

Export credit is well positioned to adapt and innovate as we enter a new era of risk in the wake of the pandemic and war in Ukraine

- Data for 2022 shows strong growth across business lines and a fall in claims paid overall
- Polling among participants shows the industry confident, despite the high risk environment
- Paul Heaney confirmed as Berne Union Secretary General following 11 months 'acting'

BRUSSELS 11th May 2023 – A global delegation of over 260, representing 74 Export Agencies, multilateral institutions and private credit insurers gathered this week in Brussels for the Berne Union Spring Meeting, to discuss trends in risk, underwriting and strategic priorities for the industry in a complex and difficult macro-economic risk environment.

Berne Union President, Maëlia Dufour, comments:

“The theme for this meeting is “Reconstruction” in reference to the rebuilding and reimagining of our economies in the wake of the pandemic, as well as in pursuit of net zero goals for carbon and zero market failure. Our industry has demonstrated great resilience and adaptability throughout the pandemic and now, as we emerge from this, we must continue to innovate, in order to support exporters in a new environment for risk, which will present our industry with both challenges and opportunities. The insight, dialogue, and cooperation which the Berne Union enables will be an incredible support as we approach these goals together.”

The meeting is hosted by Belgian ECA, Credendo, and CEO Dirk Terweduwe comments that:

“Credendo is particularly happy to be able to welcome all participants in person this week in Brussels, home to some of the world’s most meaningful organisations. In the wake of the pandemic and the multiple crises the world is currently facing, our export credit and investment insurance industry is acknowledging its role and responsibility to deliver innovative responses to reassure markets and stabilise trade and export flows. We are committed to the transition towards clean energy and through financial incentives for projects that have a positive impact on the environment and society we are placing environmental, social and governance (ESG) standards at the very heart of our strategy. The Spring Meeting of the Berne Union clearly provides an exceptional forum for knowledge sharing, professional exchanges and networking and we are delighted to act as hosts.”

It was announced at the meeting that Paul Heaney has been appointed as Secretary General of the Berne Union, effective 1st May 2023. Paul has over a decade of experience in strategic communications, external relations and stakeholder engagement within international finance, including 7 years at the Berne Union with the last 11 months as ‘Acting Secretary General’.

Paul comments that:

“Export credit is a fascinating industry with a sizable impact on the real economy and the BU has a unique perspective across this. More than ever today, in the midst of complex economic transformations in which our members are already playing such a vital role, it is a privilege to lead the Secretariat of this vibrant association. and I look forward to working with the BU President and Members to support this.”

Despite a challenging macro-economic and geopolitical risk environment, the industry overall remains well-provisioned, with robust appetite and growing capacity for suitable risks.

According to results from a spot poll among Berne Union Members at our Spring Meeting this week in Brussels:

- Shifting global supply chains are a challenge in the short term but also present opportunities to grow business and increase resilience within key sectors
- The mood is very much 'adapt and innovate', with BU members exploring new approaches to products which can be tailored to new risks across different regions and client segments to help close financing gaps
- Greater flexibility and support for finance across all stages of the trade cycle are essential, as is partnership between public and private sources of finance and risk capacity
- To achieve this, we need to reduce barriers, align incentives and increase coordination across different spheres
- The industry is well positioned to support economic stability and energy security while also playing a pivotal role in advancing energy transition and climate adaptability goals

2022 saw strong growth across business lines along with an overall reduction in claims paid and rising recoveries as the industry supported exporters while trade recovered from the global pandemic.

In highlights from BU data for 2022 H2, released at the meeting:

Over the year, the industry supported USD 2.83tn of cross-border trade and investment (+5%) with an additional USD 68.6bn in non-cross-border support for exporters.

Significant growth in MLT business

Following subdued activity in the wake of the pandemic, MLT business returned to strength, particularly in the second half of 2022, reaching over USD 130 bn for the year – just 5.9% below 2019 levels.

Growth has been supported by the return of significant transactions in the Transportation sector as well as a large expansion of Manufacturing sector project. Renewable Energy transactions continue to increase and are close to doubling 2019 levels as the industry supports growth in this key sector. Meanwhile, new commitments for Natural Resources continues to decline now at just 33% of their 2019 levels.

Growth in new business was seen especially in the Europe, East Asia Pacific and North America which together accounted for 63% of total new business. Despite a year-on-year decline in MENA and Sub-Saharan Africa, exposure has remained stable in these regions as the industry continues to provide risk protection.

For ST business, all sectors saw an increase in activity with a notable jump in transactions for energy commodities as energy markets reeled in the fallout of the 2021-2022 global energy crises. Unlike MLT, growth was driven by an increase in business to the MENA region as trade shifted to shorter-term products for this region.

Total Claims Paid fell from USD 9bn to USD 7.6bn

Despite another difficult year in terms of a general rise sovereign and corporate risk, overall claims paid fell while recoveries increased by 46% to USD 3.2bn. This came following a notable drop in MLT transportation claims (-33%) which had spiked in the first stages of the pandemic. MLT infrastructure claims meanwhile remain at a heightened level, with increased indemnifications in the MENA and Sub-Saharan Africa regions.

Short term business saw a further decline in claims in all regions except for the CIS region (notably Russia) and South Asia (notably India), while PRI claims saw an uptick in Ukraine.

Despite the relatively benign claims in 2022, the expectation among members is that these will increase through 2023, as insolvencies normalise amidst increasing costs and growing political risks. Nonetheless, the industry remains well-provisioned with maintained risk appetite.

Overall, 2022 was a strong year for recoveries, demonstrating the industry's adaptability and resilience over the period as Berne Union members continue to support the effective functioning of global trade.

About the Berne Union

The Berne Union is the international association of export credit and investment insurers. The 83 members include government-backed export credit agencies, private credit and political risk insurers and multilateral agencies from across the globe. Members collectively provide payment risk protection equivalent to approximately 13% of annual world trade. [Find out more here.](#)

Attachment: H2 2022 Data Snapshot: New Business, Claims and Recoveries

All figures in USD millions

New Cover	2019	2020	2021	2022	Δ 21-22
ST	2,184,942	2,263,858	2,528,082	2,624,040	4%
MLT	138,401	104,420	113,502	130,215	15%
PRI	46,649	39,261	34,613	41,947	21%
OCB	34,970	30,780	24,090	38,538	60%
Non-Cross-Border	50,990	72,655	68,348	68,627	0%

Claims Paid	2019	2020	2021	2022	Δ 21-22
ST	3,089	3,050	2,316	2,069	-11%
MLT	2,827	3,516	4,305	3,670	-15%
PRI	117	26	182	412	126%
OCB	667	1,505	1,443	1,057	-27%
Non-Cross-Border	1,183	557	749	418	-44%

Recoveries	2019	2020	2021	2022	Δ 21-22
ST	838	548	604	527	-13%
MLT	2,122	1,504	1,367	2,358	72%
PRI	46	18	6	50	711%
OCB	16	136	78	113	45%
Non-Cross-Border	189	126	170	191	12%

NOTES

- **ST:** *Short Term Export Credit* - Export Credit / Trade-Finance Credit lending and Insurance of which the repayment term is less than 360 days
- **MLT:** *Medium / Long-Term Export Credit* - Insurance, Guarantees and lending for Export/Trade-Finance Credit of which the repayment term is greater than 360 days
- **PRI:** *Political Risk Insurance* - 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
- **OCB:** *Other Cross-border Credit* - Insurance or Guarantee or direct loan relating to a debt-finance instrument, of which the debt obligor resides in a different country than the debt counterparty; AND the debt obligation is provided without any requirement that the debt capital be used to finance an export or international trade

For more information about the business lines and products of Berne Union Members, [link here](#)
 For background data please consult our [2021 state of the industry report](#)