAs** – In the midst of the pandemic, the function of the OECD ECAs has further expanded beyond transaction-level, export-oriented support. Some ECAs were authorized to support domestic companies and industries, regardless of whether they export, and others were mandated by their governments to manage state loans and/or guarantee programs providing COVID-19 relief. Accelerating a trend that is a decade along, more ECAs are pursuing national interest approaches to yield economic benefits beyond exports. Many governments are using their ECAs as important tools that can achieve broader economic objectives through exporter support beyond export promotion.
- Chinese export credit activity** – China, the country with the largest export credit system, has scaled back its official financing and may be more selectively targeting its support, especially in the wake of COVID-19. In 2020, China's official MLT export credit support appeared to decrease from just over \$33 billion in 2019 to about \$18 billion in 2020, but its volumes remain significantly higher than all other major providers.⁸⁴ Despite this decline in official financing and underlying trends, Chinese official export and trade-related financing continues to be a competitive challenge to EXIM's support for U.S. exporters. Many academic researchers and China "watchers" have reported that the

downscaling of Chinese activity is intended to yield programs that are more effective in facilitating long-run goal accomplishment rather than a retreat from emphasizing export and trade-related financing in pursuit of national objectives.

- Environmental sustainability** – Sustainable finance was a major theme in 2020, translating into policy (e.g., content) and program changes across several ECAs, as many countries push to rebuild the post-pandemic economy in a climate-friendly way. The incentives associated with many renewable-energy or "green" programs have significant implications for ECA competition in these sectors.

OECD ECAs' Support for Domestic Industry and National Interests

In recent years, EXIM has reported that major ECAs (e.g., UKEF, EDC, SACE, JBIC/NEXI, KEXIM/K-Sure) are taking a long-term view of how their support can provide a wider range of benefits to their countries' economies. Instead of only focusing on helping exporters win an individual export sale, ECAs are increasingly designing programs and outreach efforts to help scale long-term opportunities for their exporters, thereby increasing their support for programs centered on national interests, rather than national content. Last year, the 2019 Competitiveness Report illustrated that ECAs such as UKEF (United Kingdom), EDC (Canada), and SACE (Italy) were innovating and ramping up efforts to support their countries' economies and businesses, including by targeting domestic companies to help them start exporting.

⁸⁴ EXIM conducts research on Chinese official export credit volumes through open-source research, and therefore these volumes are considered estimates. They may not fully reflect the actual trend in Chinese official MLT export credit volumes.

This focus on domestic companies was accelerated in 2020 when ECAs were called upon to help keep domestic economies afloat during the pandemic (EDC^{85,86,87}, SACE^{88,89,90,91}, KEXIM⁹², GIEK⁹³). Since the start of the COVID-19 pandemic, governments sought to keep exporters resilient, in order to protect their countries' economies and industrial bases post-pandemic. ECAs focused on supporting exporting companies, rather than a company's exports by providing new general-purpose working capital loans that are not tied to a single export contract. According to data published by the Berne Union, domestic support "reached a peak of \$29 billion (+34% compared to H1 2019)" in H1 2020.⁹⁴ This support consisted of working capital (e.g., insurance on non-cross-border debt to finance costs of the exporter) and internationalization (e.g., non-cross-border insurance on debt-financing for long term costs not directly linked to a cross border transaction such as manufacturing capacity expansion).⁹⁵ For some ECAs, domestic support was managed under a separate account which could mean the amount of actual domestic support is higher than what was reported by the industry.⁹⁶

These efforts revealed the ways countries are further incorporating their ECAs into their national economic strategies during times of crisis and how this has

paved the way for these ECAs to work with these companies further and potentially help them enter or expand into exporting. ECAs such as UKEF, SACE, and EDC were all enlisted to bolster domestic economic activity, including by working with new customers who may not have exported or made use of official export finance before. Importantly, these ECAs are the same ECAs proactively engaged in matchmaking with foreign buyers and helping companies new to exporting. As reported in last year's Competitiveness Report, U.S. exporters that have participated in these events report that these ECAs host matchmaking events and bring exporters, suppliers, and project sponsors together and have financing options and early commitments readily available to parties that find a match. The 2020 expansion into support for domestic-focused companies is a natural fit with their efforts to cultivate a new generation of exporters.

"During economic crises, as countercyclical actors, ECAs are tapped by their governments as critical policy instruments to bring support and facilitate recovery." – Diana Smallridge, president and chief executive officer, International Financial Consulting, Ltd.⁹⁷

85 <https://www.bnnbloomberg.ca/video/banks-and-edc-working-closely-so-companies-get-loans-quickly-says-edc-ceo-1930022>

86 <https://www.edc.ca/en/about-us/newsroom/edc-coronavirus-domestic-support.html>

87 <https://www.edc.ca/en/solutions/working-capital/bcap-guarantee.html#>

88 https://translate.googleusercontent.com/translate_c?depth=1&hl=en&prev=search&pto=aue&rurl=translate.google.com&sl=it&sp=nmt4&u=https://www.sacesimest.it/coronavirus/garanzia-italia&usg=ALkJrhhDXbMTNHbjN9SeMPhtTz70I_g9qg

89 <https://www.mef.gov.it/en/covid-19/Liquidity-support-for-households-businesses-and-local-authorities/>

90 <https://www.whitecase.com/publications/alert/state-art-italian-liquidity-measures-keeping-italian-companies-alive>

91 <https://www.whitecase.com/sites/default/files/2020-07/comparison-of-measures-for-covid19-italian-governmental-support-for-companies.pdf>

92 <https://www.koreaexim.go.kr/site/program/board/basicboard/view?currentpage=2&menuid=002001007&pagesize=10&boardtypeid=284&boardid=62930>

93 <https://www.giek.no/press-and-news/news/giek-administers-new-50-billion-nok-loan-guarantee-scheme-for-smes>

94 Berne Union 2020 Yearbook Page 23. <https://bublob.blob.core.windows.net/assets/Images/Berne%20Union%20Yearbook%202020.pdf>

95 Ibid.

96 Ibid.

97 https://www.tradefinanceglobal.com/wp-content/uploads/2021/03/10.1_The-role-of-export-credit-agencies-in-post-pandemic-recovery_Smallridge.pdf

In 2020, UKEF formally launched its Export Development Guarantee (EDG) program. UKEF has used the EDG program to provide loans to major U.K. exporters, including Jaguar, Ford, Rolls Royce, British Airways, and EasyJet.^{98,99,100} The EDG program was a large focus during EXIM’s Lender Focus Group discussion, held with approximately 40 regional and international commercial lenders of all sizes and with a breadth of portfolios. Several lenders positively referred to the EDG as a program that allows UKEF more flexibility than standard Arrangement export credit financing does (working capital programs, including those provided by EXIM, involving no cross-border risk are not within the scope of the OECD Arrangement). Banks described the EDG program as “flexible” and “a gamechanger” program that UKEF was using to provide needed liquidity to the U.K.’s exporter base. This type of general “national interest” approach to eligibility for ECA support, and willingness to provide support for national champion exporters without the presence of a specific export sale, is another example of an ECA moving towards broad, general support for its domestic economy rather than narrower, targeted transactional support for export sales. Terms UKEF offers under the EDG program can be found in Figure 14.^{101,102,103} Moreover, the UKEF EDG program has been widely noted as the type of national tool that both attracts the attention of global equipment manufacturers able to introduce or expand manufacturing capabilities in the U.K. and encourages domestic companies thinking about scaling their export potential.

Figure 14: Terms of UKEF's Export Development Guarantee Program

Available to	U.K.-based companies with export sales meeting certain thresholds
Type of product	Working capital guarantee
Type of national interest considerations	Economic activity in the U.K. (e.g., employees, taxes, premises, goods manufactured, services delivered)
Volume	≥ £25 million per guarantee
% cover	Up to 80%
Maximum tenor (years)	5
Risk premium charged	Case-by-case

Source: <https://www.gov.uk/guidance/export-development-guarantee>

“UKEF’s new EDG policy is going to set the standard for flexibility in the ECA market and is one of the reasons [our institution] has been able to arrange so many UKEF-supported transaction[s] in the last year.”
– Lender¹⁰⁴

“The successful issue of these guarantees has led to a significant increase in interest on the EDG product and there is a growing pipeline of potential transactions across a range of U.K. exporting sectors.” – UKEF¹⁰⁵

98 <https://www.bloomberg.com/news/articles/2021-02-26/u-k-firms-get-pandemic-support-from-agency-with-great-war-roots>

99 <https://www.gtreview.com/news/europe/ukef-backs-ford-electric-vehicle-plan-with-general-export-loan-guarantee/>

100 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/899097/uk-export-finance-business-plan-2020-2024.pdf

101 <https://www.gov.uk/guidance/export-development-guarantee>

102 <https://www.gov.uk/government/publications/uk-export-finance-business-plan-2020-to-2024>

103 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/965385/Export_Development_Guarantee_-_UKEF_-_February_-_2021.pdf

104 EXIM Lender Focus Group, April 2021

105 <https://www.bloomberg.com/news/articles/2021-02-26/u-k-firms-get-pandemic-support-from-agency-with-great-war-roots>

“This [EDG] deal firmly puts the U.K. at the heart of Ford’s plans to grow its export business, reduce emissions and support skilled manufacturing jobs. A thriving automotive industry is vital to the success of the U.K. economy. It brings prosperity and security to manufacturers across the country. That’s why we are putting its needs at the heart of our strategy to remove barriers to trade when negotiating free trade deals.” – Rt. Hon. Liz Truss, MP, Secretary of State for International Trade, U.K.¹⁰⁶

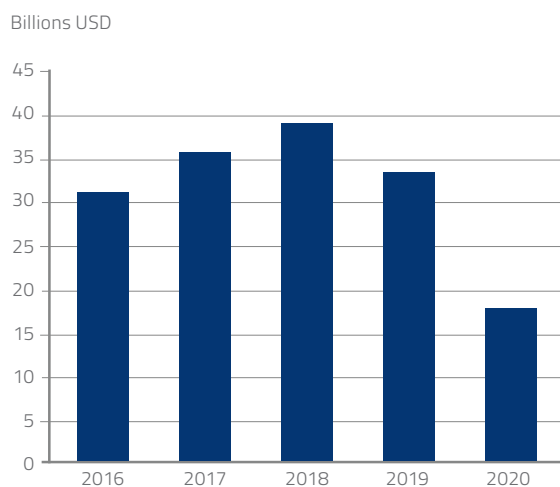
Implications

Some ECAs’ roles continue to evolve from a competitive tool for exports to a general economic tool to provide emergency domestic relief to industries and businesses without an export footprint, demonstrating these governments’ willingness to utilize their ECAs’ capabilities and expertise. Some exporters reported in EXIM’s exporter focus group that they would have struggled to survive the COVID-19 pandemic without ECA support and that governments sought to provide these ECAs with the means to preserve each country’s competitiveness into the future. ECAs supported companies’ cash flow in 2020, with an eye on long-term export prospects. Domestic companies that have now interacted with ECAs under these schemes are now exposed to export tools and future export support opportunities provided by their respective ECAs.

China's Export and Trade-related Support in 2020

Available information indicates that China’s official MLT export credit support appeared to decrease from just over \$33 billion in 2019 to about \$18 billion in 2020, but its volumes remain significantly higher than all other major providers.¹⁰⁷ While China was under the same constraints as other countries facing the global economic contraction brought about by the COVID-19 pandemic (e.g., a deteriorating risk environment and decreased foreign demand), the 2020 decline does not appear to be solely due to the COVID-19-induced economic contraction. EXIM’s research on Chinese official export and trade-related finance reveals that Chinese official MLT export credit volumes have steadily declined since 2018 (as shown in Figure 15). Moreover, data from the Boston University Global Development Policy Center and the China Africa Research Initiative show that Chinese overseas lending in general (not limited to official MLT export credits) reached its peak in 2016, three years after the launch of the Belt and Road Initiative (BRI). (When excluding financing extended to Angola, the peak is in 2013.)^{108,109}

Figure 15: Chinese Official MLT Export Credit Volumes



Sources: EXIM, bilateral engagement, annual reports

106 <https://media.ford.com/content/fordmedia/feu/gb/en/news/2020/07/21/ford-receives-a-ukef-loan-guarantee.html>

107 EXIM conducts research on Chinese official export credit volumes through open-source research, and therefore these volumes are considered estimates. They may not fully reflect the actual trend in Chinese official MLT export credit volumes.

108 <http://www.bu.edu/gdp/2020/12/07/tracking-chinas-overseas-development-finance/>

109 <http://www.sais-cari.org/data>

The following are potential reasons for this shift in financing:

- 1.) Chinese policy banks (e.g., China EXIM and China Development Bank) are reportedly showing signs that they are lending with more caution.¹¹⁰ There is a potential shift from supporting many projects in emerging markets (quantity) to supporting fewer projects in more creditworthy emerging markets (quality).^{111,112,113,114,115}
- 2.) According to Boston University research, from 2008 to 2019, support for infrastructure and energy projects consisted of 72 percent of the export and trade-related finance CDB and CEXIM provided.¹¹⁶ As China talks about moving towards supporting greener projects, financing support for energy projects decreased significantly in 2020.^{117,118,119}
- 3.) China's ECAs appeared to focus on domestic support in 2020 and projects appeared to stall in the first half of the year when China was most affected by the pandemic.^{120,121}
- 4.) New evidence shows how China has prevented the publication of their financing commitments unless the buyer country's laws requires public disclosure. This research finds that China includes confidentiality clauses in their contracts, and therefore the data is not being captured as readily by researchers and EXIM.¹²²

In addition to potential factors affecting Chinese export and trade-related finance volumes, China EXIM's role in China's economic dual circulation strategy—the Chinese government's economic strategy to focus economic growth more on domestic market demand, while balancing China's export-growth model—is still unfolding.¹²³ However, China EXIM's reports indicate that their expected role may be two-fold. China EXIM made a commitment to “finance export companies in their domestic sales to support their activities in transforming their manufacturing capability for domestic consumption upgrading.”¹²⁴ Additionally, China EXIM also re-emphasized its second mission to support the expansion of imports.¹²⁵

These actions may indicate a shift away from an outward-facing and geographically focused BRI approach toward a more domestic focus aimed at solidifying Chinese stature in key sectors. For example, with respect to export credit policy, external communication and Sinosure's own organizational structure identifies four priority sectors—communications, new energy, shipping, and rail—which were emphasized in the latest export credit insurance guidance issued by Sinosure and Ministry of Commerce in March 2021.¹²⁶ These actions are

110 <https://chinaafricaproject.com/podcasts/why-chinas-cutting-back-on-overseas-lending/>

111 <https://www.gtreview.com/news/asia/china-exims-energy-lending-nosedives-beijing-weighs-ban-on-foreign-coal-financing/>

112 https://www.thedialogue.org/wp-content/uploads/2021/02/Chinese_Finance_LAC_2020.pdf

113 <https://rhg.com/research/bri-down-out/>

114 <https://www.ft.com/content/1cb3e33b-e2c2-4743-ae41-d3fffffa4259#comments-anchor>

115 <https://eurasianet.org/china-diversifies-in-central-asia>

116 Kevin Gallagher, Global Development Policy Center, Boston University, SAIS CARI Conference: Chinese Loan Data: What, When, Where? – Roundtable for Wonks

117 https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1659454.shtml

118 <https://www.bu.edu/gdp/2021/02/12/chinas-global-energy-finance-2020/>

119 Kevin Gallagher, Global Development Policy Center, Boston University, SAIS CARI Conference: Chinese Loan Data: What, When, Where? – Roundtable for Wonks

120 The effects of COVID-19 appeared to further exacerbate the declining financing levels as Chinese banks focused on providing domestic support for Chinese exporters affected by the pandemic. To address all the issues of COVID-19, China EXIM and Sinosure seemed to have developed and established several domestic support programs that encompassed working capital, supply chain finance, and industrial support for the Chinese manufacturing base. http://www.eximbank.gov.cn/info/news/202004/t20200423_18350.html http://english.eximbank.gov.cn/News/NewsR/202102/t20210208_25749.html

121 EXIM China database research

122 How China Lends: A Rare Look into 100 Debt Contracts with Foreign Governments; Anna Gelpern, Sebastian Horn, et. al., March 2021.

123 The Dual Circulation Strategy is the Chinese government's economic strategy to focus economic growth more on domestic market demand, while balancing China's export-growth model, in a more unstable global trade and investment climate. “This strategy prioritizes “domestic circulation” (increasing domestic demand and lowering dependence on foreign inputs), while “international circulation” (maintaining export market shares and liberalizing capital flows) works as a complement.” https://www.eulerhermes.com/en_global/news-insights/economic-insights/Dual-circulation-China-s-way-of-reshoring.html

124 http://english.eximbank.gov.cn/News/NewsR/202102/t20210208_25749.html

125 http://english.eximbank.gov.cn/News/NewsR/202102/t20210208_25756.html

126 <http://www.mofcom.gov.cn/article/jiguanzx/202103/20210303044149.shtml>

coupled with indications that Chinese official financing entities appear to be supporting the development of the Digital Silk Road by focusing support for digital infrastructure projects.^{127,128} Such guidance and actions seem to reveal Chinese intent to foment the country's economic recovery by bolstering support for these sectors.

Implications

Opacity makes drawing even tentative conclusions regarding Chinese export and trade-related support difficult. However, the data in 2020 points to a decline in China's volume of official export and trade-related financing that does not seem to result from the COVID-19 market disruption alone, as the volume of Chinese official export credit support reported in previous editions already showed a declining trend. As discussed, it appears that, in addition to a COVID-related decline, there are other factors affecting Chinese activity. Some experts perceive that approaches taken by China EXIM and Sinosure to shift towards safer credits, less-risky markets, and more sustainable projects appears to result in fewer opportunities, and, as a result, declining volumes.¹²⁹ Thus, it appears that in 2020 China continued to pursue business that "repairs" their reputation and balance sheets tarnished by uneconomic projects gone bad.

"In the developing markets price, tenor, and ability to limit uncovered portion of the financing are all primary factors in determining where to source CAPEX. Sinosure (among other solutions) can typically offer more comprehensive coverage along with more competitive pricing which drive the decision-making process in places like SSA and Central and South America. Even with Sinosure's credit rating not being on par with the other OECD countries, there are a number of Chinese banks which are able to rely on Sinosure support to offer very attractive financing." – Lender

ECA Policy Changes Encouraging Sustainable Export Financing

In 2020, sustainability emerged as the competitive epicenter of ECA activity even in the midst of the COVID-induced slowdown. ECAs have responded to national initiatives on climate change, particularly aimed at supporting their government's commitments under the Paris Agreement. These efforts included first and foremost policies that incentivize "green" (i.e., low-carbon) transactions as well as some additional restrictions for carbon-intensive projects.

Euler Hermes (Germany), GIEK (Norway), and Atradius (Netherlands) have all introduced more flexible content policies and other incentives aimed at promoting greater interest in "greener" transactions and incentivizing support for their exporters in this sector. In May 2020, the German Ministry for Economic Affairs and Energy announced the Special Renewable Energies Initiative, which reduces the German content requirements for eligible transactions from 51 percent to 30 percent. In addition, Euler Hermes will conduct more robust business development efforts and streamline its screening and decision-making processes for transactions in this sector.¹³⁰ In announcing these flexibilities, the German Ministry for Economic Affairs and Energy stated, "There is fierce competition in these markets where success not only depends on technology but increasingly also on the financing options offered."¹³¹

In the Netherlands, the Dutch ECA, Atradius, announced that it "has introduced a number of schemes at the request of the [Dutch] state to make the [official] export credit insurance more attractive for green transactions."¹³² Atradius announced the implementation of a broader Dutch content policy for "green project finance" transactions, meaning that Atradius "can insure a larger portion of the transaction, giving sponsors and clients an additional incentive to contract Dutch companies.

127 <https://www.csis.org/analysis/competing-chinas-digital-silk-road>

128 <http://finance.sina.com.cn/roll/2018-06-14/doc-ihcyszrz2070248.shtml>

129 OCEA study on China's export and trade-related financing

130 <https://www.bmwi.de/Redaktion/EN/Pressemitteilungen/2020/20200514-federal-government-launches-special-renewable-energies-initiative-to-improve-conditions-for-export-credit-guarantees.html>

131 Ibid.

132 <https://atradiusdutchstatebusiness.nl/en/products/green-instruments.html>

Furthermore, under certain conditions [Atradius] can offer 95 percent coverage on green [project finance] transactions instead of the usual 70-90 percent coverage."

Bpifrance, operating the export credit system on behalf of the French government, has introduced a "Climate Bonus" which offers "preferential export guarantee conditions" for projects that meet certain sustainability or climate change-related criteria.¹³³ These "bonuses" include Bpifrance's willingness to finance 85 percent of the export contract while only requiring a minimum 20 percent French content (instead of only financing twice the amount of French content and requiring a minimum 20 percent French content), and Bpifrance will no longer require an advance on the premium when financing limited-recourse projects in certain cases. Additionally, the French Treasury has reduced the French content requirements for its direct loans and concessional loans that support "green" projects.¹³⁴

EXIM, too, introduced new domestic content flexibilities for its new Program on China and Transformational Exports, under which the renewable-energy, energy-storage, and energy-efficiency sectors, among others, are eligible for support (see Box 3 for more details).

In the United Kingdom, UKEF set aside £2 billion of its £8 billion direct lending capacity as its new Clean Growth Direct Lending Facility.¹³⁵ In Japan, under JIBC's new Growth Investment Facility, introduced in January 2020, customers involved in projects that supported climate change and renewable energy were also eligible.¹³⁶

With these new developments, a sizeable number of ECAs are enhancing their standard offers for "sustainable" transactions, and all indications point to this trend expanding. Exporters and lenders noted in this year's focus groups, in group discussions with exporters in the industry, and in one-on-one conversations with relation to specific transactions

that EXIM could be seen as relatively less competitive than its peers in this sector if it does not keep pace with the developments taking place across these ECAs.

In addition, some ECAs—particularly EKN (Sweden), UKEF (U.K.), Bpifrance (France), Euler Hermes (Germany) and EDC (Canada)—announced that they intend to phase in restrictions for fossil-fuel projects over time.

For example, in December 2020, the U.K. government announced that it will no longer provide support for the fossil-fuel energy sector overseas. This decision covers a range of U.K. government financing programs, and includes UKEF support, with the scope of the policy covering new crude oil, natural gas, and thermal coal projects. The policy is effective as of March 31, 2021, and UKEF has announced that there will be a one-year exemption for U.K. small and medium-sized enterprises, "to ensure the most vulnerable firms are given time to adjust."¹³⁷ A number of other exemptions include: some gas power projects; stand-alone generators and liquid petroleum gas for cooking and heating; carbon capture and storage or carbon-capture usage and storage; decommissioning of existing fossil-fuel energy assets; and energy or emissions efficiency, health, safety, environmental and social improvements or energy market reform. Additionally, UKEF announced its new Transition Export Development Guarantee program, to ensure that "oil and gas focused companies with credible transition plans can benefit from U.K. Export Finance's working capital support to achieve these plans."¹³⁸

In France, the 2020 French government budget laid out a path for Bpifrance to end export credit support for projects involving fracking, flaring, and coal projects. At the end of 2020, France's budget proposals expanded the ban to prevent Bpifrance support for heavy oil, shale oil, and bitumen oil sands from 2021 onwards, the exploration and development of new oilfield from 2025 onwards, and new gas

133 <https://www.bpifrance.fr/Toutes-nos-solutions/Garanties-et-assurances/Assurance-credit-a-l-international/Assurance-credit>

134 Bpifrance, "Mode D'emploi du Plan Climat pour les Financements Export" presentation, February 2021, <https://www.bpifrance.fr/content/download/139443/1057225/version/1/file/Mode%20d%27emploi%20-%20bonus%20climatique.pdf>

135 <https://www.gov.uk/guidance/direct-lending-additional-features>

136 <https://www.jbic.go.jp/en/information/news/news-2019/0131-013038.html>

137 <https://www.gov.uk/government/consultations/aligning-uk-international-support-for-the-clean-energy-transition>

138 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975753/Guidance_-_Aligning_UK_international_support_for_the_clean_energy_transition_-_March_2021_.pdf

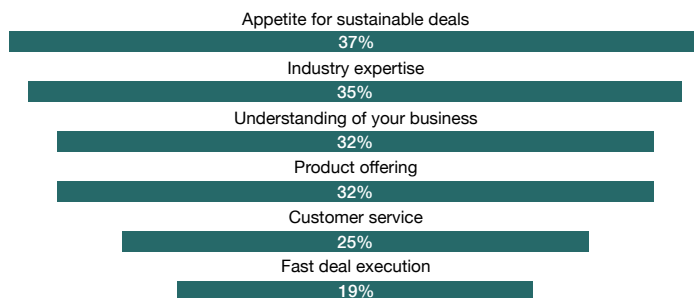
fields from 2035 onwards.¹³⁹ Such norms can have competitive implications to the extent more expertise and resources are made available to ECAs operating in the renewable sector.

Implications

The increased interest in sustainability among ECAs, exporters, and lenders is clear, and in 2020 it began to influence with which ECAs customers chose to work (as evidenced by recent TXF survey results, shown in Figure 16). With ECAs introducing incentives for sustainable transactions, this area could be one with competitive implications going forward, as ECAs and exporters around the globe strive to provide competitive offers for landmark renewable-energy and other sustainable projects. While the impacts of policy developments introduced in 2020 may not yet be reflected in 2020 data, more information on EXIM and foreign ECA support for renewable-energy exports in 2020 can be found in Appendix G, in line with the reporting requirements of EXIM’s Charter.¹⁴⁰

Figure 16: Most Important Factor When Choosing an ECA

Figure 52



Source: TXF Limited, *Global Export Finance Industry Report 2021*, pg. 55

Box 3: EXIM Introduces Content Policy for New Program on China and Transformational Exports

In December 2020, EXIM’s Board of Directors approved a content policy for EXIM’s new Program on China and Transformational Exports. For 10 congressionally defined transformational export areas (including renewable-energy, energy-storage, and energy-efficiency exports), the total level of EXIM support will be 85 percent for contracts having at least 51 percent U.S. content, and EXIM will consider supporting 85 percent for transformational exports with less than 51 percent U.S. content if certain requirements are met, including exporters submitting a plan to meaningfully increase U.S. jobs in the next three to five years.

“[We] typically sees competition directly from China, particularly in SSA and Central and South America. In the solar space, we have had difficulty originating transactions given so many of the suppliers are based in China and the financing terms offered from Chinese banks are very aggressive.” — Lender

139 <https://www.reuters.com/article/us-france-economy-export-financing/france-to-rein-in-export-guarantees-for-oil-and-gas-industry-idUSKBN26X1VI>

140 12 U.S.C. § 635g-1(a)(5)

Section B

Exporter and Lender Views

Each year, EXIM conducts outreach and solicits feedback from exporters, lenders, and other export-credit practitioners through a variety of avenues. Notably, EXIM conducts a survey of exporters and lenders, as required by its Charter.¹⁴¹ This section summarizes feedback received through the EXIM exporter and lender survey together with supplemental input collected using other methods of engagement. Feedback is divided into four main categories, presented with direct quotes from exporters, lenders, and other export credit practitioners.

The section covers exporter, lender, and export-credit practitioner views on:

1. Their experiences working with foreign ECAs,
2. The competitiveness of EXIM's policies,
3. The competitiveness of EXIM's products and programs, and
4. The competitiveness of EXIM's processes and overall approach.

Overview

Each year, EXIM conducts outreach and solicits feedback from exporters, lenders, and other export-credit practitioners through a variety of avenues. Notably, EXIM conducts a survey of exporters and lenders, as required by its Charter.¹⁴² To provide a more fulsome picture of the impact that EXIM's years of inactivity had on U.S. exporter competitiveness and to better inform the report's findings on the changes occurring at other ECAs during these years, EXIM supplemented its own survey findings with information collected through a third-party survey of export-credit practitioners.

Additionally, EXIM, in collaboration with two industry groups (the National Association of Manufacturers and the Bankers Association for Finance and Trade), held focus groups with U.S. exporters and lenders and also conducted several one-on-one follow-up stakeholder meetings. Industry association representatives explained that their comments regarding EXIM's competitiveness reflected the views of their membership involved in medium- and long-term export finance. The purpose of the focus groups and outreach efforts is to supplement survey findings with more detailed commentary from the lender and U.S. export communities. Many of the same points and issues identified in the survey were also emphasized during the in-person group and one-on-one meetings.

This year, EXIM surveyed 112 exporters and lenders who engaged with EXIM in 2020, either in relation to pending applications or approved transactions. EXIM received 26 responses for a response rate of 23 percent which is low relative to past years.¹⁴³ About half of the respondents were exporters while the other half were lenders.

Finally, EXIM gathered information from industry conferences, meetings with experts, and market reports to contextualize responses from exporters and lenders.

While lender feedback was generally positive regarding EXIM efforts during 2020 to return to the MLT business after years of inactivity and notable adversities, this group also identified expectations for potential future EXIM performance improvements. Conversely, exporters were generally more focused on EXIM's competitiveness shortcomings in 2020, referring to EXIM's lack of direction and unresponsiveness as problematic and unique to EXIM among all ECAs.

As for observations of EXIM competitiveness, a cohort of lenders and exporters stated that EXIM is playing catch up, using public statements to attract business, but EXIM has been unable to execute. Most exporters and lenders mentioned the China program announcements as the main example of EXIM raising expectations while leaving applicants without clear guidance. Such execution risk was described as a shift in EXIM's culture. One exporter described that EXIM had gone from a "get the deal done" to a "gotcha" approach, involving voluminous documentary requirements and stringent reviews that feel like EXIM does not want to "get to yes." Finally, exporters and lenders said that EXIM and other operational agencies like TDA and DFC should partner to offer a more unified support package to U.S. exporters. Most shared that other ECAs have simplified access to their various programs and their agencies work together to provide exporters with streamlined support needed to secure the foreign export contracts with less hassle.

Both small and large exporters and lenders reported in this year's focus groups that foreign governments provide their ECAs significant discretion on a transactional level and have expanded their role beyond the export support to include exporter support. This contrasted with the execution risk that exporters and lenders reported when dealing with EXIM, given political and legal restraints (e.g., the fact that it is a "sunset" agency requiring reauthorization, does not have permanent leadership, has increasing mandates such as the 2 percent default cap and additionality tests, among others) that foreign ECAs do not experience.

¹⁴² 12 U.S.C. § 635g-1(a)(1)

¹⁴³ Although the 23 percent response rate is low, it is in line with the eroding response rate that EXIM began reporting during the years of EXIM inactivity in MLT business, reflecting a shrinking number of respondents knowledgeable about EXIM competitiveness relative to its peers. For example, the response rate for the 2018 survey was 25 percent.

One survey respondent noted “in addition to content policy, the MARAD requirement and EXIM’s “political risk” (reauthorization, quorum deficiency, incremental congressional oversight requirements with each charter, and Inspector General’s Office impact on staff) have led sophisticated exporters—those with the largest supply chains—to successfully seek ECA alternatives.” These same issues were raised in the focus groups, particularly with exporters, who emphasized that they still feel the effect of these issues today.

Key Points from the Survey and Focus Groups

EXIM’s Competitiveness in 2020: Exporters and lenders had mixed reviews of EXIM’s competitiveness in 2020. Lenders identified the quality of EXIM’s guarantee as EXIM’s top strength during the COVID-19 pandemic when some had to test it for the first time in decades. Exporters were mostly positive about EXIM’s COVID-19 response, appreciating how EXIM’s changes to the supply chain finance program made the product more accessible. One exporter did express that EXIM still needs to expand its credit risk appetite and not require collateral (such as personal guarantees) for all of its medium-term insurance deals. Nevertheless, some exporters and lenders thought EXIM showed a great deal of flexibility in managing its existing portfolio, a strong ability to provide asset-backed guarantees and guarantees that induced bridge financing. Separate from EXIM’s support in response to COVID-19, exporters and lenders continued to express their concerns with EXIM’s policies (e.g., content) and other requirements (e.g., MARAD) as in previous years.

“One of our clients (US exporters) mentioned that US-EXIM’s export financing guarantee would be one of the most attractive options when they discuss with foreign buyers who are contemplating possible financing options, as US-EXIM provides 100% comprehensive guarantee and issues preliminary LOI at the very early stage (although non-binding).”

“We had to test EXIM guarantee and worked like clockwork and there is no doubt that EXIM would honor a claim, (which is a) good testament to the quality of the EXIM guarantee.”

“EXIM has a best-in-class guarantee, which provides us a good product.”

“EXIM was forward-leaning and helpful to us. EXIM was helpful in engine financing and induced guaranteed lenders to provide bridge financing. UKEF was also very helpful and they did so with a much lower content requirement threshold.”

“We see EXIM as competitive in terms of overall pricing. This being said we see EXIM as being more restrictive in terms of national content requirement, making it sometimes difficult to consider arranging an ECA financing covering a large enough portion of a given commercial contract.”

“No other ECA requires 85% domestic content to provide 85% support. U.S. exporters without the manufacturing flexibility and/or institutional expertise to source alternative ECA support lose sales.”

“Right now, the content requirements are the principal reason Exim is practically useless.”

“It is crucial that Ex-Im Bank provides up to 85% support on all U.S. exports that meet the 51% U.S. content, so U.S. exporters can be at a level playing field with foreign exporters and their own ECAs. Other ECAs are able to provide more support on products with lower domestic content, without having to punish the buyer/borrower with a higher down payment. This causes buyers/borrowers to prefer to buy from foreign exporters with higher ECA support.”

“Only one time have we ever been successful in getting a waiver to U.S.-flagged ships. The waiver process is onerous.”

“In the project finance space, Exim remains competitive given the credit rating of the agency and the 100% cover. While [our company] has not been able to originate any non-recourse transactions with EXIM, we are hopeful in 2021 that projects will bounce back. Even in the project finance space, loosening content requirements could benefit EXIM’s ability to be more competitive.”

“EXIM (should be) pushing (a) mindset growth rather than trying to catch up, take the leadership role to do what you can to do to be the best in the field.”

Foreign Competition: Exporters and lenders described other ECAs such as UKEF, SACE, Euler Hermes, and NEXI as more competitive in the programs and services they provided in 2020, proactively working as partners with industry stakeholders to not just support but instead create business opportunities. Some lenders provided specific examples of foreign ECA support that was more competitive than EXIM, emphasizing that the competition is not just from Chinese ECAs. Specifically, several lenders positively referred to UKEF's EDG as an untied program that allowed UKEF more flexibility than standard Arrangement export credit financing, calling it a "game changer" program that UKEF was using to provide liquidity to the U.K.'s exporter base.

"Foreign ECAs seem to be much more flexible in structures, deal size, and especially on foreign content limitations."

"European ECAs have become increasingly flexible in terms of national content requirements (getting closer to 20% on average), making it easier for their national exporters to tie their commercial offers with financing covering a large portion of their commercial contracts."

"I believe EH to be a more sophisticated and nimble partner for German exporters. Our company has German subsidiaries which have allowed for me to see first-hand how their network and pricing seems to surpass that offered by Exim."

"Generally speaking, European ECAs are more aggressive than Exim in terms of support for foreign content, plus fewer restrictions around eligibility (i.e., MARAD). Non-OECD agencies are able to provide more flexible terms than Exim by not being bound to the OECD Consensus."

"UKEF EDG program (a bit less tied) was a game changer and we used it—our clients were comfortable and this made their appetite for transactions larger—we took advantage of that, but with EXIM we haven't seen that similar flexibility."

"We've done five deals under this program [UKEF EDG program] and haven't seen the same appetite for EXIM support. UKEF restructured EDG to be less tied. EDG is more attractive because it is more flexible."

"ECAs willing to step up their support and provide indications of support to borrowers early on have the first-mover advantage to secure their position in a particular transaction and that has a huge impact on the sponsor and buyer that tend to ignore those ECAs that arrive later."¹⁴⁴

"Other ECAs have been more willing to adapt to the changing environment of cross-border financing. U.S. EXIM's strict content requirements and MARAD shipping requirement are examples where EXIM struggles to compete with other ECAs. Another example of an ECA evolving is UKEF's EDG program where UKEF was willing to relax the content requirements in order to support a transaction."

Program on China and Transformational Exports

(CTEP): Both groups of exporters and lenders expressed that CTEP was a step in the right direction. Specifically, many lenders have seen interest from clients that typically don't apply for EXIM support, and they attributed this to the content policy of the program. However, for both groups, the CTEP is riddled with confusion because access to, and application of, the program lacked clarity. Several lenders felt that the program's focus on the 10 transformational exports is too narrow, and that the content change needs to be available to more sectors. Moreover, one stakeholder noted "If you are looking to level the playing field you are going to lose. Matching means the ECA is behind the curve and always needs evidence of a competitor offer – so, by definition, another ECA has the lead."¹⁴⁵

Both groups emphasized the need for further action on content policy and encouraged EXIM to seek new solutions in its approach to content. The majority of exporter and lender survey respondents expressed that EXIM is far less competitive in its foreign content policy compared with that of other ECAs.

"Up until last year, we would view EXIM's approach to financing support to be mostly unchanged while other global agencies vastly increased the range of product offerings and flexibility with content over the past decade plus. The program on transformational exports is a good first step, though we welcome more specific guidance on the practical implementation, and further expansion to all sectors and exports."

¹⁴⁴ Gabriel Buck, GKB Ventures, interviewed April 23, 2021.

¹⁴⁵ Gabriel Buck, GKB Ventures, interviewed April 23, 2021.

“Our clients are facing Chinese competition, but they don’t fit into the 10 transformational exports, so we don’t even explore EXIM financing. Suppliers think there’s a potential for support, (and) several exporters are keen to take advantage of that policy, but it looks like they’re turned away because they don’t fall into the transformational exports. They are interested in the program because of its more flexible content policy.”

“Transformational exports program is a step in the right direction, but it’s probably not enough.”

“Companies that used to self-select against EXIM are now interested but there’s still confusion. Manufacturers knowing the bar was at 85% wouldn’t consider EXIM because they knew it wasn’t available to them because of that threshold. Now they’re inquiring but the PCTE [CTEP] content policy, but it still may not be enough.”

“It is crucial that Ex-Im Bank can provide up to 85% support on all US exports that meet the 51% US content threshold, so US exporters can be at a level playing field with foreign exporters and their own ECAs.”

EXIM’s Internal Processes: Both groups of exporters and lenders explained how EXIM’s internal processes impede EXIM’s ability to provide quick and reliable support, therefore impacting EXIM’s competitiveness. They referred to EXIM’s heavy paperwork, advisor requirements, unresponsiveness, frequent leadership

turnover, and long processing periods for transactions, specifically citing that each of these are not such a large issue at other ECAs with which they work.

Exporters were concerned with EXIM’s level of legal scrutiny. One exporter stated how EXIM’s culture had gone from a “get the deal done” culture to a “gotcha” culture. All lenders indicated that fulfilling all of EXIM’s requirements can be a challenge. Exporters emphasized the importance of continuity of EXIM’s board quorum for the planning of future projects that often have two- to three-year gestation periods. Both groups brought up the need to improve EXIM’s responsiveness.

“EXIM’s internal approval process just takes longer. I do see this has impacted EXIM’s competitiveness compared to other ECAs, and urge EXIM to speed up.”

“(EXIM) Mak(es) customers jump through hoops for a deal that doesn’t (and can’t) make sense for them.”

Reason(s) for not applying to, or withdrawing an application from, EXIM: “length of time involved and complexity of applications”

According to a survey conducted by TXF (see Figure 17 below), EXIM scored the lowest among its peers. Of note, the three areas where EXIM received the lowest scores were in customer service, fast deal execution, and product offering. These scores match almost exactly what exporters and lenders conveyed to EXIM in the focus groups.

Figure 17: The Export Credit Agency Heatmap

Figure 53

	Appetite for sustainable deals	Customer service	Fast deal execution	Industry expertise	Product offering	Understanding of their clients’ business	Total	TXF Data league table position
KEXIM	4.2	4.4	4.3	4.3	4.5	4.4	4.4	8th
KSURE	4.1	4.4	4.2	4.3	4.3	4.3	4.3	5th
UKEF	4.0	4.2	3.8	4.2	4.1	4.1	4.1	4th
EKF	4.2	3.8	3.7	3.8	3.8	4.1	3.9	13th
Euler Hermes	4.0	3.8	3.5	4.0	3.9	3.9	3.8	9th
Bpifrance	4.0	3.7	3.3	3.9	3.7	4.1	3.8	11th
Sinosure	4.0	3.8	3.7	3.8	3.6	3.9	3.8	12th
CESCE	4.1	3.9	3.0	3.8	3.0	3.4	3.5	17th
SACE	3.4	3.5	3.2	3.7	3.7	3.6	3.5	10th
US EXIM	3.1	2.9	2.9	3.1	2.8	3.2	3.0	6th
Average attribute score	3.91	3.85	3.56	3.90	3.73	3.91		
Attribute ranking	=1st	3rd	5th	2nd	4th	=1st		
Top performing ECA	KEXIM and EKF	KEXIM and KSURE	KEXIM	KEXIM and KSURE	KEXIM	KEXIM		

Source: TXF Limited, Global Export Finance Industry Report 2021, pg. 57.

Section C

Appendices

Required Charter Reporting and Further Reading

EXIM's Charter requires that the Competitiveness Report provide Congress with certain information, as reflected in the following appendices.¹⁴⁶ The appendices also provide readers with additional background on key policies or topics that impact EXIM's competitiveness vis-à-vis foreign ECAs and useful references for those who want to learn more about official export financing.

Appendix A: Primer on EXIM and Official MLT Export and Trade-related Finance

Appendix B: EXIM Actions to Provide Competitive Financing and to Minimize Competition in Government-supported Export Financing

Appendix C: Purpose of EXIM Transactions

Appendix D: Equal Access for U.S. Insurance

Appendix E: Tied Aid Credit Program and Fund

Appendix F: Co-financing

Appendix G: Renewable-Energy Exports and Environmental Policy

Appendix H: Services Exports

Appendix I: Size of EXIM Program Account

Appendix J: Export Finance Cases Not in Compliance with the Arrangement

Appendix K: Activities Not Consistent with the WTO Agreement on Subsidies and Countervailing Measures

Appendix L: U.S. Flag Shipping Requirement

Appendix M: Trade Promotion Coordinating Committee

Appendix N: List of Known Official Export-Credit Providers

Primer on EXIM and Official MLT Export and Trade-related Finance

Introduction

Historically, the Competitiveness Report focused on the official export credit activity of the Group of Seven (G7) countries (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States) as the G7 represented the majority of the export credit support—and therefore financing competition—offered globally. However, over the past decade, EXIM has expanded its analysis to better capture the growing number of export-credit providers and multiplicity of export and trade-related products offered by other governments to understand the competitive implications of such programs on U.S. exporter competitiveness. The evolving picture is a complex export-finance ecosystem involving a range of agencies and programs aimed at or expanding export-related benefits to the ECA's country. Moreover, a growing number of ECAs are taking up new initiatives and working together with other official institutions that offer export and trade-related financing.

What is Official Export Credit?

An official export credit is a financing commitment to a foreign entity that is provided or supported by an official government source that is aimed at facilitating the cross-border purchases of goods or services, thereby deriving domestic economic benefits from increased exports. Official export credits are contingent upon an export sale from that government's country. In other words, they require a formal—even if minimal—amount of domestic sourcing and overseas sales.

EXIM's programs follow the rules set out by the OECD Arrangement on Officially Supported Export

Credits. Originally agreed to in 1978 among a group of governments referred to as the Participants to the Arrangement (the Participants), the Arrangement outlines specific terms and conditions to provide for the orderly provision of export credits. Today, the Participants include Australia, Canada, the European Union, Japan, Korea, New Zealand, Norway, Switzerland, Turkey, and the United States.¹⁴⁷ Non-Participant governments, such as China and India, are not covered by these rules.

The OECD Arrangement MLT export credit activity consists of support from OECD ECAs that is within the scope and complies with the terms of the OECD Arrangement. This includes official support in the form of MLT insurance, guarantees, and direct loans. All transactions follow the transparency, pricing, and eligible flexibilities outlined in the OECD Arrangement. Non-OECD official MLT export credit activity consists of the major ECAs whose governments are not Participants to the Arrangement.¹⁴⁸ As a result, these ECAs provide official MLT export credits outside the scope of the OECD Arrangement, and, while some of these ECAs aim to mirror Arrangement terms, they have the ability to be more flexible in the terms they offer.

What is Official Trade-related Finance?

Official trade-related finance is government-backed MLT financing of trade between nations but is generally provided for purposes other than promoting exports and does not formally require a minimum amount of exports from a certain country.¹⁴⁹ Similar to export credits, trade-related finance can take the form of loans, guarantees, or insurance, among other products. Export-credit support is subject to rigorous disciplines that afford it special protection within the

¹⁴⁷ As a result of the United Kingdom leaving the European Union, the United Kingdom is no longer represented by the E.U. as a Participant to the Arrangement. The United Kingdom is one of the founding members of the Arrangement disciplines and became a Participant to the Arrangement on June 8, 2021.

¹⁴⁸ This includes Brazil, Russia, India, China, and South Africa (the BRICS countries). Brazil is a Participant to the Aircraft Sector Understanding.

¹⁴⁹ Trade-related finance is not to be confused with trade finance, which typically refers to short-term financing.

World Trade Organization's rules framework. Other forms of trade-related programs, such as support for foreign investment, untied credits, market window, and DFI support, are not subject to export-credit disciplines, given that such support falls outside the scope of the OECD Arrangement disciplines. However, as U.S. exporters have reported facing competitors backed by these types of financing, they are included in this year's analysis. Notably, some of this financing is available to U.S. exporters to fill specific procurement needs for a given project. A description of each kind of trade-related support is outlined below.

Investment Support: When providing investment support, an official government entity such as an ECA provides support to an investor (usually from that government's country) looking to acquire an equity stake in a company or project overseas. This typically occurs in one of two forms: political-risk insurance provided to an investor's cross-border equity investment, or debt financing provided to an investor to use for a cross-border investment. ECAs are one of many providers of this type of support. Asian ECAs provided the largest volume of investment support in the last few years.

Untied Financing: Untied financing is generally provided to support "national interests" and thus may or may not result in direct export support from the providers' country. To provide such support, the ECA requires some national interest components (e.g., off-take contracts, operation and maintenance contracts, taxes paid in the ECA's country or promises of future procurement from the ECA's country) rather than exports. This does not mean, however, that host country exports are not supported by such financing—only that there is no formal requirement for a minimum amount of domestic content that must be purchased with the financing provided. For example, a steadily increasing number of ECAs attempt to use untied programs to incentivize major companies to move their supply chain to their country to support future procurement rather than current export sales. Given the diverging approaches in using untied financing, its competitive implications vary widely.

Market Windows: In a market-window program, an ECA offers pricing on the same terms as the commercial market. A market window does not necessarily result in lower financing costs compared with financing provided under the OECD Arrangement. However, market windows allow ECAs to have more flexibility on tenor, down payments, and risk premia because these programs are not covered by the Arrangement. EXIM's Charter places a special focus on market-window programs and mandates that this report cover them.¹⁵⁰ As such, EXIM has continued to monitor market-window activity of OECD ECAs.

Development Finance: Development finance, provided by bilateral development finance institutions (DFIs), encourages private-sector entities to do business in foreign developing markets for developmental purposes. While development finance is untied, many DFIs have "national interest" mandates or related initiatives aimed at supporting domestic exporters, although this does not mean that DFI support is limited to national exporters. In the 2018 Competitiveness Report, EXIM outlined the changes in development finance activity over the past decade, including some European DFIs now providing tied export finance to support their countries' exporters. In last year's report, EXIM described changes in practices employed by Asian official financing entities providing development finance. Building on these introductions, EXIM observed some updates to DFI activity, pointing to potential competitive implications that U.S. exporters reported facing.

Note: The majority of all export and trade-related finance (70 percent) is not formally tied to national exports and therefore is not part of the OECD's transparency provisions. This creates a particularly opaque landscape when gathering and analyzing data.

¹⁵⁰ U.S.C. § 635g-1(a)(1) "In this part of the report, the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with United States exporters (including through use of market windows...)"

EXIM Actions to Provide Competitive Financing and to Minimize Competition in Government-supported Export Financing

Providing Competitive Financing

EXIM's Charter directs EXIM to "provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are fully competitive with the Government-supported rates and terms and other conditions available for the financing of exports of goods and services from the principal countries whose exporters compete with United States exporters, including countries the governments of which are not members of the Arrangement."¹⁵¹ Section 8A(a) of the Charter requires EXIM to provide description of the actions of the Bank in complying with these mandates.¹⁵²

As described in the Introduction, EXIM follows the terms outlined in the OECD Arrangement. Under the Arrangement, EXIM has usually met its mandate to provide competitive financing. EXIM is able to offer the maximum repayment terms, minimum interest rates, and minimum premium rates the Arrangement allows. These factors vary depending on, among other things, country risk, the obligor's risk profile, the project's sector, etc.

Maximum repayment terms vary depending on the income level of the borrower's country and the nature of the goods being exported. General transactions (i.e., those not covered by one of the Arrangement's Sector Understandings) qualify for a maximum term

of 8.5 to 10 years, with the lower bound being the maximum term for transactions in High Income markets. Exceptions to the standard include: project finance (10-14 years), renewable energy and nuclear power plants (18 years, commercial aircraft (12 years), and rail infrastructure (12-14 years).¹⁵³

The Arrangement also sets rules for the minimum interest rate that Participants can offer when providing direct loans. The minimum rate, referred to as the Commercial Interest Reference Rate (CIRR), is based on the currency and tenor of the loan. The U.S. Dollar CIRR that EXIM offers for most direct loans is calculated by adding a fixed margin of 100 basis points to one of the following three yields (the base rates):¹⁵⁴

1. Three-year U.S. Treasury bond yields for a repayment term up to and including five years,
2. Five-year U.S. Treasury bond yields for over five and up to and including 8.5 years, or
3. Seven-year U.S. Treasury bond yields for over 8.5 years.¹⁵⁵

As for premium rates, as the OECD explains, "Premium is charged in addition to CIRRs, as it is meant to cover the risk of non-repayment of the

¹⁵¹ 12 U.S.C. § 635(b)(1)(A)

¹⁵² 12 U.S.C. § 635g-1(a)

¹⁵³ More information on the detailed terms of the Arrangement can be found here: OECD, "Arrangement and Sector Understandings," <http://www.oecd.org/trade/topics/export-credits/arrangement-and-sector-understandings/>

¹⁵⁴ CIRRs for renewable energy and nuclear projects, and aircraft follow separate rules. More information on the detailed terms of the Arrangement can be found here: OECD, "Arrangement and Sector Understandings," <http://www.oecd.org/trade/topics/export-credits/arrangement-and-sector-understandings/>

¹⁵⁵ OECD, "Arrangement on Officially Supported Export Credits – Construction of CIRR," [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=tad/pg\(2020\)1](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=tad/pg(2020)1)

export credits. The premium rates depend on the level of risk, which includes the country risk..., time at risk and the political and commercial risk covered.”¹⁵⁶

As mentioned, with respect to Arrangement rates and terms, EXIM has usually met its mandate to provide competitive financing. Over the past decade, however, the volume of official financing not covered by the Arrangement has increased significantly. Within the broader official finance market, EXIM faces considerable challenges facilitating a level playing field. EXIM cannot directly compare the terms and conditions it offers to the terms and conditions offered under these trade-related finance programs because information on these terms is generally not available. EXIM has anecdotal evidence that indicates the terms offered under these programs are more generous than those allowed under the Arrangement (e.g., longer repayment terms, lower interest rates, no down payment requirement).¹⁵⁷

Moreover, with the increasingly flexible domestic content requirements ECAs are using, for example, exporters and lenders have found the “other conditions” of EXIM financing (i.e., EXIM policies) to be generally uncompetitive. For more details on this feedback, see Section 2: Exporter and Lender Views.

Minimizing Competition in Government-supported Export Financing

The Charter also states that “The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in Government-supported export financing and shall, in cooperation with other appropriate United States Government agencies, seek to reach international agreements to reduce government subsidized export financing.”¹⁵⁸

With regard to minimizing competition in government-supported export financing, over the

past year and a half, EXIM—in cooperation with other U.S. government agencies—negotiated with other Participants to reform the CIRR system. Once finalized, these reforms will better harmonize the interest-rate determination practices of OECD ECAs. Additionally, these new operational standards will help level the playing field for U.S. exporters by requiring other countries to tighten their standards for underwriting direct loans to match EXIM’s practices. The reforms also seek to introduce more transparent and comprehensive language for determining the interest rate for direct loans.

In seeking to reach international agreements to reduce government-subsidized export financing, EXIM has supported the effort jointly initiated by the United States and China in 2012, the International Working Group on Export Credits (IWG), which is a multilateral effort seeking to develop a single framework to discipline official export finance provided by both OECD and non-OECD countries, the latter of which include China, India, and Russia. This framework would be the successor to the Arrangement, which exempts adherents from liability under the WTO’s Agreement on Subsidies and Countervailing Measures (ASCM) for official export credit transactions that comply with its terms. As a number of non-OECD countries do not adhere to the Arrangement, developing a set of guidelines that apply to non-OECD countries is critical to leveling the playing field for U.S. exporters. Despite the continued efforts of the United States, IWG negotiations were suspended in November 2020 due to continued divergent positions with respect to commitments on core principles involving mainly transparency, scope of application, and debt sustainability.¹⁵⁹ The suspension is set for a year or until all members, namely non-OECD members (China, India, and Russia) can make the necessary high-level commitments on these issues.¹⁶⁰

¹⁵⁶ OECD, “Financing Terms and Conditions,” <http://www.oecd.org/trade/topics/export-credits/arrangement-and-sector-understandings/financing-terms-and-conditions/>

¹⁵⁷ The Arrangement requires a 15 percent down payment. Exporters and lenders have reported to EXIM that trade-related financing offered by other countries often does not have this same requirement.

¹⁵⁸ 12 U.S.C. § 635(b)(1)(A)

¹⁵⁹ The U.S. delegation is led by the Department of the Treasury and includes the Department of Commerce, the Department of State, and the Export-Import Bank of the United States. In addition to the United States, IWG members include Australia, Brazil, Canada, China, the European Commission, India, Indonesia, Israel, Japan, Malaysia, New Zealand, Norway, Russia, South Africa, South Korea, Switzerland, and Turkey.

¹⁶⁰ <https://home.treasury.gov/news/press-releases/sm1188>

Purpose of EXIM Transactions

Pursuant to Section 8A(a)(4) of EXIM's Charter, the Bank gathers "a description of all Bank transactions which shall be classified according to their principal purpose, such as to correct a market failure or to provide matching support."¹⁶¹ Applicants indicate the reason for seeking EXIM support on their EXIM financing application. EXIM aggregates applicant responses into three main categories for reporting purposes: (1) to counter potential ECA competition, (2) to address private-sector financing limitations, and (3) to address when the private sector is unwilling to take risks. See figures below for the listed primary purpose per transaction by program in 2020. Although only the primary purpose is reported here, applicants may cite multiple purposes. For MLT transactions, EXIM has broken out transactions for both Investment Grade (IG) and non-Investment Grade (Non-IG) markets (see Figure 18). Short-term (ST) transactions are generally multi-buyer, and therefore it is not possible to make a similar distinction for the ST table (see Figure 19).

In late 2019 EXIM began a formal review of its proposed guidelines for determining additionality in MLT and subsequently sought public comments.¹⁶² In May 2020, as a result of the formal review and received comments, EXIM's Board of Directors unanimously approved guidelines to strengthen the Bank's determination of additionality and a resolution which underscores "the importance of ensuring that EXIM provides competitive financing to U.S. exporters while supplementing, not competing with, private capital."

Figure 18: EXIM's Transactions by Purpose in 2020, Medium-and Long-Term (Millions USD)

	Potential Competition				Private-Sector Limitations				Private Sector Unwilling to Take Risks				Total			
	IG		Non-IG		IG		Non-IG		IG		Non-IG		IG		Non-IG	
	Volume	Count	Volume	Count	Volume	Count	Volume	Count	Volume	Count	Volume	Count	Volume	Count	Volume	Count
Long-Term Loan	\$-	0	\$-	0	\$-	0	\$-	0	\$-	0	\$-	0	0	0	0	0
Long-Term Guarantee	\$-	0	\$665	7	\$328	1	\$-	0	\$-	0	\$562	4	\$328	1	\$1,227	11
Medium-Term Loan	\$-	0	\$-	0	\$-	0	\$9	1	\$-	0	\$-	0	\$-	0	\$9	1
Medium-Term Guarantee	\$1	1	\$43	38	\$-	0	\$34	2	\$12	6	\$98	18	\$13	7	\$175	58
Medium-Term Insurance	\$1	1	\$18	5	\$-	0	\$-	0	\$6	1	\$20	14	\$7	2	\$37	19
TOTAL	\$2	2	\$726	50	\$328	1	\$43	3	\$18	7	\$680	36	\$348	10	\$1,448	89

Source: EXIM

¹⁶¹ 12 U.S.C. § 635g-1(a)(4)

¹⁶² Additionality refers to the existence of reasons why a transaction would not go forward without EXIM's support.

Figure 19: EXIM's Transactions by Purpose in 2020, Short-Term (Millions USD)

	Potential Competition		Private Sector Limitations		Private Sector Unwilling to Take Risk		Total	
	Volume	Count	Volume	Count	Volume	Count	Volume	Count
ST Insurance	\$-	0	\$2,823	1555	\$295	410	\$3,118	1965
Working Capital	\$-	0	\$-	0	\$1,901	129	\$1,901	129
TOTAL	\$-	0	\$2,823	1555	\$2,196	539	\$5,019	2094

Source: EXIM

Equal Access for U.S. Insurance

Section 2(d)(4) of EXIM's Charter requires the Bank to report in the annual Competitiveness Report those transactions for which the Bank had information that an opportunity to compete was not available to U.S. insurance companies.¹⁶³ Section 2(d)(2) of the EXIM Charter states that "the bank shall seek to ensure that United States insurance companies are afforded an equal and nondiscriminatory opportunity to provide insurance against risk of loss" in connection with long-term transactions valued \$25 million or more.¹⁶⁴

At the time the legislation was enacted, EXIM had neither encountered nor been informed about any long-term transaction for which equal access for U.S.

insurance companies was not afforded. Consequently, EXIM, the Department of Commerce, and the Office of the United States Trade Representative agreed that the establishment of a formal reporting mechanism was not necessary. It was also agreed that should EXIM identify any long-term transaction in which U.S. insurance companies are not allowed equal access, a more formalized procedure would be created. As of December 2020, EXIM had not identified any long-term transactions greater than \$25 million in which U.S. insurance companies were not allowed equal access.

¹⁶³ 12 U.S.C. § 635(d)(4)

¹⁶⁴ 12 U.S.C. § 635(d)(2)

Tied Aid Credit Program and Fund

Summary

Section 10(g) of EXIM's Charter requires EXIM to provide an annual report on several aspects of EXIM and foreign ECA use of tied aid.¹⁶⁵ This appendix addresses:

1. The tied aid reporting requirements of EXIM's Charter; and
2. The competitiveness issues pertaining to the use of tied and untied aid because, in creating EXIM's Tied Aid Credit Program and Fund, Congress recognized in EXIM's Charter that tied and untied aid can be "predatory" methods of financing that can distort trade to the detriment of U.S. exporters.

In 2020, the total amount of OECD tied aid activity plummeted to approximately \$5 billion, a 66 percent decrease from 2019 volumes and the third lowest amount recorded since 2000. This represents a sharp break from the consistent year-over-year growth and record levels of volumes observed since 2015. Although the degree and scope of competitive concerns have been greatly diminished since 1991 by the introduction of the OECD Arrangement rules on tied aid, U.S. exporters still report facing competitive challenges in certain circumstances that result from foreign tied aid offers.

A description of the current tied aid activity and competitive implications follows.

Overview and Background

Tied aid is concessional funding provided by a donor government that requires (in law or in fact) that the funding be used for the procurement of goods or services from the donor country. Unlike export credits,

tied aid is subsidized support and its terms are more generous than standard export credits. Therefore, tied aid can distort trade flows by inducing a buyer in the recipient country to make its purchasing decisions on the basis of the most favorable financial terms, rather than the best price, quality, or service of the product. Tied aid providers pursue developmental and strategic objectives with the provision of tied aid that also benefits their national exporters.

Description of the Implementation of the Arrangement

Section 10(g)(2)(A) of EXIM's Charter requires EXIM to report on the implementation of the Arrangement rules on tied aid, specifically on the operation of the rules, including a description of the notification and consultation procedures.¹⁶⁶ Competitive concerns and level playing field considerations led Participants to the OECD Arrangement to require countries to submit notifications of tied aid offers to the Participants to the Arrangement 30 days in advance of the bid closing or commitment date. This allows OECD ECAs to review and, if needed, to match foreign tied aid offers that are either noncompliant with OECD rules or that are otherwise competing with standard export credit support. This level of transparency has worked well because it has served to redirect tied aid from commercially viable to less viable, or development-oriented, sectors. As such, no tied aid offers have been challenged since 2009 and, as a result, no changes have been made to the notifications procedures. Regarding consultation procedures, no tied aid projects have been examined by the Consultation Group on Tied Aid since the 2009 challenge. No tied aid matching offers were made in 2020.

¹⁶⁵ 12 U.S.C. § 635i-3(g)

¹⁶⁶ 12 U.S.C. § 635i-3(g)(2)(A)

Box 4: Tied Aid and Blended Finance

In some countries, ECAs provide tied aid, while in others, aid agencies or other ministries provide it. Tied aid offers can take various forms:

- Grants.
- “Soft” (i.e., concessional) loans, which are loans bearing a low interest rate, extended grace period, and/or a long repayment term.
- Mixed credits (a grant provided alongside a standard export credit), where the concessional funds are available only if the linked non-concessional component is accepted by the recipient.

Today, the term “blended finance” is garnering a lot of attention in the development community. Blended finance can refer to a combined financing package that involves public and private financing, and/or that involves concessional and non-concessional financing. While tied aid has usually involved an official institution providing concessional funds to a public entity, it does not always combine concessional and non-concessional parts of a financing package. When it has, this has been considered a mixed credit, a form of tied aid referred to above. Mixed credits caused significant competitive concerns in the 1980s and 1990s, around the time the OECD tied aid rules were agreed. Governments saw mixed credits as a way to sweeten the financing package for the borrower, while ensuring orders of domestic procurement, but not giving away too much in the form of full-fledged grants or concessional loans.

Today, Chinese ECAs, for example, are not subject to the tied aid rules of the Arrangement and reportedly pair export credits with concessional financing, in order to offer foreign buyers a more attractive financing package. This has put greater pressure on OECD ECAs to “blend” concessional and non-concessional financing support to achieve such attractive financing packages in an effort to compete with China. As a result, EXIM has seen OECD ECAs using mixed credits proactively in competitive situations and labeling these financing packages as “blended finance” (see example of Korea’s use of blended finance in EXIM’s 2018 Competitiveness Report).

Congress recognized this growing area of focus in EXIM’s 2019 reauthorization, mandating that EXIM establish a program to provide “fully competitive” financing rates, terms and conditions that “directly neutralize export subsidies for competing goods and services financed by *official export credit, tied aid, or blended financing provided by the People’s Republic of China...*” (or by any other countries designated by the Secretary of the Treasury that are not Participants to the Arrangement and do not comply with its terms).

In 2020, the U.K. government published its 2020–2024 Export Finance Business Plan and indicated that it plans to use mixed credits to help U.K. exporters and suppliers compete. The second objective outlined in this plan is to “Continuously adapt and focus our activity on sectors and countries where UKEF support will have the greatest economic benefit for exporters and suppliers of all sizes and across all of the UK.” The U.K. then specifies actions it will take to achieve this objective, including “Provide UKEF support alongside ODA (official development assistance).” The United Kingdom has not historically provided tied aid, and therefore this new approach to “blending” is a significant development.¹⁶⁷

¹⁶⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/899097/uk-export-finance-business-plan-2020-2024.pdf

EXIM Tied Aid Activity¹⁶⁸

Section 10(g)(2)(C) of EXIM's Charter requires a description of EXIM's use of the Tied Aid Credit Fund.¹⁶⁹ EXIM did not use its Tied Aid Credit Fund in 2020. In October 2020, EXIM established new procedures for the use of its Tied Aid Credit Fund. The "Reed-McIntosh Procedures," developed jointly by EXIM and the U.S. Department of Treasury, reflect legislative changes to the tied aid provisions in EXIM's Charter and bring the procedures up to date with the "letter and spirit" of those changes.

Foreign ECA Tied Aid Activity

Section 10(g)(2)(B) of EXIM's Charter requires EXIM to provide a description of foreign tied aid activity.¹⁷⁰

OECD ECA Activity

The tied aid rules of the OECD Arrangement define four types of tied aid, described here below with the related activity levels in 2020, which when combined, reached a total of approximately \$5 billion:¹⁷¹

1. First, a tied aid offer that has a concessionality level of greater than or equal to 80 percent is considered highly concessional. This type of tied aid is more costly to the donor country and more closely resembles a grant than tied aid with a lower level of concessionality does. As such, highly concessional tied aid is more developmental in nature and less likely to be trade-distorting. In 2020, highly concessional tied aid totaled \$2.2 billion, representing a sharp 64 percent decrease in volume from 2019 levels.¹⁷² In 2020, through support from U.S. Agency for International Development (USAID), the United States provided all highly concessional aid recorded at the OECD.

2. Second, *de minimis* tied aid is an offer of tied aid that has a value of less than 2 million SDR.¹⁷³ Given the small transaction size, competitive concerns are minimized. In 2020, there was only one reported case of *de minimis* tied aid for a value of roughly \$2 million, remaining roughly equal to 2019 volumes.
3. Third, Least Developed Countries (LDCs), as defined by the United Nations, are not a typical market for export credits, and, as such, is considered less likely to pose competitiveness implications. In 2020, tied aid to LDCs totaled \$1.4 billion, half of the volume that was reported in 2019.
4. All other tied aid activity is the core type of tied aid and is known as "Helsinki-type tied aid." Because Helsinki-type tied aid has the highest potential for competitiveness concerns and potentially negative implications for a level playing field, the Arrangement requires 35 percent concessionality and directs this type of tied aid to commercially non-viable projects. Helsinki-type tied aid decreased by more than 76 percent to approximately \$1.4 billion in 2020, the lowest recorded volume since 2000.¹⁷⁴

Although the OECD tied aid disciplines have helped diminish the degree and scope of competitiveness concerns by redirecting tied aid away from commercial projects in high-income markets to developmental projects in lower-income markets, it is unclear to what extent these principles affected the dramatic decline in tied activity that was observed in 2020. It will be important to monitor whether this record decrease is merely a reflection of the extraordinary economic landscape during COVID-19 or the beginning of a new, long-term trend.

¹⁶⁸ 12 U.S.C. § 635(l)(1)

¹⁶⁹ 12 U.S.C. § 635i-3(g)(2)(C)

¹⁷⁰ 12 U.S.C. § 635i-3(g)(2)(B)

¹⁷¹ Figures are based on tied aid offers notified to the OECD prior to commitment. As such, it is possible that some of these offers did not reach the commitment stage.

¹⁷² In light of updated reporting, 2019 data has been revised.

¹⁷³ Tied and untied aid data is reported to the OECD in special drawing rights (SDRs). Based on data from the IMF, in 2020, 1 SDR was approximately equal to 1.40 USD.

¹⁷⁴ See Methodological Note in the Introduction for a description of EXIM's data-collection activities.

Specific trends from 2020 include:

- The top providers for Helsinki-type tied aid were quite different from previous years. France, Belgium and Spain led the OECD countries while Japan, which has traditionally been the top provider, surprisingly did not provide any Helsinki-type tied aid support. Korea, another prominent tied aid provider, only recorded about 9 percent of the activity it reported in 2019. Japan's 2020 figures contrast sharply with its untied aid activity, which increased by 56 percent to approximately \$7.8 billion.
- Kenya was the largest recipient of Helsinki-type tied aid, receiving about one-third of the global volume. Other notable recipients include Mongolia and Morocco, which received about 15 percent of global volumes.
- Transportation and storage, health, and agriculture were the top recipient sectors in Helsinki-type tied aid support, comprising around two-thirds of global volumes.

Non-OECD Tied Aid Activity

OECD tied aid rules and transparency requirements do not apply to tied aid offers from non-OECD countries. U.S. exporters have expressed competitiveness concerns regarding concessional offers from non-OECD countries, particularly China. In 2020, although EXIM did receive a couple of inquiries about using tied aid to counter Chinese competition, EXIM did not receive any complete applications for EXIM tied aid support.¹⁷⁵

While China is suspected to be one of the largest providers of tied aid, other non-OECD ECAs also provide tied aid financing that pose a threat to the competitiveness of U.S. exporters. India EXIM's 2019-2020 annual report discusses its "Concessional Financing Scheme," whereby India EXIM made disbursements on a \$1.6 billion concessional loan for a Bangladesh power project. In addition to this concessional scheme, India EXIM is also known to

extend a variety of concessional lines of credit to developing countries. For example, in October 2020, India EXIM extended a \$400 million "soft loan" to the Maldives through its line of credit program in order to support a variety of connectivity projects.

OECD Untied Aid

In light of historical concerns regarding *de facto* tying of aid, the Arrangement requires that governments report trade-related untied aid to the Participants to the Arrangement 30 days prior to the opening of the bidding period. Furthermore, due to competitiveness concerns, Participant countries have committed to reporting untied aid credits prior to and following commitment in their Agreement on Untied ODA (Official Development Assistance) Credits Transparency. This agreement was first put in place in 2005.

Historically, a small subset of OECD countries has provided trade-related untied aid. These countries have provided untied aid volumes that have historically been higher than those of tied aid. While trade-related untied aid has fallen in recent years, 2020 marked a sharp reversal of this trend. Last year, untied aid offers totaled approximately \$14.7 billion, a 65 percent increase in volume from 2019 and the first such year-over-year increase since 2016. Last year's volume is the second-highest recorded total since 2000. Consistent with previous years' untied aid volumes, Japan offered the vast majority of the OECD untied aid, followed by France and Germany. Japan's OECD-leading untied aid activity and strong increase from its 2019 levels contrasts sharply with the zero support it provided for Helsinki-type tied aid in 2020, a notable deviation from historical trends.

¹⁷⁵ Although EXIM did not receive any formal and complete applications requesting that EXIM match concessional financing offers made by foreign governments, EXIM routinely receives inquiries and anecdotal information from U.S. exporters and lenders regarding competing offers. However, due to the high degree of opacity with which the Chinese official institutions operate, concrete information about an offer's specific terms and conditions EXIM may be asked to match is often difficult to come by.

Co-financing

Section 8A(a)(7) requires that EXIM provide a description of the co-financing programs of the Bank and of the other major export-financing facilities.¹⁷⁶ Co-financing is a financing arrangement that allows EXIM to address some of the challenges that U.S. exporters face when an export contains content from multiple countries. Specifically, co-financing is a tool that streamlines official export credit support into a one-stop financing package (a guarantee or insurance) to support transactions that include content from the United States and one or more other countries. With co-financing, the lead ECA provides the applicant (buyer, bank, or exporter) with export-credit support for a single transaction. Behind the scenes, the follower ECA provides reinsurance (similar to a counter-guarantee) to the lead ECA for the follower ECA's share of the export transaction.

EXIM currently has bilateral co-financing framework agreements with 16 ECAs (see Figure 20); these agreements allow EXIM to enter into co-financed transactions more readily with those ECAs. Additionally, EXIM can enter into one-off, case-specific co-financing agreements with other ECAs if no bilateral framework agreement is in place. While EXIM offers co-financing as a flexibility to U.S. exporters whose goods and services have less than 85 percent U.S. content, most foreign ECAs use co-financing to manage their country-specific exposure limits.^{177,178} With limited exceptions, all G7 ECAs have co-financing framework agreements with each other and increasingly with a wider scope of ECAs that includes non-OECD ECAs.

Figure 20: List of ECAs with which EXIM has Bilateral Framework Agreements

	Country	ECA
1	Canada	EDC
2	United Kingdom	UKEF
3	Italy	SACE
4	France	Bpifrance
5	Czech Republic	EGAP
6	Germany	Euler Hermes
7	Netherlands	Atradius
8	Denmark	EKF
9	Japan	JBIC
10	Japan	NEXI
11	Switzerland	SERV
12	Spain	CESCE
13	Australia	EFA
14	Israel	ASHRA
15	Turkey	Turk Exim*
16	Korea	KEXIM**

*EXIM always leads under the bilateral framework agreements with Turk Exim.

**EXIM's bilateral framework agreement with KEXIM is limited to cargo aircraft.

Source: EXIM

¹⁷⁶ 12 U.S.C. § 635g-1(a)(7)

¹⁷⁷ EXIM will support the lesser of (i) 85 percent of the net contract price, or (ii) 100 percent of the U.S. content.

¹⁷⁸ EXIM does not have exposure limits by country or geographic region.

In 2020, EXIM provided nearly \$144 million in financing towards transactions involving a reinsuring ECA. This figure represents EXIM's highest reported level of co-financing activity since 2015 and a 64 percent increase from its 2019 amount (\$88 million).

All of EXIM's co-financing activity in CY 2020 were aircraft-related, as shown in the complete list of EXIM co-financing transactions (see Figure 21).

Figure 21: EXIM Co-Financed Transactions 2020

No.	Co-financing ECA	EXIM Lead or Follow	Market	Sector	Financed Amount
1	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$791,974
2	EDC (Canada)	Lead	Paraguay	Agricultural Aircraft	\$808,554
3	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$810,843
4	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$824,371
5	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$829,874
6	EDC (Canada)	Lead	Argentina	Agricultural Aircraft	\$831,188
7	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$841,369
8	EDC (Canada)	Lead	Argentina	Agricultural Aircraft	\$850,640
9	EDC (Canada)	Lead	Panama	Agricultural Aircraft	\$874,619
10	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$878,955
11	EDC (Canada)	Lead	Argentina	Agricultural Aircraft	\$887,636
12	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$898,660
13	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$918,269
14	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$922,966
15	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$929,159
16	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$936,543
17	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$937,631
18	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$952,497
19	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$959,201
20	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$960,654
21	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$961,057
22	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$961,668
23	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$963,998
24	EDC (Canada)	Lead	Argentina	Agricultural Aircraft	\$964,943
25	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$973,018
26	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$986,264
27	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$990,935
28	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$995,060
29	EGAP (Czech Republic)	Lead	Brazil	Agricultural Aircraft	\$1,018,885
30	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,032,091
31	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,037,627
32	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,054,209
33	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,086,795
34	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,093,766
35	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,111,845
36	EDC (Canada)	Lead	Argentina	Agricultural Aircraft	\$1,378,681
37	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,428,014
38	EDC (Canada)	Lead	Chile	Agricultural Aircraft	\$1,553,120
39	EDC (Canada)	Lead	Chile	Agricultural Aircraft	\$1,603,950
40	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,618,399
41	EDC (Canada)	Lead	Chile	Agricultural Aircraft	\$1,632,259
42	UKEF (United Kingdom)	Lead	Colombia	Small Aircraft	\$8,137,305
43	UKEF (United Kingdom)	Follow	Multiple	Aircraft Engine Maintenance	\$8,987,215
44	UKEF (United Kingdom)	Follow	Multiple	Aircraft Engine Maintenance	\$12,542,768
45	UKEF (United Kingdom)	Follow	Multiple	Aircraft Engine Maintenance	\$18,439,397
46	UKEF (United Kingdom)	Follow	Israel	Large Aircraft	\$26,800,000
47	UKEF (United Kingdom)	Follow	Israel	Large Aircraft	\$26,857,500
Total					\$143,856,372

Source: EXIM

Renewable-Energy Exports and Environmental Policy

Background

Since 1992, EXIM's charter has mandated that EXIM promote and increase the Bank's support for environmentally beneficial U.S. exports, including renewable-energy exports. In EXIM's December 2019 reauthorization, Congress expanded this mandate to also include energy-efficiency (including battery electric vehicles, batteries for electric vehicles, and electric vehicle charging infrastructure) and energy-storage exports, and set a goal for the Bank to make available not less than 5 percent of its total financing authority each fiscal year for the financing of renewable-energy, energy-efficiency, and energy-storage technology exports. EXIM is making it a high priority to substantially increase its annual financing for these exports and aims to expand and diversify its portfolio, including identifying ways to significantly increase support for environmentally beneficial, renewable-energy, energy-efficiency, and energy-storage exports from the United States.

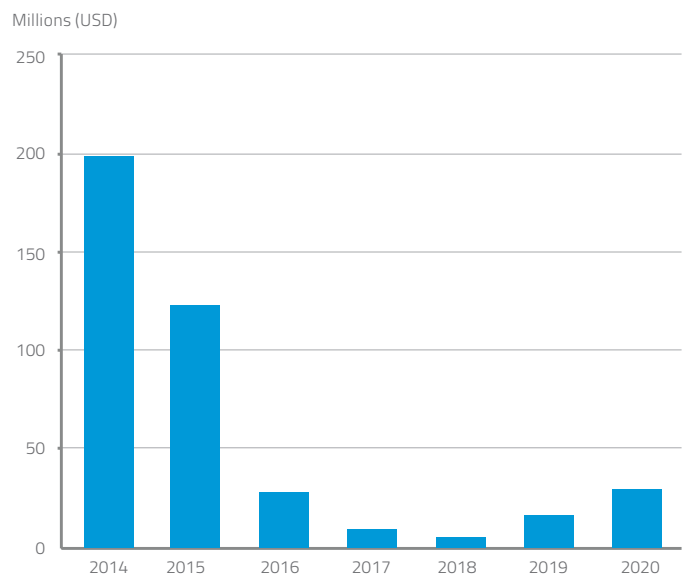
EXIM's Charter requires that this report contain a description of the activities of the Bank with respect to promoting and financing these exports, which follows.¹⁷⁹

EXIM Activity in 2020

Although this report covers MLT activity in calendar year 2020, Section 8A(a)(5) of EXIM's Charter refers to reporting total renewable-energy authorizations on a fiscal year (FY) basis in this report.¹⁸⁰ In FY2020, EXIM authorized \$29.5 million to support \$60.2 million of U.S. exports related to renewable energy. This roughly \$30 million in authorizations was a notable increase from FY2019, as shown in Figure 22.

EXIM has authorized support for a range of renewable-energy exports, but in terms of major renewable-energy projects, some U.S. exporters in the sector have shared that their focus on supplying the North American market, EXIM's lack of board quorum over a number of years, and other specific competitiveness issues mentioned in the quotations in this appendix have hampered EXIM's efforts to grow its support for this business in recent years. EXIM is focused on increasing support for these exports to fulfill its mandates, including the expanded mandate to promote and support energy-storage and energy-efficiency exports.

Figure 22: EXIM's Total Renewable-Energy Authorizations by Fiscal Year



Source: EXIM

¹⁷⁹ 12 U.S.C. § 635g-1(a)(5)

¹⁸⁰ 12 U.S.C. § 635g-1(a)(5)

Export Promotion

Although EXIM support is demand-driven, the Bank has long sought to increase the probability that foreign buyers would seek EXIM financing over that of foreign ECAs, boosting the chances that they source from U.S. exporters and that overseas renewable-energy projects support U.S. jobs. EXIM support for renewable-energy projects is broadly determined by a few key characteristics (among others):

1. Reasonable assurance of repayment.
2. Amount of U.S. content.
3. Global competitiveness of U.S. renewable-energy exporters.
4. Foreign buyer demand for U.S. exports.

EXIM has continued to maintain and expand relationships with existing U.S. exporters of renewable-energy technologies such as U.S. solar- and wind-energy- manufacturers, and has expanded its outreach to U.S. manufacturers of energy-efficiency and energy-storage exports. Staff have been promoting EXIM financing, including through the following examples of EXIM's activities, led by its renewable-energy business development staff. Specifically, EXIM has engaged with prospective U.S. exporters as follows:

- **Education:** EXIM participated in a joint EXIM-First Solar webinar on "Financing Solar Projects in Latin America" for First Solar customers and project developers that had over 160 attendees registered.
- **Collaboration:**
 - Provided a Project Finance 101 Training Session organized by the Department of Commerce Environmental Technologies and Finance teams for over 120 Commercial Service Officers and Foreign Service Officers.
 - Regularly participated in the U.S. Government-U.S. Industry Renewable Energy and Energy Efficiency Advisory Committee, and the Environmental Technologies Trade Advisory Committee meetings hosted by the Department of Commerce.

- **Outreach:** EXIM conducted a series of meetings with exporters and potential foreign buyers, and spoke on panels to discuss EXIM offerings in the project-finance arena:

- Asian Development Bank's Asia Clean Energy Forum (June 2020).
- State Department-Commerce Department Asia Edge Financing Workshop.
- Latin America Energy Forum/Powering Africa Summit in Miami.

Foreign Competition

In addition, to further EXIM's engagement with the renewable-energy and related industries, EXIM's chairman held the Transformational Exports Forum in May 2020, which included leading renewable-energy exporters.¹⁸¹ Consistent themes heard during this forum and others throughout the year were:

- U.S. renewable-energy exporters are facing significant foreign competition backed by official financing (more on that below).
- A proactive whole-of-U.S. government approach is needed to offer more attractive financing packages to counter China and other leading competitors in key strategic markets.
- EXIM should provide greater local cost financing to fill gaps in the total project financing.
- EXIM content requirements should be made more flexible.

Quotes from that discussion can be found below.

"China is not only one. We see competition from Korea and Japan."—Hugh McDermott, vice president, Energy Storage Systems¹⁸²

¹⁸¹ <https://www.youtube.com/watch?app=desktop&v=jUIPGZJ8WeA>

¹⁸² Ibid.

*"We are a U.S.-based company headquartered in Arizona. We have manufacturing plants in Ohio, and we do all of our research and development in California... Our Solar PV technology is fully developed in the U.S. ... We've spent over \$1 billion in R&D and, annually, we spend over \$1 billion on our American supply chain, with thousands of U.S. jobs supported. We've been able to drive down price of our modules, but that means they are only one third of the total project cost, which does not leave sufficient financing to provide a full financing plan for our customers... **We see our competitors showing up with full 100% financing – Koreans, Chinese, Germans, Canadians. They bring full financing and often concessional financing. We aren't able to get full financing or concessional financing from EXIM.**" — Richard Romero, vice president, First Solar¹⁸³*

*"We are headquartered in Orlando, we manufacture in Kansas and Iowa, our turbines are designed in Boulder, Colorado, and we do aerodynamic studies there for the blade design. We have 2,300 people employed in the U.S. and we just announced a new manufacturing plant in Virginia for offshore wind turbines. We are very committed to keep everyone busy here in the U.S. Since [EXIM] reopened [for long-term business,] we've struggled to find the right opportunities. **The content issue is a real one in the sense that we are seeing other manufacturers using ECAs that are more lenient when it comes to their own national content. Sometimes very lenient. And we are also seeing some countries taking very specific approaches to new markets and other ECAs taking that wholistic approach to the country, allowing their manufacturers to be extremely competitive.**" — Phillipe Delleville, vice president, Siemens Gamesa¹⁸⁴*

In terms of activity, official data on OECD countries' export credit support for renewable-energy exports was unavailable at the time of publication, and therefore it is not possible to draw conclusions or assess trends across ECAs and over time.

Nevertheless, Denmark (EKF) again provided high levels of support for renewable-energy projects, reporting over \$1.4 billion in activity in its 2020 annual report, which identified most of EKF's activity as (unsurprisingly) occurring in the wind sector, which made up almost half of its total authorizations in 2020.¹⁸⁵ Many of these renewable projects were done in association with Denmark's newly created Green Future Fund, an approximate \$4 billion government-sponsored fund which invests in green solutions and technologies. Approximately \$560 million of the Fund went towards financing the Changhua 1 offshore wind farm. In 2020, EKF also launched its "Green Accelerator" program to support Danish companies' pre-export activities and formalized a new partnership with the Danish Energy Agency to support climate-friendly energy exports, two policy changes underscoring Denmark's whole-of-government approach towards promoting renewable energy.

Based on preliminary data, the Netherlands (Atradius), Norway (GIEK), and Germany (Euler Hermes) also reported notable levels of activity in the renewables sector considering overall 2020 trends, also predominantly in wind projects. Atradius and GIEK, two ECAs that, in the past, haven't stood out among their OECD peers in this sector, seemed to be more active in 2020.

In terms of non-OECD support, China and India's ECAs were active in the renewable-energy sector in 2020. As has been the case in past years, China's official export credit support for renewables was focused on hydropower and solar projects in Africa, estimated at more than \$500 million in 2020. This amount included China EXIM's \$286 million support for the Gribo Propoli Dam project in Côte d'Ivoire, \$214 million support for the Nyaborongo II hydropower project

183 Ibid.

184 Ibid.

185 <https://www.efk.dk/media/aejfd1u/annual-report-2020.pdf?v=637562800324735917>

in Rwanda, and \$70 million support for the first phase of the Ha-Ramarothole Solar Power Station in Lesotho.^{186,187,188,189}

Trailing close behind China in terms of volume of commitments for renewable energy, India EXIM reported significant official export credit support in this sector as well, entirely for solar projects. Indian solar companies, with assistance from India EXIM, secured contracts for a 190 MW DC solar photovoltaic plant in Chile and three solar engineering, procurement, and construction (EPC) projects in Egypt. India EXIM also reported providing a \$100 million loan for solar projects in Sri Lanka. India EXIM's line of credit (LOC) business also helped catalyze over \$100 million in solar-power exports for projects including rural-electrification efforts in Senegal (\$35.8 million) and solar-park installations in Cuba (\$75 million).^{190,191}

In sum, even the disruptions caused by COVID-19 did not deter major European, Chinese, and Indian commitments to renewable energy. Although EXIM did improve its year-on-year activity levels of support for U.S. renewable-energy exports, foreign ECA support for a much wider renewable-energy exporter base continued to dwarf EXIM activity.

186 <https://africa-energy-portal.org/news/cote-divoire-exim-bank-china-lends-eu5117m-water-and-electricity>

187 <https://www.globalconstructionreview.com/news/chinas-exim-bank-agrees-214m-loan-rwandan-dam/>,

188 <https://allafrica.com/stories/202010070532.html#:~:text=Lesotho%3A%20Govt%20Moves%20to%20Start%20Queen%20I%2C%20Ramarothole%20Solar%20Project%20Works,-7%20October%202020&text=The%20construction%20for%20the%20M800,delayed%20demolishing%20the%20old%20structures.>

189 <http://m.bhi.com.cn/news-29555482>. Total funding for both phases of the Ha-Ramarothole Solar Power project is \$147 million. EXIM was able to confirm the China EXIM loan commitment for only the first phase of the project.

190 <https://www.eximbankindia.in/Assets/Dynamic/PDF/PublicationResources/AnnualReports/28file.pdf>

191 https://www.business-standard.com/article/pti-stories/india-extends-usd-75-mn-line-of-credit-for-solar-parks-in-cuba-120010300674_1.html

Services Exports

According to Section 8A(8) of EXIM's Charter, EXIM must report on the participation of the agency in providing financing for services exports. EXIM supports U.S. services exports through all of its programs.

EXIM authorized \$298 million in support of services exports in 2020, a decrease from the \$665 million supported in 2019. For services exports, EXIM authorized \$186 million in two LT transactions, \$35 million in 10 MT transactions for services exports, and \$76 million in 91 ST transactions.

Associated services are services that are included with the sale of a good(s). In 2020, associated services made up 55 percent of the EXIM's services authorizations volume. Furthermore, the majority of short-term services transactions support stand-alone services where the services are the primary export, with the majority of medium- and long-term services transactions supporting associated services as part of larger projects or capital goods contracts.

Top service sectors that received EXIM support in 2020 included oil and gas and mining (\$105 million), engineering and consulting (\$71 million), construction (\$31 million), rental and leasing (\$31 million), transportation (\$27 million).

During 2020, based on available information at the time of the publication of this report, the top three services exports supported by OECD ECAs in 2020 were IT and telecommunications, engineering and consulting, administrative and support services. However, since services can be embedded within contracts that primarily involve goods, EXIM does not have clear visibility into all of the services supported by OECD ECAs. With that caveat, the best available information indicates that in 2020, Sweden, France, and Denmark were the top three finance providers for contracts that included a services component. There were 19 OECD countries that financed over \$11 billion in contracts that included a services component, a very significant increase from the eight OECD countries that financed over \$1 billion in 2019.

Size of EXIM Program Account

Section 8A(a)(6) requires that EXIM report on its program account and compare it to that of the size of the program accounts of the other major export-financing facilities.¹⁹²

When expected cash disbursements exceed expected cash receipts, there is an expected net outflow of funds, resulting in a cost to the Bank. This cost is sometimes referred to as subsidy or program cost. EXIM is required to estimate this cost annually and to seek budget authority from Congress to cover that cost. New loans and guarantees with a program cost cannot be committed unless sufficient program budget authority is available to cover the calculated credit cost. Congress has appropriated \$0 in program costs since fiscal year 2015.

Information on the program accounts of other countries' major export-financing programs is unavailable. As such, EXIM does not have any recommendations with respect to the relative size of the Bank's program account, based on factors including whether the size differences are in the best interests of the U.S. taxpayer.

However, given EXIM's new mandate to establish a program to provide "fully competitive" financing that "directly neutralize[s] export subsidies" by China, EXIM is evaluating its resources as it works to establish this new program.

¹⁹² 12 U.S.C. § 635g-1(a)(6)

Export Finance Cases Not in Compliance with the Arrangement

Section 8A(a)(9) requires EXIM to provide detailed information on cases reported to EXIM of export financing that appear not to comply with the Arrangement or that appear to exploit loopholes in the Arrangement for the purpose of obtaining a commercial competitive advantage.¹⁹³

EXIM was not aware of any official export credit financing provided in 2020 that was not in compliance with the Arrangement or that exploited “loopholes” in the Arrangement.

¹⁹³ 12 U.S.C. § 635g-1(a)(9)

Activities Not Consistent with the WTO Agreement on Subsidies and Countervailing Measures

Section 8A(a)(10) requires EXIM to provide a description of the extent to which the activities of foreign export credit agencies and other entities sponsored by a foreign government, particularly those that are not members of the Arrangement appear not to comply with the Arrangement and appear to be inconsistent with the terms of the Agreement on Subsidies and Countervailing Measures (ASCM) of the World Trade Organization (WTO), and a description of the actions taken by the U.S. government to address the activities.¹⁹⁴

The United States Trade Representative (USTR) leads negotiations for the U.S. government at the WTO and EXIM defers to USTR on any determination regarding compliance with WTO agreements. EXIM is not aware of any U.S. government determination regarding non-compliance with the ASCM.

¹⁹⁴ 12 U.S.C. § 635g-1(a)(10)

U.S.-Flag Shipping Requirement

Context

Government and commercial demand for U.S.-flag cargo transportation is essential to sustain the vessels and jobs in the U.S.-flag fleet. Public Resolution 17 (PR-17), enacted March 26, 1934 and reaffirmed in Public Law (PL) 109-304,¹⁹⁵ expresses the sense of Congress that ocean-borne exports financed by instrumentalities of the U.S. government should be transported on U.S.-flag vessels. Shipping on U.S.-flag vessels is required for U.S. ocean-borne exports supported by (1) EXIM loans (of any size), (2) guaranteed transactions that are over \$20 million (excluding the exposure fee), or (3) transactions that have a greater than seven-year repayment term (unless the export qualifies for a longer repayment term under EXIM's special initiatives such as support for transportation security or environmentally-beneficial exports).¹⁹⁶ This U.S.-flag shipping requirement generates revenue for U.S.-flag carriers and experience for crews to ensure an effective merchant marine industry able to maintain the flow of waterborne domestic and foreign commerce during wartime or national emergency. EXIM was unable to authorize transactions greater than \$10 million for nearly four years from July 2015 until May 2019.¹⁹⁷ As a result, there was only one transaction authorized during that time period subject to PR-17. In 2019, after resuming full operations, EXIM's Board of Directors authorized a transaction involving shipments to

Mozambique, and in 2020, EXIM authorized a \$91.5 million guarantee to support sales with a total export value of \$66.4 million to Senegal's National Electricity Agency.^{198,199}

Only a few shipments have taken place under these credits in 2020. It often takes time before shipments begin under large transactions, and shipments generally occur over several years. For these reasons, EXIM-supported cargo continued to generate revenue for U.S.-flag vessels, even while EXIM was not fully operational. There was, however, a drastic reduction in the amount of freight revenue earned on PR-17-impelled cargo, which was approximately \$2.1 million in 2019 and less than \$20,000 in 2020, versus the \$35.4 million earned by U.S.-flag carriers in 2014, when EXIM was fully operational.

Background

According to MARAD, the COVID-19 pandemic induced further cargo declines in 2020, exacerbating U.S.-flag carriers' financial position, and by extension, raising concerns about the readiness of the nation's strategic sealift enterprise. EXIM authorizations in 2019, 2020, and beyond are expected to generate critically needed cargo opportunities for struggling U.S.-flag carriers once contracts are finalized.

¹⁹⁵ PL109-304 enacted October 6, 2006 combined and updated U.S. shipping code into one document.

¹⁹⁶ When PR-17 was enacted, EXIM Bank only offered direct loans. EXIM and MARAD subsequently agreed that PR-17 would apply to EXIM-guaranteed transactions that were equivalent to direct loans. A 2004 Memorandum of Understanding (MOU) signed by EXIM Bank and MARAD set the threshold for applying PR-7 to financial guarantees at a value exceeding \$20 million and a repayment term exceeding seven years. This MOU remains in force to date.

¹⁹⁷ EXIM's Charter expired on June 30, 2015, but Congress reauthorized EXIM in December 2015. Reauthorization allowed EXIM to approve transactions up to \$10 million, the limit on staff-level delegated authority. Following the Senate's confirmation of a quorum of board members in May 2019, EXIM fully resumed operations. Subsequently, Congress reauthorized EXIM's Charter in December 2019 for seven years.

¹⁹⁸ The export value excludes exposure fee and local costs.

¹⁹⁹ In September 2019, EXIM authorized a \$5 billion loan to support U.S. equipment and services for the Mozambique LNG project. The transaction was subsequently amended in April 2020 to a revised \$4.7 billion, which included offshore as well as onshore services. The 2019 authorization was reported in the FY 2019 Loans and Long-term Guarantees Authorizations section of the FY 2019 Annual Report on page 26. The amendment (a credit decrease) was not separately reported in the FY 2020 Annual Report, but the amendment was mentioned in a U.S. success story that was highlighted on page 37.

Issue

Although there have only been a few transactions subject to the U.S.-flag requirement in recent years, EXIM's customers noted U.S.-flag rates are higher than foreign flag rates, and where competition results in thin margins, cargo cost can be a consideration for the buyer. Survey respondents have used the words "opaque" and "burdensome" to characterize MARAD's processes.²⁰⁰

Consistent with US exporter feedback, MARAD reports and congressional hearings confirm that the number U.S.-flag vessels engaged in international trade has declined over the past several decades and has remained near its lowest level in history for several years. Of approximately 50,000 large, oceangoing commercial vessels in the world today, fewer than 200 sail under the U.S. flag, including approximately 84 vessels operating exclusively in international trade. The remaining 97 operate almost exclusively in the domestic "Jones Act" trades and are generally not used in the conveyance of EXIM cargo. In contrast to this decline, China has made it a national priority to invest in transportation and logistics industries. Additionally, according to a 2021 MARAD analysis, there are approximately 4,890 Chinese-flag vessels used in domestic and international commerce compared to the 181 in the U.S.-flag fleet.^{201,202,203} This disparity may give China monopolies over certain trade lanes and ocean services, not only in China but at strategic logistics nodes throughout the global supply chain.

Thus, the disparities between U.S. and foreign shipping requirements, fleet sizes, and procedural aspects yield an uneven playing field for U.S. exporters.

200 MARAD informed EXIM that it has heightened its responsiveness to exporters' facilitation requests and inquiries could be directed to: Cargo. MARAD@dot.gov.

201 Data from IHS Markit, accessed March 5, 2021.

202 Hong Kong vessels are included. Vessels are measured at 1,000 GT or greater.

203 Globally, there are approximately 31,500 actively sailing foreign-flag vessels greater than 1,000 GT compared to 181 U.S.-flag vessels of the same tonnage.

Trade Promotion Coordinating Committee

Background

Section 8A(a)(2) of Ex-Im Bank's Charter requires EXIM to report on its role in the Trade Promotion Coordinating Committee (TPCC), an interagency group mandated by Congress to provide a unifying framework to coordinate export promotion and export financing activities of the U.S. government and U.S. states, as well as to develop a comprehensive plan for implementing strategic priorities.²⁰⁴ The TPCC serves as the coordinating body designed to ensure that U.S. federal trade agencies act together and in coordination to establish priorities, coordinate new programs and initiatives, improve customer service, leverage resources, and eliminate duplication.

Top priorities of TPCC agencies are providing actionable information, training, and counseling to U.S. businesses, especially small and medium-sized businesses, to begin exporting or expand international sales. EXIM is primarily involved with the TPCC's priorities related to the following areas:

1. Expanding access to export financing by educating more financial institutions and corporations about U.S. government financing options and streamlining access,
2. Supporting state and local entities seeking to expand regional exports,
3. Connecting exporters and potential foreign buyers by providing tailored assistance and information, and
4. Providing support to U.S. companies already pursuing international deals and identifying export opportunities for them.

²⁰⁴ U.S.C. § 635g-1(a)(2)

Activities and Accomplishments for 2020

When EXIM was reauthorized in December 2019, Congress raised EXIM's threshold for support to small business from 25 percent to 30 percent of annual aggregate loan, guarantee, and insurance authority. To reach this goal, EXIM's Office of Small Business (OSB) focused on outreach and education and made a concerted effort to broaden awareness of the Bank's programs in underserved markets, especially rural and agricultural communities. EXIM also intensified its use of automated marketing tools and customer relationship management systems (HubSpot and Salesforce). Using these systems, EXIM tracks potential export opportunities through Salesforce then communicates them to our lender list through HubSpot. This approach enables real-time reporting. With new technology, EXIM is also able to effectively follow lenders' requests from receipt to resolution, reducing the possibility that a request could be overlooked.

Although the COVID pandemic limited in-person travel by EXIM OSB staff at headquarters and the 12 regional offices, innovations in digital outreach allowed EXIM to reach more existing and potential small business exporters. OSB hosted or attended 462 outreach events (in-person and virtually). These events and email outreach generated a strong response—EXIM received 16,492 request forms for additional information. Additionally, EXIM expanded mutually beneficial relationships with private-sector organizations, such as industry-wide associations, to reach more potential SME exporters. In June, EXIM Chairman Kimberly Reed signed a memorandum of understanding with Rodney Hood, chairman of the National Credit Union Administration (NCUA), to launch a three-year collaborative effort to promote EXIM export financing products among federally insured credit unions and their clients.

EXIM has historically held quarterly training programs at headquarters in Washington, D.C., for insurance brokers, delegated lenders, and others regarding the Bank's programs and policies. The first meeting for 2020 took place in-person in February. Seven lenders, one broker, and several governmental officials attended. It was not possible to hold the remaining quarterly training sessions, but prior to the pandemic, EXIM had begun working with a professional communications company to develop an on-line training course. During 2020, EXIM staff and outside consultants finished collaboration on content and design for the online course. Testing the modules was also completed, and the online training program will soon launch on EXIM's website. The training is self-paced and convenient. Importantly, participants will not have to incur the expense of traveling to Washington, D.C., or spend time away from their companies to receive the training.

In July 2020 EXIM implemented its new broker- and lender-centric distribution strategy, which provides those key external partners with dedicated support and incentives to help them develop EXIM business. In addition to the focus on outreach, in April, EXIM updated its fee structure for the Working Capital Guarantee Program (WCGP), which is primarily used by small businesses as a source of pre-export finance. The new fee structure lowers the fees to lenders by an average of 10 basis points, benefiting both lenders and small business borrowers and driving increased small business authorizations as mandated by EXIM's reauthorization. During 2020, EXIM added three new banks as delegated authority (DA) lenders: Synovus Bank, headquartered in Georgia; Washington Trust Bank, headquartered in Washington state; and Metropolitan Commercial Bank, headquartered in New York. These additional DA lenders will help expand the reach of this program, which is a valuable source of liquidity for small business exporters. Additionally, Regions Bank, headquartered in Alabama, and Pacific Mercantile Bank headquartered in California, were approved for increased levels of delegated authority, which expands their ability to respond to customers' requests for support under EXIM's WCGP.

EXIM's annual conference moved to a virtual format for 2020, which had the upside benefit of expanding outreach. There were nearly 1,700 registrants, significantly more than the in-person venue could have accommodated. The conference featured an exhibit hall as well as two days of keynote remarks, plenary discussions, and breakout sessions. The event also featured a small business track designed specifically to provide small business exporters with the resources they need to compete in the global marketplace. In addition to breakout sessions, moderated discussions were held addressing transformational technology exports and national security, small business exports, exporting American healthcare excellence, U.S. competitiveness, agricultural goods, growing exports with EXIM support, financing space technologies, structured bankable ECA transactions in a transforming industry, reinsurance and risk mitigation, and U.S. government support for minority-, women-, and veteran-owned businesses. TPCC members' participation contributed to the event's success by staffing exhibitor booths and being readily available throughout the conference to engage with attendees that included domestic suppliers, foreign buyers, financial institutions, and other stakeholders large and small about programs, resources, and opportunities for U.S. export sales. A highlight of EXIM's 2020 annual conference was a candid discussion between The Honorable Judith D. Pryor, member of EXIM's Board of Directors, and Dr. Benedict Oramah, president and chairman of the Board of Directors of the African Export-Import Bank (Afreximbank). The two conducted an interesting and informative discussion on a broad range of topics, including U.S.-Africa economic relations, the African Continental Free Trade Area, COVID-19, and the EXIM-Afreximbank relationship.

Throughout the year, EXIM also actively worked in consultation with the TPCC to promote the expansion of exports to sub-Saharan Africa. The cornerstone of the TPCC's efforts has been the ongoing Power Africa initiative, and, since December 2018, Prosper Africa. This new continent-wide initiative was launched to promote free, fair, and reciprocal economic relationships between the U.S. and Africa and to substantially increase two-way trade and investment. EXIM has been playing an active role in developing an effective strategy to accomplish the

objectives of both these important initiatives and expand the presence of U.S. small, medium-sized, and large exporters in the region. Before COVID was declared a worldwide pandemic, EXIM Chairman Kimberly Reed held several in person meetings with high level officials of Côte d'Ivoire, Egypt, and Nigeria to discuss EXIM's programs and commitment to support U.S. exports to the region. EXIM also continued outreach to the region in collaboration with the Corporate Council on Africa. Additionally, Chairman Reed participated in the meeting held via teleconference of the President's Advisory Council on Doing Business in Africa (PAC-DBIA), a council of 26 companies that make recommendations on programs and strategies to strengthen commercial engagement between the United States and Africa. The July 2020 teleconference, hosted by Secretary of Commerce Wilbur Ross, deliberated on proposals for implementing and operationalizing the Prosper Africa initiative. In October 2020, Chairman Reed participated in a wide-ranging panel discussion about Prosper Africa, alongside her colleagues from the Millennium Challenge Corporation, USAID, and the U.S. Trade and Development Agency. The session, which was part of the Investing in Africa's Future Online Conference, was broadcast live to more than 2,000 registrants and thousands of livestreamed viewers, including African heads of state and ministers, U.S. and African corporate leaders, small and medium-sized enterprises, and U.S. and African government officials.

Despite the economic fallout of the COVID-19 pandemic leading to economic contraction across Africa and pushing sub-Saharan Africa into its first recession in 25 years, EXIM reported that in 2020 its programs supported exports to buyers in 29 sub-Saharan countries, as well as in Algeria, Egypt, Morocco, and Tunisia. EXIM authorized approximately \$138 million in coverage specifically for African buyers under short-term insurance and medium- and-long term loan and loan guarantee programs. Nearly \$128 million of these authorizations supported sales to sub-Saharan Africa, including approximately \$123 million in medium-and-long term coverage for capital goods to Kenya, South Africa, Nigeria, and Senegal for such diverse projects as electrification in Senegal and a sweet-potato processing facility in South Africa. Importantly, EXIM also authorized approximately \$66

million in short term multi-buyer insurance policies, which identified African buyers among the pool of possible insureds. Exports to African buyers under these short-term multi-buyer policies exceeded \$64 million during CY 2020, of which approximately \$42 million shipped to sub-Saharan Africa. In aggregate, EXIM activity to support exports to Africa exceeded \$200 million for 2020.

Throughout 2020, EXIM remained an active participant in the ongoing TPCC Deal Team Initiative established under the auspices of the Departments of State and Commerce with U.S. embassies. EXIM provided training to embassy-based deal teams in July 2020 and continued to closely consult with TPCC partners to develop whole-of-government solutions to support U.S. companies competing for major projects in international markets. EXIM also contributed to TPCC efforts to promote women's economic empowerment through trade, Chairman Kimberly Reed provided keynote remarks at the Women's Global Trade Empowerment Forum, hosted by the Department of Commerce in July 2020. The virtual Forum brought together women business-executive and government leaders to highlight trade opportunities for women-led enterprises under the modernized United States-Mexico-Canada Agreement (USMCA). Additionally, EXIM provided trade finance training and counseling to participants.

List of Known Official Export Credit Providers

No.	Country	Name	Acronym
1	Algeria	Compagnie Algérienne d'Assurance et de Garantie des Exportations	EDBI
2	Armenia	Export Insurance Agency of Armenia	EIAA
3	Argentina	Banco de Inversion y Comercio Exterior	BICE
4	Australia	Export Finance Australia	EFA
5	Austria	Oesterreichische Kontrollbank AG	OeKB
6	Austria	Austria Wirtschaftsservice	AWS
7	Bahrain	Export Bahrain	Export Bahrain
8	Bangladesh	Sadharan Bima Corporation	SBCE
9	Barbados	Central Bank of Barbados: Export Credit Insurance Scheme	N/A
10	Belarus	EXIMGARANT of Belarus	EXIMGARANT
11	Belgium	Credendo Group	Credendo Group
12	Belgium	The Brussels Guarantee Fund (Fonds Bruxellois de Garantie)	FBG
13	Bosnia and Herzegovina	Export Credit Agency of Bosnia and Herzegovina	IGA
14	Botswana	Export Credit Insurance & Guarantee Company	BECI
15	Brazil	Brazilian Development Bank	BNDES
16	Bulgaria	Bulgarian Export Insurance Agency	BAEZ
17	Cameroon	Fonds d'Aide et de Garantie des Crédits aux Petites et Moyennes Entreprises	FOGAPME
18	Canada	Export Development Canada	EDC
19	Chile	La Corporación de Fomento de la Producción	CORFO
20	China	Export-Import Bank of China	China EXIM
21	China	China Export and Credit Insurance Corporation	Sinosure
22	China - Hong Kong	Hong Kong Export Credit Corporation	HKEC/ECIC
23	Colombia	Banco de Comercio Exterior de Colombia	Bancoldex
24	Colombia	Fondo Nacional de Garantías S.A.	FNG
25	Croatia	Hrvatska banka za obnovu i razvitak (HBOR)	HBOR
26	Czech Republic	Česká exportní banka, a.s.	CEB
27	Czech Republic	Export Guarantee and Insurance Corporation	EGAP
28	Dominican Republic	National Bank for Exports	BANDEX
29	Denmark	Eksport Kredit Fonden	EKF
30	Ecuador	Corporacion Financiera Nacional Fondo de Promocion de Exportaciones	CFN
31	Egypt	Export Credit Guarantee Company of Egypt	ECGE
32	Estonia	Kredex Krediidikindlustus	KredEx
33	Ethiopia	Development Bank of Ethiopia, Export Credit Guarantee and Special Fund Administration Bureau	DBE
34	Finland	Finnvera	Finnvera
35	Finland	Finnish Export Credit Ltd.	FEC
36	France	Bpifrance Assurance Export	BPIFrance
37	France	Société de Financement Local	SFIL
38	Germany	Export Credit Guarantee Scheme of the Federal Republic of Germany (Hermes Cover)	Euler Hermes
39	Germany	KfW IPEX Bank	KfW
40	Ghana	Ghana Export-Import Bank	Ghana EXIM
41	Greece	Export Credit Insurance Organisation	ECIO
42	Hungary	Hungarian Export Credit Insurance Ltd.	MEHIB
43	Hungary	Hungarian Export-Import Bank Plc.	EXIM Hungary
44	India	Export Credit Guarantee Corporation of India	ECGC
45	India	Export-Import Bank of India	I-Eximbank

No.	Country	Name	Acronym
46	Indonesia	Indonesian Eximbank	LPEI
47	Indonesia	PT. Asuransi Ekspor Indonesia	PT ASEI
48	Iran	Export Development Bank of Iran	EDBI
49	Iran	Export Guarantee Fund of Iran	EGFI
50	Israel	Israel Export Insurance Corp. Ltd.	ASHRA
51	Italy	Servizi Assicurativi del Commercio Estero S.p.A.	SACE
52	Italy	Cassa Depositi e Prestiti	CDP
53	Jamaica	EXIM Bank Jamaica	EXIM Bank J
54	Japan	Japan Bank for International Cooperation	JBIC
55	Japan	Nippon Export and Investment Insurance	NEXI
56	Jordan	Jordan Loan Guarantee Cooperation	JLGC
57	Kazakhstan	Eximbank Kazakhstan	Eximbank Kazakhstan
58	Kazakhstan	KazExportGarant	KazExportGarant
59	Latvia	SIA Latvijas Garantiju aģentūra (Latvian Guarantee Agency Ltd.)	LGA ALTUM
60	Lithuania	Investiciju ir Verslo Garantijos	INVEGA
61	Luxembourg	Office du Ducroire	ODL
62	Macedonia	Macedonian Bank for Development Promotion AD Skopje	MBDP
63	Malaysia	Export-Import Bank of Malaysia Berhad	MEXIM
64	Mexico	Banco Nacional de Comercio Exterior, SNC	Bancomext
65	Morocco	Caisse Centrale de Garantie	CCG
66	Namibia	Development Bank of Namibia	DBN
67	Netherlands	Atradius Dutch State Business	Atradius
68	Netherlands	Netherlands Enterprise Agency	NEA
69	New Zealand	New Zealand Export Credit Office	NZECO
70	Nigeria	Nigerian Export-Import Bank	NEXIM
71	Norway	Export Credit Norway	ECN
72	Norway	Garanti-instituttet for eksportkreditt, GIEK	GIEK
73	Oman	Export Credit Guarantee Agency of Oman (S.A.O.C)	ECGA Oman
74	Peru	Corporacion Financiera de Desarrollo	COFIDE
75	Philippines	Philippine Export-Import Credit Agency	PhiEXIM
76	Poland	Korporacja Ubezpieczeń Kredytów Eksportowych	KUKE
77	Poland	Bank Gospodarstwa Krajowego	BGK
78	Portugal	Companhia de Seguro de Créditos	COSEC
79	Qatar	TASDEER (managed by the Qatar Development Bank)	TASDEER/QDB
80	Republic of Korea	Export-Import Bank of Korea	KEXIM
81	Republic of Korea	Korea Trade Insurance Corporation	K-SURE
82	Romania	Eximbank of Romania	EXIM R
83	Russia	Export Insurance Agency of Russia	EXIAR
84	Russia	Export Import Bank of Russia	Russia EXIM
85	Russia	Bank for Development and Foreign Economic Affairs (Vnesheconombank)	VEB
86	Saudi Arabia	Saudi Export Program	SEP
87	Senegal	Société Nationale d'Assurances du Crédit et du Cautionnement	SONAC
88	Serbia	Serbian Export Credit and Insurance Agency	AOFI
89	Singapore	Entireprise Singapore	ES
90	Slovakia	Export-Import Bank of the Slovak Republic	EXIMBANKA SR
91	Slovenia	Slovenska izvozna in razvojna banka	SID
92	South Africa	Export-Import Credit Insurance Corporation of South Africa	ECIC
93	Spain	Compañía Española de Seguros de Crédito a la Exportación (CESCE)	CESCE
94	Spain	Fondo para la Internacionalización de la Empresa	FIEM
95	Sri Lanka	Sri Lanka Export Credit Insurance Corporation	SLECIC
96	Sudan	National Agency for Insurance and Finance of Export	NAIFE
97	Swaziland	Central Bank of Swaziland: Export Credit Guarantee Scheme	N/A

Section C | Appendix N: List of Known Official Export Credit Providers

No.	Country	Name	Acronym
98	Sweden	Exportkreditnämnden	EKN
99	Sweden	Svensk Exportkredit	SEK
100	Switzerland	Swiss Export Risk Insurance	SERV
101	Taiwan	Export-Import Bank of the Republic of China	TEBC
102	Tanzania	Export Credit Guarantee Scheme	ECGS
103	Thailand	Export-Import Bank of Thailand	Thai EXIMBANK
104	Trinidad and Tobago	Export-Import Bank of Trinidad & Tobago	Eximbank TT
105	Tunisia	Compagnie Tunisienne pour l'Assurance du Commerce Extérieur	COTUNACE
106	Turkey	Export Credit Bank of Turkey	Türk Exim
107	U.A.E	Etihad Credit Insurance	ECI
108	U.A.E	Export Credit Insurance Company of the Emirates	ECIE
109	Ukraine	Joint Stock Company The State Export-Import Bank of Ukraine	Ukreximbank
110	United Kingdom	Export Credits Guarantee Department (ECGD) a/k/a UK Export Finance	UKEF
111	United States	The Export Import Bank of the United States	EXIM
112	Uruguay	Banco de Seguros del Estado	BSE
113	Uzbekistan	Uzbekinvest National Export-Import Insurance Company	Uzbekinvest
114	Vietnam	The Vietnam Development Bank	VDB
115	Zambia	Development Bank of Zambia	DBZ
116	Zimbabwe	Export Credit Guarantee Company of Zimbabwe	ECGC Z



Glossary

Associated Service: A service export that is related to the export of a good (e.g., transportation/logistical services related to the export of construction equipment).

Authorization: The approval of a transaction.

Concessional Financing: Financing that is extended on terms that result in a negative net present value relative to an applied discount rate. The concessionality is achieved through interest rates below a reference discount rate, extended repayment terms, grace periods, or a combination of these.

Credit: An agreement by which one party is permitted to defer repayment of a financial obligation to another party over time (thus creating a debt obligation).

Development Finance: Development finance, provided by bilateral development finance institutions (DFIs), encourages private sector entities to do business in foreign developing markets for developmental purposes.

Direct Lending: Financing provided directly by an ECA to a borrower (in contrast to pure cover).

Domestic Content: The value of the export(s) under an export contract that were produced in the ECA's country.

Export Credit: A financial instrument which allows the buyer of a cross-border good or service to defer payment of that good or service through the creation of a debt obligation.

Export Credit Agency (ECA): An agency of or on behalf of a creditor country that provides export credit (or export credit cover), in the form of insurance, guarantees, loans, or interest-rate support, for the export of goods and services.

Foreign Content: Any value of export(s) in an export contract (including both for goods or services) which is produced within any country other than the either the ECA's or the foreign buyer's country.

Investment Support: Insurance or guarantee that indemnifies an equity investor or a bank financing the equity investment for losses incurred to a cross-border investment as a result of political risks. Insurance or guarantee that indemnifies the counterparty to a cross-border debt obligation for losses incurred by nonpayment by the debt obligor. The debt obligation is provided without any requirement that the capital be used to finance an export or international trade.

Long-term Finance: Export-financing transactions with repayment terms greater than seven years or for amounts greater than \$10 million.

Market Window: Official export financing that is commercially priced by setting all financing terms to market terms and conditions. This type of export finance falls outside the OECD Arrangement.

Medium-term Finance: Export-financing transactions with repayment terms of up to seven years and for amounts up to \$10 million.

Non-OECD Export Credit Agencies: ECAs that are not Participants to the OECD Arrangement on Officially Supported Export Credits.

OECD Arrangement: An agreement that establishes transparency provisions and guidelines governing the financing terms and conditions of export credits provided by participating ECAs.

OECD Notification: Part of the transparency provisions under the OECD Arrangement that requires participants to inform the OECD Secretariat and other Participants of an offer under the OECD Arrangement.

Offer: ECA support extended in relation to an export contract prior to commitment, which may not materialize into a transaction.

Official Trade-related Finance: Government-backed MLT financing of trade between nations that is generally provided for purposes other than promoting exports and does not formally require a minimum

amount of exports from a certain country.²⁰⁵ Similar to export credits, trade-related finance can take the form of loans, guarantees, or insurance, among other products.

Premia (also known as exposure fee): The amounts an ECA charges to cover the liabilities associated with expected losses (i.e., claims) resulting from the risk of nonpayment. It is a form of compensation for taking risk above risk-free investments such as government bonds.

Project Finance: The financing of an asset (or “project”) based on a non-recourse or limited-recourse financial structure whereby the lender relies on the underlying cash flows being generated by the asset as the source of repayment for the loan.

Pure Cover: Official support provided for an export credit in the form of guarantee or insurance only.

Short-term Finance: Export financing with a repayment term less than two years. The OECD Arrangement rules do not apply to transactions with a repayment term of less than two years.

Special Drawing Right (SDR): The SDR is an international reserve asset created by the IMF in 1969 to supplement its member countries’ official reserves. SDRs can be exchanged for freely usable currencies. The value of the SDR is based on a basket of five major currencies: the U.S. dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling.

Stand-alone Service: A service export that is an export in and of itself (e.g., architectural or design services).

Structured Finance: The financing of a project that relies on the underlying project’s revenues to ensure against the risk of nonpayment but is not the sole source of repayment. The lender typically has recourse to the borrower in the case of nonpayment.

Tenor: The term or length of time from initial loan repayment to maturity.

Tied Aid: Aid which is in effect (in law or in fact) tied to the procurement of goods and/or services from the donor country and/or a restricted number of countries, including loans, grants, or associated financing packages with a concessionality level greater than zero percent.

Tied Export Support: Financing support for which the offer of support is predicated on the condition of procurement from one country or a limited number of countries.

Transaction: Confirmed ECA support for an export credit signified by issuing a final commitment.

Untied Aid: Financing with a concessionality level greater than zero of which the proceeds can be used freely to procure goods or services from any country.

Untied Export Support: Official export financing on non-concessional terms for which the offer of support is not predicated on the condition of procurement restrictions but is provided to support “national interests” and thus may or may not result in direct export support from the providers’ country. This type of finance falls outside of the scope of the OECD Arrangement.

²⁰⁵ Trade-related finance is not to be confused with trade finance, which typically refers to short-term financing.

Acronyms and Abbreviations

ABC	Agricultural Bank of China	MARAD	U.S. Department of Transportation's U.S. Maritime Administration
ASCM	WTO Agreement on Subsidies and Countervailing Measures	MLT	Medium- and Long-term
ASU	Aircraft Sector Understanding	MOU	Memorandum of Understanding
BOC	Bank of China	MT	Medium-term
BRI	Belt and Road Initiative (formerly One Belt, One Road)	O&M	Operation and Maintenance
BRICS	Brazil, Russia, India, China, and South Africa	OECD	Organisation for Economic Co-operation and Development
CCB	China Construction Bank	OIG	EXIM Office of Inspector General
CDB	China Development Bank	PR-17	Public Resolution 17
CGD	Center for Global Development	REPP	Regional Export Promotion Program
CSIS	Center for Strategic and International Studies	RFP	Request for proposal
DOC	Department of Commerce	SBA	Small Business Administration
DFC	U.S. International Development Finance Corporation	SDR	Special Drawing Rights
DFI	Development Finance Institution	SME	Small and Medium-Sized Enterprises
ECA	Export Credit Agency	SOE	State-owned Enterprise
EDFI	Association of European Development Finance Institutions	SPV	Special purpose vehicle
EPC	Engineering, Procurement, and Construction	ST	Short-term
G7	Group of Seven Countries (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States)	TPCC	Trade Promotion Coordinating Committee
GFC	Global Financial Crisis	USTR	United States Trade Representative
ICBC	Industrial and Commercial Bank of China	WCGP	Working Capital Guarantee Program
IMF	International Monetary Fund	WTO	World Trade Organization
IWG	International Working Group on Export Credits		
LNG	Liquefied natural gas		
LT	Long-term		





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