April 2021 (Re-issue)

ExFi Lab

WHITE PAPER ON PUBLIC EXPORT FINANCE IN THE EU

Take Action or Fall Behind!

An independent White Paper by the Export Finance Lab on making EU export finance fit for the future

Content

Abbreviations and technical terms

ASCM
Agreement on Subsidies and Countervailing Measures under the WTO

DFI
Development Finance Institution

ECA
Export Credit Agency or provider of officially supported export credits

EU
European Union

Export finance
A form of financing which is tied to a specific contract between a seller/an exporter and a foreign buyer/importer or a stand-alone project

Export credit
Government financial support provided to foreign buyers to assist in the financing of the purchase of goods from national exporters

IFCL
International Financial Consulting LTD

IWG
International Working Group on Export Credits

MDB
Multilateral Development Bank

OECD
Organisation for Economic Co-operation and Development

SDGs
United Nations Sustainable Development Goals

SMEs
Small and Medium-sized Enterprises

The Arrangement
Arrangement on Officially Supported Export Credits

US EXIM
United States Export-Import Bank

WTO
World Trade Organisation

2030 Agenda
2030 Agenda for Sustainable Development

Executive summary

This White Paper calls upon the EU and national governments to provide an immediate and firm response to the rapid changes in the global economy and tensions in the multilateral framework. Lack of action will undermine traditional public export finance and put the competitive position of exporters in the EU at risk.

The governments providing official financial support have important decisions to make. How do we avoid a race to the bottom in terms of rules, standards and competition, whilst providing the necessary financial support for international trade and other international policy goals?

For almost 100 years, government-backed export finance in the form of export credits has underpinned global trade and facilitated exports by stepping in where the private market is unwilling or reluctant to provide financing or mitigation of financial risk.

To avoid a costly and detrimental race to the bottom where states compete by subsidising their own national companies, the provision of traditional export finance in the form of export credits is regulated globally through the WTO, the OECD and the EU.

However, the existing regulatory framework for official export finance is not optimal to handle the fundamental changes in the global and economic systems that are currently taking place:

- **The current OECD rules of officially supported export finance do not sufficiently reflect the impact globalisation and global value chains have had on trade.** It discourages non-OECD countries from joining and indirectly encourages OECD governments to seek financial solutions outside of the existing rules. The pressure on governments to seek such solutions increases in the face of competition, new policy goals and new mandates.

- **Export Credit Agencies (ECAs) are not the sole providers of official support in financing trade, investments and international projects. Development finance institutions, public investment banks and ECAs are increasingly involved in the same types of projects, which creates unintended competition and undermines a rules-based level playing field for exports, investments and development support.** Supporting trade, investments and global development are invariably linked and at present the EU lacks a common strategy to deal with these issues.

- **Non-OECD countries such as Brazil, Russia, India, China and South Africa have become important providers of export finance, and China is by far the most dominant player globally.** Moreover, the EU currently regulates and restricts the provision of official export finance *more* than other global competitors, including OECD countries, which places the EU alone in a straitjacket with little room to manoeuvre under existing regulation, ultimately leaving EU companies at a disadvantage.

- **The green transition of the global economy calls for massive investments, which will involve trade and exports of green technologies that the current system cannot match.** The implementation of the European Green Deal will require making use of the public export finance capacity. This will provide support for green exports and investments and mobilise private finance for the green transition. However, the current regulatory framework and financial architecture for public export finance in the EU (rules, mandates and institutions) do not allow for the full utilisation of the capacity of ECAs in financing and mitigating financial risks.

ECAs and public export finance keep the wheels of export and trade running, particularly in times of crisis, when the private market becomes more risk averse or withdraws. **This is the case during times of financial crisis such as the 2008/09 global financial crisis, and most recently during the global coronavirus pandemic where the EU, governments and their ECAs have reacted swiftly with additional temporary financial measures to fill the gaps of the financial private market in order to sustain the economy and trade.** Returning to "normal" and finding a new global balance of using public finance in support of trade and exports is just as important for European businesses as the swiftness of coordinated action to allow extra support from public funds. Returning to normal is, however, difficult when the framework 'designed for normal' is no longer adequate.

The work by the ExFi Lab started long before the coronavirus outbreak, but the urgency of the recommendations has simply increased with the crisis. To avoid a global and costly race to the bottom and to ensure the future competitiveness of the EU exporters and well-functioning markets, the ExFi Lab presents the following recommendations:

"Trade finance serves as the lifeblood of the day-to-day international trade in goods and services by enabling transactions between buyers and sellers around the globe. More specifically, trade finance provides the fluidity and security needed to allow for the movement of goods and services."

Trade Finance in Times of Crisis. Responses from Export Credit Agencies, OECD, 2020

POLICY RECOMMENDATIONS

I Design a comprehensive EU strategy for public finance for exports, trade and investments

II Take the lead and engage with key providers of official finance on a global set of rules for public export finance

III Develop a strategy for the dedicated use of export finance in support of mobilising capital for the green transition

Prologue

This paper was written by a group of experts from 18 national Export Credit Agencies (ECAs) and their guardian authorities in the EU Member States. For the past year, the work has been pursued in an informal setting under the auspices of the Export Finance Lab Think Tank, ExFi Lab, through an exchange of views and ideas, research undertakings as well as discussions on a wide range of issues. The group has been engaged in research, knowledge sharing and discussions with external experts from the business, trade and development communities as well as academia. Members of the ExFi Lab include experts from Austria, Belgium, Denmark, Germany, Finland, France, Italy, the Netherlands, Slovakia, Sweden, the United Kingdom, the EU Commission and the EU Council. Views and conclusions expressed in the paper are based on the collective experience and competence of the expert group and not on national positions.

The objective of the White Paper is to make a much-needed call for action and outline a strong EU response to the rapidly changing world of public export finance and the challenges facing the current multilateral architecture of official export finance. The ExFi Lab believes that if the EU and its Member States act bravely and boldly, the EU financial architecture and its respective national official finance systems will become stronger, fitter for the future and better equipped to provide support to EU businesses.

The ExFi Lab wants to thank all who contributed to the discussions. In particular, we thank external contributions from other export finance colleagues, academia, financial experts, business community and consultants, who all contributed with their valuable knowledge and views.

Following the first publication of the White Paper in July 2020 the EU Commission has published its Communication on the Trade Policy Review of 2021. In their Communication the EU Commission commits to exploring options for an EU strategy for export credits, including an EU export credit facility and enhanced coordination of EU financial tools. The ExFi Lab is pleased to see that the EU Commission took inspiration from the recommendations in the White Paper.

Contact

For any inquiries please contact Mariane Søndergaard-Jensen (*msj@ekf.dk*), Director, International Relations, EKF Denmark's Export Credit Agency.

A complete list of members of the ExFi Lab is attached in the annex.

EU Export Finance explained

Exporting and internationalisation can be risky business. When companies export or invest abroad, they are exposed to financial risks. These can be political or commercial risks such as political events, legal uncertainties or a difficult commercial environment that can prevent repayment.

When the private financial and insurance markets are unwilling to participate as sole risk takers due to the financial risks of the transaction, or due to lack of funding capacity in the private market, official export finance is a supplementary source of finance. Official export finance thus acts as a crucial complement to the private market by filling financing gaps, providing risk capacity alongside the private sector and by addressing market failures. This official supplement to the international financing landscape has existed in the global arena for nearly 100 years.

Impact on SMEs and jobs supported by EU ECAs

EU SMEs are among the main beneficiaries of EU export finance, either directly or indirectly through European supply chains. By using export finance support SMEs have a huge potential to increase their exports and thereby gain new market shares.

Analysis conducted by the ECAs of Denmark, Finland, Germany, Italy, Sweden and the Slovak Republic show that they supported activities of over 9,000 SMEs over the period 2017-2019 combined.

Analysing the job creation effect, the ECAs of Denmark, Finland, the Netherlands and the United Kingdom have estimated that their export finance activities support over 150,000 jobs in total in their home countries over the period 2017-2019. In comparison the Airbus Group employs around 135,000 people.

What's in a name? From export credits to export finance

'Export credit' is the official term used for loans, guarantees or other financial instruments provided with government involvement that will finance the purchase of goods that cross borders. The main providers of export credits are known as Export Credit Agencies (ECAs).

However, 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. Hence, the ExFi Lab introduces the term *Export Finance* - a form of financing which is tied to a specific contract between a seller/exporter and a buyer/importer or a stand-alone project. In our view, this is a more comprehensive and updated term for current ECA support.

ECAs are set up in very different ways

The organisational set-up of institutions providing official export finance differs across the world. This is especially true for the set-up in EU Member States. In some Member States, the ECA is a government department or agency. In others, a private insurance company or a financial institution performs this function under a public mandate. European ECAs all have a mandate of supporting national exports and offer a wide range of products like traditional export credits as well as working capital, export promotion, investment guarantees and the like. However, some institutions have developed dual mandates with other policy objectives, and others are mandated to generate profits thus encouraging a more sales-based strategy and search for diversified portfolio. Furthermore, the type of support offered by the various export finance institutions varies widely, and some countries may have more than one official institution providing export finance. Thus, the EU ECA landscape is diverse, highly fragmented and there is currently no comprehensive strategy for financing EU exports, trade and investments.

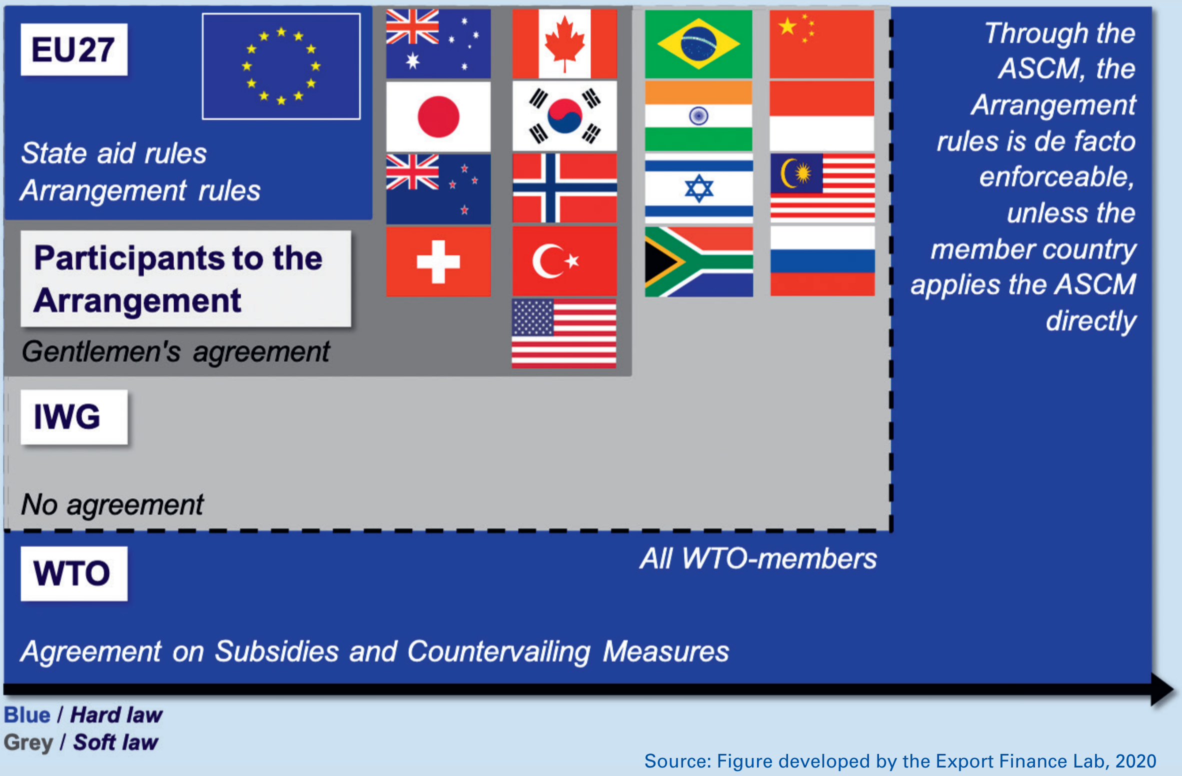
The EU is the most regulated provider of export finance

The EU Council set up the Export Credits Group in 1960 to coordinate the financing, guarantees, insurance and reinsurance of export transactions (goods and services) supported by Member States' budgets. The group ensures that under the EU's common commercial policy, Member States do not undercut each other internationally and create unfair competition. **The EU is the most regulated of global players when it comes to financing exports.** Three legal spheres currently govern official export finance in the EU: the law of the WTO (the Agreement on Subsidies and Countervailing Measures, ASCM), EU law and the Arrangement on Officially Supported Export Credits.

To prevent governments from distorting competition when providing financial support, the Arrangement was agreed on more than 40 years ago by the main actors in global trade at the time. Within the EU, the Arrangement has been transposed into EU law **(hard law)**, while outside the EU, the Arrangement remains a gentlemen's agreement **(soft law).** These 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, except in the EU where state aid rules apply.

Attempts to create a new set of global rules beyond OECD members have been made. In 2012, subsequent to a joint initiative of the United States and China, the International Working Group on Export Credits (IWG) was established as an international forum with the aim of negotiating a set of common rules on Export Credits to be shared by both OECD and non-OECD countries such as Brazil, Russia, India, China and South Africa, which are not part of the Arrangement.

Figure 1: International regulatory framework governing export finance



Source: Figure developed by the Export Finance Lab, 2020

Call for action: A system under pressure

The current global public export finance system is under heavy pressure on several different fronts. Export financing provided by EU Member States takes place in increasingly globalised and competitive markets. European exporters are facing growing competition from non-OECD countries, the number of institutional players providing international finance is increasing and there is (seemingly) less cohesive co-operation among traditional partners in international fora.

The pressure on public export finance is especially felt within the EU. **Due to its fragmented structure and large variety in organisational set-up for the provision of public export finance for EU Member States it is difficult to ensure a coherent and strategic EU approach to public export finance.** This is an additional challenge when striving to establish a whole-of-government (EU) approach for all types of public finance: export and trade, development and overseas investments.

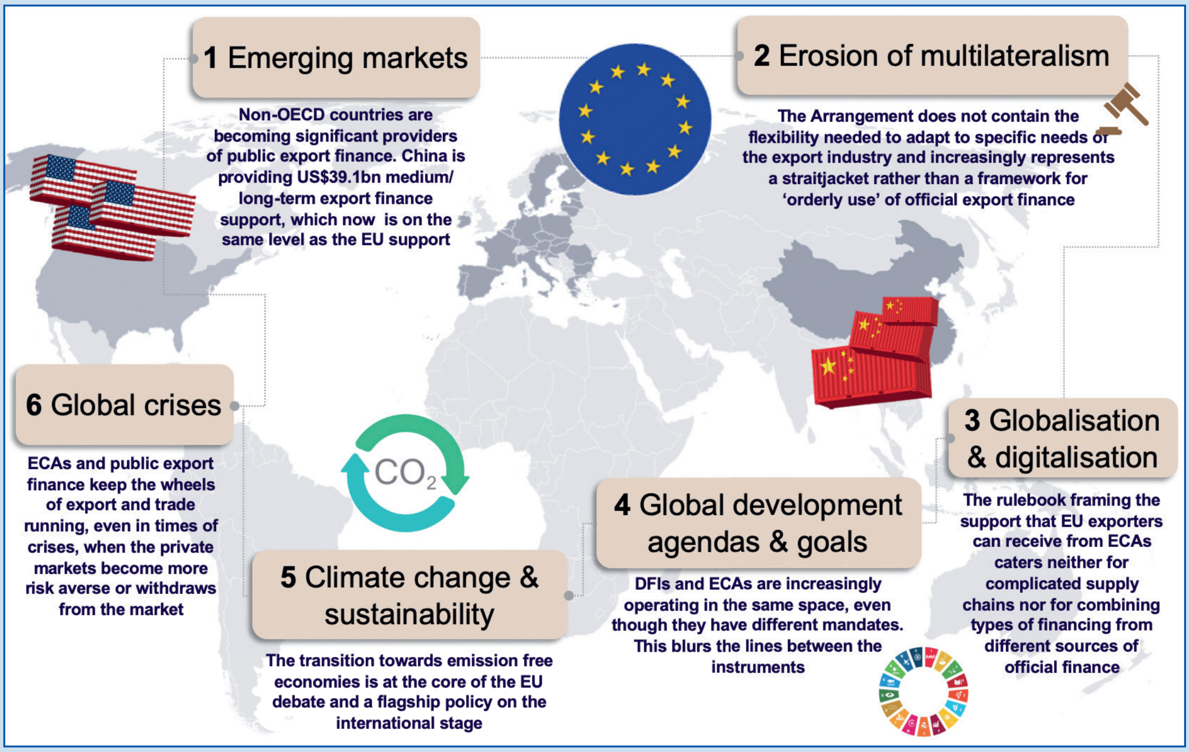
At present, there is no shared platform to provide officially supported export finance at the EU level. And this while export transactions and projects abroad - especially in infrastructure - have gradually become larger and more complex requiring extensive financial engineering combining different types of public and private funding.

As international and globalised trade develops, national ECAs, just like other providers of trade and export finance, increasingly face significant challenges in terms of the organisational scale and geographic scope that is required to support these larger and more complex transactions. **The lack of a coordinated provision of official support within the EU puts the Member States at a competitive disadvantage in comparison to large trading partners such as the U.S. and China among others. To remain competitive and achieve its ambitious international goals, the EU must recalibrate, adapt and rethink how to use the capacity of the public export finance systems** to best support its exporters and business activities abroad. Based on extensive research and expert discussions, the ExFi Lab advocates for a strengthened EU response to the rapid changes in the global trade finance landscape.

The main pressure points on the export finance system

There are a number of global pressure points that the EU must factor into a strengthened EU response to avoid failing the system, its exporters, as well as its ambitions for green and sustainable trade and development.

Figure 2: Global forces putting the export finance system under pressure



Source: Developed by the Export Finance Lab, 2020

1. The rise of emerging markets such as China and other non-OECD countries as significant providers of export finance. China is among the top three providers of export finance, and indeed emerging countries that were previously net recipients of export finance are now some of the biggest providers (including India and Brazil). According to the 2018 U.S. EXIM 'Report to the U.S. Congress on Global Export Credit Competition', **China provided US $39.1bn of medium-long term export credit support in 2018 which now is on the same level as the EU support, but without following the strict rules the EU applies to export finance.**

Business Europe recommends:

- *"Secure a level playing field between China and the EU*
- *Mitigate the impact of China's government-induced market distortions*
- *Reinforce the EU's own competitiveness*
- *Ensure fair competition and cooperation on third markets."*

The EU and China - Addressing the systemic challenge. A comprehensive EU strategy to rebalance the relationship with China, 2020.

When major providers of official export finance do not provide support on the same terms, competitive strengths depend on government budgets, and the risk of a race to the bottom concerning rules, standards and competition is created. **China is an adherent to the WTO, to which the ASCM applies, but not an adherent to the Arrangement.** The efforts to negotiate a new set of global rules in the area of export finance and create a successor undertaking to the Arrangement that is truly global and benefits from the WTO 'safe haven' status in the ASCM has been ongoing since 2012. Progress, however, is slow and with the current trade war between the initiators of the IWG, the U.S. and China, a timely delivery of a much needed new global set of rules in this constellation is highly uncertain.

2. The erosion of multilateralism. The risk of a new race to the bottom is a particularly pressing issue in a time when multilateralism is under high pressure. The Appellate Body of the WTO is effectively out of business and the WTO itself is in search of its next champion of a strengthened global trade framework. For the EU this is especially serious when it is combined with an increasing inadequacy of the Arrangement.
The current export finance framework governed by the Arrangement, and legally binding for EU Member States, does not contain the flexibility needed to adapt to specific needs of the export industry (or projects). It increasingly represents a straitjacket rather than a framework for the 'orderly use' of official export finance.

This situation encourages potential buyers, exporters and commercial banks to seek financial solutions outside the scope of the Arrangement. In response, some providers have been developing products outside the scope of the Arrangement. This observation is supported by the 2018 U.S. EXIM Competitiveness Report showing that only one third of official trade related support was governed by the Arrangement, which leads to questioning its adequacy and effectiveness. **Having a rulebook on official export finance support that only binds some of the biggest trading partners means that the hard-sought-after level playing field has been lost, leaving the EU alone in the straitjacket with little room to manoeuvre under existing regulation.**

The effects on EU exporters of this binding and asymmetric framework on EU public finance are compounded by the fragmentation of the European landscape of official export financing.

3. The incompatibility of a rulebook mainly developed in the 1980s and the reality of trade and business in the 2020s. Digitalisation of production, globalisation of the value chain and the increasing importance of innovation and services through start and scale-up companies all provide new challenges and opportunities for European exporters.

These developments will potentially require other financial terms and conditions, a mix of official finance beyond export finance or new products and services, to name a few. The current rulebook framing the support that EU exporters can receive from ECAs caters neither for complicated supply chains nor for combining types of financing from different sources of official finance.

" …we must resist the simplistic temptations that come with protectionism or market distortions, while not being naïve in the face of unfair competition."

Communication from the Commission on A New Industrial Strategy for Europe, 2020.

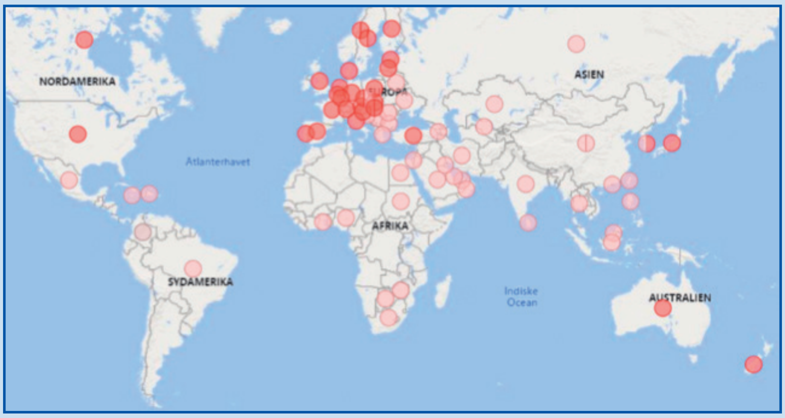
> *"It is a matter of political urgency for Europe to be able to ensure that external financial instruments are used strategically, that they contribute to our wider political aims, enhance Europe's leadership and reinforce its influence in the world."*
>
> The future of the European financial architecture for development, 2019.

4. The call to scale up finance for global agendas and the drive to modernise development finance. Mobilising private capital and blending finance for policy goals such as sustainable investments and the 2030 Agenda are blurring the financing landscape. The drive to mobilise private capital for development has dominated the work on modernising the global concept of Official Development Assistance (ODA). **However, modernising one major type of public finance in isolation, without due regard to the effects it will have on the other major types of public finance, has also not managed to break down the silo structure that exists between trade and development finance.**

Public financial institutions, such as bilateral Development Finance Institutions (DFIs), Multilateral Development Banks (MDBs) and ECAs are increasingly operating in the same space, even though they have different mandates. While DFIs and MDBs primarily have a development mandate, ECAs seek to support national exports and internationalisation of national companies. Still, DFIs and MDBs can also support national interests and likewise ECAs can have a developmental impact. **While EU ECAs continue to work in a highly regulated environment (e.g. under the Arrangement, EU state aid rules, and the Basel framework III and IV), DFIs increasingly have dual mandates and finance projects using similar financing instruments as ECAs, but under different international rules.**

Figure 3: The complex system of international financial players

Globally, there are 74 ECAs, of which 31 are Participants to the Arrangement (shown in dark red). In addition, there are approx. 33 bilateral DFIs and approx. 16 MDBs, which make up the highly complex and fragmented system of international financial players.



Source: Developed by the Export Finance Lab, 2020

> *"Looking at institutional competition between DFIs, MDBs and ECAs, there is a growing convergence between bilateral DFIs, MDBs and ECAs to promote and track sustainable development goals."*
>
> IFCL study on convergence between development finance and export finance, 2019.

Outside the EU there are examples of governments recalibrating their systems and moving towards holistic (trade) support systems combining all relevant support institutions under one umbrella with a clear strategic roadmap for near future objectives and corresponding action plan.

5. Climate change and financing the green transition. The European Green Deal, the EU taxonomy of sustainable activities and the new policy of the European Investment Bank (EIB) are all initiatives which support the green transition. The Green Deal is touted as a flagship policy on the international stage for the years to come, which presents ECAs with a dilemma.

ECAs have an opportunity to deliver on the green transition as they are close to the industrial and technological challenges of the companies they support. At the same time, many ECAs are mandated to support national exports and business, and therefore ECAs are usually not at liberty to choose the type of businesses they support. The very nature of the ECA business is to be a supplement to the market, filling market gaps and in some cases being the lender/insurer of last resort. This gives ECAs many opportunities to influence behaviours and make use of capital to mobilise capabilities. Evidently, there is a need to support green industries and to set standards in the area for public support, and here the ECAs have an important role to play.

6. Responding to global crises. ECAs and public export finance keep the wheels of export and trade running, even in times of crisis, when private markets become more risk averse or withdraw from the market. This has been seen before, e.g. during the global financial crisis in 2008/09, and most recently during the **global coronavirus pandemic** where the EU, governments and their ECAs have reacted swiftly with additional temporary measures. **During such crises ECAs are especially able to provide their added value, i.e. to step in to avoid the withdrawal of finance and players from the market.** Returning to "normal" and finding a new global balance of using public finance in support of trade and exports is just as important for European businesses as the swiftness of coordinated action to allow extra support from public funds. However, when returning to normal we cannot ignore that the old framework is challenged.

> *"But public finances alone will not be enough. We need to tap into private investment by putting green and sustainable financing at the heart of our investment chain and financial system. To achieve this, I intend to put forward a strategy for green financing and a Sustainable Europe Investment Plan."*
>
> My agenda for Europe by Ursula von der Leyen, 2019.

In which direction should EU export finance go?

The landscape of export finance among EU Member States is complex and fragmented while being highly regulated. ECAs work closely with the private market, but for structural and historical reasons public providers of financial instruments (export, investments and development) in the EU operate largely in isolation from each other.

EU businesses would strongly benefit from a European holistic and strategic approach towards public export finance and 'officially supported finance' in general. A holistic approach to the use of officially supported finance with a clear strategic roadmap for (near) future objectives and a corresponding action plan would allow the EU to be responsive to current challenges and supportive to changes in the business environment. Such an overall European financial architecture would provide the EU with the flexibility to support and meet the needs of its businesses, regardless of how the future will play out. The EU Commission, Member States and ECAs have shown the ability to act swiftly during the corona crisis with the implementation of the Temporary Measures on State Aid. With a holistic government approach and clear roadmap for the use of its official finance for exports and trade, the EU would be even better prepared for the next financial challenge its exporters may meet.

To provide EU exporters with a level playing field in international markets, the EU must step up its efforts to champion a multilateral framework for the use of official finance to avoid a global race to the bottom. This is important for the business interests of EU exporters that trade both outside the EU as well as within. Therefore, the EU must take the lead in shaping a new or modernised multilateral framework that meets the requirements of the global economy and political landscape of today and caters to European priorities.

The EU is now at the forefront of creating a financial system that supports sustainable growth and has been developing an ambitious arsenal of policies to support the transition to a low-carbon and sustainable economy. **A green transition will not be effective without exports of new green technologies. It is therefore necessary to include export finance and the capacity of ECAs in this new financial system.**

The findings of the ExFi Lab show that EU companies and exports would strongly benefit from a holistic and strategic EU approach to official finance in support of their export and internationalisation efforts as well as achieving the green transition.

On this basis, the ExFi Lab proposes the following three policy recommendations:

Policy recommendation I
Design a comprehensive EU strategy for public finance for exports, trade and investments

The EU must develop a comprehensive strategy for the use of official export finance in combination with development finance and official investment support to ensure the future competitiveness of EU's exporters. The strategy should use the capacity and instruments available as well as explore new opportunities at both national and EU level. On this basis, the ExFi Lab proposes three policy recommendations.

Given the importance of trade and exports for the EU economy the ExFi Lab sees a need for a joint EU strategy for export finance in combination with development finance and official investment support. At the EU level, work is being done to consolidate the fragmented and complex system of players, instruments and funds in the financial development and external investment spheres. This work has a direct link and may even overlap with export finance. Therefore, the joint EU strategy for export finance must:

- Explore how to integrate EU export finance in a consolidated EU strategy for trade, investments and development - the three pillars of sustainable international finance
- Explore the interlinkages between the different types of international finance at the disposal of the EU and its Member States including export finance, blended finance, climate finance and development finance as strategic projects require more complex financial solutions
- Explore ways of enhancing financial capacity of national ECAs and relevant EU financial institutions through strategic business cooperation. This includes strengthened (insurance) capacity, increased bilateral cooperation in terms of reinsurance as well as the possibility of an add-on instrument under the auspices of a specific EU entity, which is complementary to the existing export credit systems.

Action Points

In order to develop such a strategy, action must be taken at the EU level to include official export finance in a new financial architecture.

We call upon relevant EU bodies to take upon themselves to move this work forward. In particular, we call upon:

- **The EU Council** to map out the interlinkages and opportunities to strengthen EU export finance capacity and make a proposal to initiate discussions on a strategy
- **The EU Commission** to put forward a comprehensive strategy for discussion in the Council and include Directorates General (DGs) and counterparts in the work
- **EU ECAs** to come together with visions for stronger EU ECA collaboration, strategic business solutions and contribution to the EU competitiveness.

We call upon national political decision makers to commit to:

- Working together with the EU Council and EU Commission on a strategy
- Supporting ECA collaboration across the EU
- Taking a whole-of-government approach to the official finance pillars (trade, investment and development).

Policy recommendation II
Take the lead and engage key providers of official finance on a global set of rules for public export finance

The EU must spearhead efforts to avoid a global race to the bottom in the provision of official finance. The EU must continue to engage with key trading partners and take the lead in shaping a new or a modernised multilateral framework that meets the requirements of the global economy and political landscape of today and delivers on EU priorities.

The ExFi Lab sees a need for a new multilateral framework for export finance, which should reflect global developments. The EU should seek to maintain agreement on the principle of appropriate pricing rules that encourage fair competition, rather than the most favourable officially supported financial terms and conditions. The EU should also ensure that the framework accommodates priorities that are important to EU exports and ambitions. The framework should be made fit to handle:

- The cross-border production in global value chains and the increasing importance of trade in services, digital technologies and SMEs
- The broader range of policy objectives such as financing the green transition and measures to combat climate change, sustainable financing and financing exports in support of achieving the SDGs
- The increasing use of other official financial instruments such as development finance and financing of international investments with national interests.

Action Points

In order to achieve such a framework, action must be taken at EU level and must include the comprehensive EU strategy for the use of public finance in international trade, investments and development. Discussions must be held across EU institutions and DGs to break down silos.

We call upon relevant EU bodies to take upon themselves to move this work forward. In particular, we call upon:

- **The EU Council** to develop a road map for including the new EU priorities in a modernised or new multilateral agreement. This should include a fall-back option to ensure competitive financing for EU exports if modernising the existing multilateral agreement for export credits does not materialise
- **The EU Commission** to initiate discussions across EU institutions and silos. Avoiding a race to the bottom in providing financial support cannot be achieved in isolation
- **EU ECAs** to engage with respective national governments and institutions on how to break down the silos that exist in public finance.

We call upon national political decision makers to commit to:

- Developing a road map for EU priorities in a multilateral framework for export finance
- Avoiding a multilateral race to the bottom in official financing
- Breaking down silos in the field of official financing.

Policy recommendation III
Develop a strategy for the dedicated use of export finance in support of mobilising capital for the green transition

The EU and its Member States must tap into its export finance capacity to support financing the transition towards a low-emission economy.

The ExFi Lab sees an untapped potential in using export finance capacity and structures in the EU financial toolkit to achieve the green transition. The EU is now at the forefront of creating a financial system that supports sustainable growth and has been developing an ambitious arsenal of policies to support the transition to a low-carbon and sustainable economy. A green transition will not take place without exports of new green technologies.

A green strategy for export finance would be a significant opportunity for the EU to take the lead in green gearing of exports and projects and in mobilising private capital. It would benefit from the experience and involvement of export finance providers in many projects related to climate change and sustainability. It would create momentum at the international level for increasing green trade without a race to the bottom in financial support.

Action Points

In order to finance the green transition action must be taken at EU level to use export finance capacity for green exports and investments.

We call upon relevant EU bodies to take upon themselves to move this work forward. In particular, we call upon:

- **The EU Council** to put forward a green strategy for the export finance framework
- **The EU Commission** to initiate discussions with relevant parties and stakeholders to include export finance in the EU's green finance toolkit
- **EU ECAs** to propose a catalogue of structures and instruments for financing EU's green exports and investments as part of the EU's green finance toolkit.

We call upon national political decision makers to commit to:

- Supporting the work on the green international finance toolkit for the benefit of the European green transition.

The way forward

The ExFi Lab urges the EU and national governments to make use of the current window of opportunity and the proposed action points to ensure that public export finance and the competitive position of EU exporters are not undermined. The ExFi Lab trusts that work will be undertaken at all levels as soon as possible.

Annex

Members of the ExFi Lab

Name	Affiliation
Adam Jirousek	The EU Commission, DG Trade
Antoine Aushana	Bpifrance, France
Barbro Johansson	The Swedish Export Credit Agency EKN, Sweden
Barbro Carlqvist	The EU Commission, DG Trade
Bob Jennekens	Ministry of Finance, the Netherlands (until March 2020)
Catrin von Hesberg	Euler Hermes, Germany
Christine Lund Andersen	EKF Denmark's Export Credit Agency, Denmark
Christof Wegner	Federal Ministry for Economic Affairs and Energy, Germany
Christoph Kreutler	Austrian Ministry of Finance, Austria
Dan Cleff	EKF Denmark's Export Credit Agency, Denmark
David Underwood*	UKEF, United Kingdom
Etienne Simon	French Ministry for the Economy and Finance, France
Eva Horvathova	Eximbanka SR, Slovakia
Eric Regnault	Bpifrance, France
Franziska Loeke	Euler Hermes, Germany
Ingeborg van den Nieuwendijk	Atradius Dutch State Business, the Netherlands
Jeremy Rand	General Secretariat of the Council of the European Union
Lianne Raap	Ministry of Finance, the Netherlands (from March 2020)
Lise Beirne Chapman Pedersen	EKF Denmark's Export Credit Agency, Denmark
Mariane Søndergaard-Jensen	EKF Denmark's Export Credit Agency, Denmark
Marilyn Michiels	Credendo, Belgium
Nicolas Foutrier	French Ministry for the Economy and Finance, France
Pekka Karkovirta	Finnvera, Finland
Silvia Gavorníková	Eximbanka SR, Slovakia
Simon Foister*	UKEF, United Kingdom
Sophia Schultz-Renz	Euler Hermes, Germany
Stefan Karlsson	The Swedish Export Credit Agency EKN, Sweden
Tahir Ahmed*	UKEF, United Kingdom
Tessa Zweidorff Jakobsen	EKF Denmark's Export Credit Agency, Denmark
Toke Philipsen Prahm	EKF Denmark's Export Credit Agency, Denmark
Vincenzo Abbate	SACE, Italy
Yves Janssens	Credendo, Belgium
Åsa Andrae	Ministry of Foreign Affairs, Sweden

**During the work on the White Paper, the United Kingdom left the EU and as of 31 January 2020 the participants from the UK became external experts to the ExFi Lab.*

Views and conclusions expressed in the paper are based on the collective experience and competence of the expert group and not on institutional or national positions.