



The Rt. Hon. Baroness Catherine Ashton  
Commissioner for Trade  
European Commission  
B-1049 Brussels

10 March 2009

**RE: Short-term export credit insurance**

Dear Commissioner Ashton,

*Dear Catherine,*

BUSINESSEUROPE is very concerned about access to short term export credit insurance for European companies in the current crisis. It has become increasingly evident that there is a strong need for action in this area. Private credit insurance companies have cancelled their coverage on several countries and sectors, and have restricted their coverage on others. European companies are subsequently experiencing difficulties obtaining coverage in the private market in certain sectors and in certain countries for which there was ample coverage prior to the credit crisis. This unavailability of coverage in the private sector exists even though European companies are exporting to economically sound buyers that are willing and able to pay their invoices.

The absence of private credit insurance is directly linked to the current financial crisis. It is therefore important that the Member States are allowed to take action where market failures occur. Temporary support is needed for financially sound transactions that are being unnecessarily hampered by the impossibility of the private insurance market to insure export activities in these sectors and countries. Section 5.1 (Short-term export credit insurance) of the Commission Communication on Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis goes some way to resolving this problem by giving guidance to Member States. However, since public support will necessarily be provided at national level, the same temporary measures as regards terms and exceptions must be allowed in all Member States to avoid competitive distortions among European exporters.

BUSINESSEUROPE calls on the Commission to establish a transparent, efficient, and provisional system for the use of the escape clause which states that "temporarily non-marketable risks may be taken on to the account of a public or publicly supported export-credit insurer", and which requires public actors to provide terms that are as close as possible to terms found on the normal functioning private insurance market.

More specifically, an EU framework should include four key elements.

- A temporary redefinition of non-marketable risks should be made. This new definition should be based on information provided by the most important providers of short-term export credit insurance supplemented by experience from European business.
- Efficiency should be ensured by allowing all decisions on identifying certain sectors or markets as being temporarily non-marketable to be valid for all Member States.
- All public support related to short term export credits concerning debtors established in the Member States should be provisional. This could be ensured by requiring quarterly briefings from all Member States with activities related to the private insurance market on the current state of marketable risks.
- Short-term export credit insurance of debtors established in the Member States should preferably be handled by the private insurance market. Even though support is currently needed from the State, it is recommended that this is carried out through e.g. reinsurance arrangements between the private credit insurance company and the State e.g. the state export credit agency in each Member State or direct coverage if necessary. It is important that the selected solution is temporary in nature, and that an easy exit for public credit insurers is secured.

We would further like to draw your attention to the fact that credit insurance problems are equally acute on domestic markets and significantly impair the supply chain of key sectors. We therefore suggest that state support should also be allowed for domestic credit insurance for a temporary period of time, under similar conditions to export credit schemes. This is especially important in relation to reinsurance arrangements between private credit insurers, as the coverage of trade credit is in some countries provided on the basis of a global portfolio (including both domestic and foreign debtors).

We hope that you will support this position and we are at your disposal should you need additional information.

Yours sincerely,

*best regards,*

Philippe de Buck

