

Berne Union Spring Meeting in Oslo focuses on innovation, technology and opportunities in the green transition as members reflect on a prodigious year for new business in 2023, despite an increasingly fractious risk environment

OSLO, 24TH APRIL 2024 – A global delegation of over 250 participants representing 89 export credit agencies, multilateral institutions, credit insurers, banks and corporates gathered this week in Oslo for the Spring Meeting of the Berne Union (BU). The theme is “*Innovation*” in its various forms - covering topics ranging from technology to new and innovative products and how the export credit insurance industry is adapting to a swiftly changing global environment. The meeting coincides with the release of BU industry data for 2023, which confirms an unprecedented expansion of new business in support of cross-border trade and investment:

A huge year for export credit with BU members providing over USD 3 trillion new support for cross-border trade in 2023, with expansion across business lines

- The export credit industry has emerged from the pandemic strong with substantial growth in support provided for cross-border trade and investment as members ramp up commitments across key sectors and geographies.
- Largest year for MLT business since 2015, with a 40% increase to over USD 165 billion, following strong growth in *manufacturing* and *infrastructure* sectors in addition to top sector *transportation* and alongside a continuing rapid growth in renewable energy investments.
- A particularly strong year for ECAs who grew their MLT business by 50% following several years of relative stagnation throughout the pandemic. Private CPRI underwriters continue to build on the strong year on year growth they have recorded since 2020.
- The industry is drawing upon an increasingly flexible array of products with volumes of untied credit support increasing 30% to over USD 50 billion new commitments for the year.
- Development of new working capital and internationalisation products also continues at pace, with a focus on domestic support.

Climate and the green transition is the number one driver of new opportunities

- Record USD 20.5 billion in reported new commitments for renewable energy across 68 countries in 2023. This is more than double the volume of 2022, and four times that of 2019. BU members have provided USD 51 bn cumulative cover in this sector since 2019.
- USD 98 billion estimated total support for wider green, climate and energy-transition related transactions in 2023 – 5 times the commitments to renewable energy production alone and a significant portion of total long-term finance supported across MLT and PRI business
- Prospects in this space are now firmly ranked as the top opportunity for BU members.

Members are attuned to a heightened political risk environment, with both sovereign defaults and corporate insolvencies driving an uptick in claims

- Over USD 9 bn claims paid, with a significant spike in MLT political claims in the first half of the year following a distressed period for sovereign debt, which abated through the second half of the year.
- Geopolitical risk and armed conflict have become an increasing concern for members, moving to first and third place, respectively in the ranking of top risks (cf. 2nd and 6th 6 months ago).
- ST claims continue to rise along with insolvencies, levels remain manageable. MLT commercial claims continue to fall with strong recoveries in the transportation sector.

At the meeting, BU Members discussed the crucial role of trade as a driver of economic development and climate transition and the role of export credit supporting this throughout economic cycles, as well as the need for partnership and cooperation delivering new technology, filling financing gaps and boosting business confidence in an environment of increasing risk and uncertainty.

Key takeaways from the discussions:

- The macro risk environment remains volatile and full of uncertainty. Businesses are challenged by elevated interest rates and increased costs as well as pressures around energy transition and disruption emerging from both direct conflict and wider geopolitical tensions.
- Trade remains one of the most powerful tools for promoting positive economic development and although it continues to grow, the risks and costs of financing this are increasingly challenging.
- The technology and innovation needed to deliver a climate transition in line with the goals of the Paris Agreement requires huge volumes of finance from both public and private sources
- The export credit insurance industry is well placed to play an important role in tackling both these challenges: not only mitigating trade risks and unlocking finance, but in helping guide economic transformation and supporting the development of green supply chains.

Also at the meeting, three Observers were promoted to full Members following a vote. These are: Credsure; HDI Global Specialty and Ukraine ECA. There are now 84 BU members, including 1 Observer.

Berne Union President Maëlia Dufour comments that:

“2023 has been an exceptional year for the export credit industry. The business results reported by BU members demonstrate huge growth in volumes with a skyrocketing acceleration in support for energy and climate transition as well as an increasing demand for strategic, untied and domestic products. BU members constantly innovate, creating new products and financial incentives for sustainable projects despite an increasingly fragile risk environment. This clearly demonstrates the positive impact of export credit which is considerably amplified by our fruitful exchanges, lessons learned and efficient collaboration together. The role of the BU is therefore as important today as it has ever been”

The meeting is hosted by Berne Union Member, Export Finance Norway (EKSFIN)

CEO Tone Lunde Bakker adds that:

“The geopolitical unrest may slow down international trade. Export Credit Agencies, including Eksfin, now play a more important role in mobilizing private capital to businesses and keeping international trade flowing,” says Tone Lunde Bakker, CEO of Eksfin”

About the Berne Union

The Berne Union is the international association of export credit and investment insurers. The 84 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 1: Highlights from BU Industry Data for 2023

After the recovery of new business in 2022 following the pandemic, Berne Union (BU) members saw a large expansion of new business over 2023 with robust growth across key product, sector and geographic lines. Over the year, BU members provided support for USD 3tn of new cross-border¹ business – an 8% y-o-y increase.

Growth in new commitments

Growth in Short-Term revolving cover continues to drive the overall increase in values with another large y-o-y expansion of business. With commodity prices stabilising over the year, there is some evidence this may be beginning to slow down with trade supported under these policies slowing down when compared to credit limits provided.

Beyond Short-Term business, combined credit support² has seen a huge 35% increase in values to USD 277bn of new business. While the driving force of this has been increasing MLT values (+USD 47bn), OCB (including untied support) has seen a large increase (+USD 12bn) alongside Working Capital and Internationalisation support (+ USD 16bn). And with 7 members recently introducing these new products, and a further 6 actively developing them, forms of credit support beyond MLT are likely to grow further³.

Accelerating investment in renewable Energy / Green supply chains

Support for *Renewable Energy* continues to go from strength to strength with a y-o-y increase of 128% in MLT new commitments bringing the total value to USD 18bn – four times larger when compared to 2019 levels. Members also supported USD 2.5bn in new PRI cover for investment in renewables.

Across product lines, BU members estimated⁴ providing at least USD 98bn in new commitments towards *green, climate and energy transition* projects over 2023. With 9 members recently introducing new green guarantees, this is likely to drive future growth all while members rank new support for *green, climate and energy transition* projects as the number one opportunity for business going forward.

Key Sectors for MLT growth

For MLT new business, *Transportation* continues to be the largest sector by values following the recovery of the business in 2022. Beyond *Renewable Energy*, growth was driven by an expansion in *Manufacturing* sector business – primarily due to a recommencement of project financings which saw many postponed projects coming back online with an additional USD 14.6bn (+ 153% y-o-y) of new business, of which USD 7bn of new project financings were in the *Manufacturing* sector.

Infrastructure saw growth with an increase of 39% in new MLT business bringing total values to USD 21bn, supported by a doubling of Multilateral support (to USD 2.6bn) and a doubling of

¹ Including ST, MLT, PRI and OCB

² Including MLT, OCB and Working Capital & Internationalisation Support

³ OCB, Working Capital & Internationalisation

⁴ When surveyed

support to *Sub-Saharan Africa* (to USD 6.8bn) in this sector. *Sub-Saharan Africa* has now seen a full recovery of MLT business to the region following a post-pandemic dip.

And lastly, but not least, Private Insurers continue to increase MLT business volumes adding USD 2.2bn of new commitments despite a very strong increase in business last year (+ USD 8.1bn) bringing total new business levels to a staggering USD 27bn as market capacity continues to expand.

Claims trends

2023 saw increasing claims with total non-payment claims⁵ increasing 24% to USD 8.9bn – a historic high. The increase in claims was driven by significant MLT political claims (USD 1.5bn) in the first half of the year following a distressed period for sovereign debt – which has driven the overall claims ratio for MLT upwards by 25bps to 80bps. This led to a historic high of USD 2.6bn of political claims across all product lines, increasing by USD 1.3bn, and accounting for 28% of total claims. Over the year the picture changed with political claims mediating and, whilst remaining elevated, moving closer to normal levels.

Setting aside the spike in political claims, MLT commercial claims have now seen a two-year decline due to moderation of *Transportation* sector claims which are returning to normal levels seeing a spike post-pandemic. The high *Transportation* sector claims previously are now driving elevated MLT recoveries which accounted for 57% of total known MLT recoveries in 2023.

Another notable uptick was seen in ST Revolving business where claims grew by 22% - outpacing the increase in new business levels. With 14 members reporting an increase in pre-claims situations for their ST Revolving business, a difficult period ahead for corporate clients could put further stress on this rapidly expanding business line.

Attachment 2: Ranking of Greatest Opportunities and Challenges to Business

Greatest Opportunities		Greatest Risks	
1	Green/Transition (Excluding Renewables)	1	Geopolitical Risk
2	Renewable Energy	2	Global Economic Slowdown/Recession
3	New Supply Chains/Markets	3	Impact of Conflicts
4	SME Support	4	Emerging Market Debt Crises
5	Innovative Risk-Sharing Structures	5	High Interest Rates
6	Energy Sector Investment	6	High Inflation (or Deflation)
7	Blended Finance	7	Rising Barriers to Trade
8	Digital Transformation (Including AI)	8	Corporate Leverage/Liquidity
9	New Financial Products	9	Energy Market Disruption
10	New Technologies in Goods and Services	10	Negative Impacts of Regulation
11	Recommencement of Paused Projects	11	Commodity Volatility
12	Alternative Capital	12	Physical Climate Risks

⁵ Includes: ST, MLT, OCB, Working Capital and Internationalisation claims

Attachment 3: 2023 Data Snapshot: New Business, Claims and Recoveries

All figures in USD millions

New Business	2019	2020	2021	2022	2023	Δ 2022 -2023
ST	2,169,321	2,248,321	2,443,267	2,654,404	2,814,118	6%
MLT	136,605	103,248	112,400	118,252	165,393	40%
PRI	45,500	38,859	34,466	42,405	40,867	-4%
OCB	27,347	30,618	24,082	38,635	50,367	30%
Domestic	50,423	70,412	67,857	68,903	81,077	18%

Claims Paid	2019	2020	2021	2022	2023	Δ 2022 -2023
ST	2,987	3,030	2,301	2,073	2,403	16%
MLT	2,806	3,478	4,217	3,666	5,151	40%
PRI	92	26	182	412	152	-63%
OCB	632	1,503	1,442	1,057	990	-6%
Domestic	1,181	540	747	484	696	44%

Recoveries	2019	2020	2021	2022	2023	Δ 2022 -2023
ST	837	548	603	531	667	26%
MLT	2,130	1,497	1,367	2,028	2,828	39%
PRI	46	18	6	50	44	-12%
OCB	11	136	78	113	24	-78%
Domestic	188	126	169	199	100	-50%

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 [2022 state of the industry report](#)