Report to the U.S. Congress on

Global Export Credit Competition

June 2023

For the period January 1, 2022 through December 31, 2022

Competing for Jobs Through Exports

EXIM
EXPORT-IMPORT BANK OF THE UNITED STATES

EXPORT-IMPORT BANK
OF THE UNITED STATES

Table of Contents

From the President and Chair 3

EXIM Advisory Committee Statement on the EXIM Competitiveness Report 4

EXIM Board of Directors 13

EXIM 2022-2023 Advisory Committee Members 14

EXIM 2022-2023 Sub-Saharan Africa Advisory Committee Members 15

EXIM 2022-2023 Chair's Council on China Members 16

EXIM 2022-2023 Chair's Council on Climate Members 17

EXIM 2022-2023 Chair's Council on Small Business Members 18

EXIM 2022-2023 Chair's Council on Advancing Women in Business Members 19

Executive Summary 20

Introduction 21

Section A: Trends in Official Export and Trade-related Activity 23

- **Chapter 1:** Official MLT Export and Trade-related Activity 24
- **Chapter 2:** Chinese Official Export and Trade-related Activity 34
- **Chapter 3:** New Initiatives and Products from Other Export Credit Agencies 38

Section B: Stakeholder Views and EXIM's Performance in Mandated Areas 41

- **Chapter 4:** Exporter and Lender Views 42
- **Chapter 5:** Review of EXIM's Performance in Mandated Areas 46

Section C: Required Charter Reporting and Further Reading 48

- **Appendix A:** Primer on EXIM and Official MLT Export and Trade-related Finance 49
- **Appendix B:** EXIM Actions to Provide Competitive Financing and to Minimize Competition in Government-supported Export Financing 51
- **Appendix C:** Purpose of EXIM Transactions 53
- **Appendix D:** Equal Access for U.S. Insurance 54
- **Appendix E:** Tied Aid Credit Program and Fund 55
- **Appendix F:** Co-financing 58
- **Appendix G:** Renewable Energy Exports/Environmental Policy 62
- **Appendix H:** Services Exports 63

Appendix I: Size of EXIM Program Account 65

Appendix J: Export Finance Cases not in Compliance with the Arrangement 66

Appendix K: Activities not Consistent with the WTO Agreement on Subsidies and Countervailing Measures 69

Appendix L: U.S.-Flag Shipping Requirement 68

Appendix M: Trade Promotion Coordinating Committee 69

Appendix N: List of Known Official Export Credit Providers 72

Glossary 75

Acronyms and Abbreviations 77

From the President and Chair

In accordance with section 8A of the agency Charter, I am pleased to submit to the U.S. Congress the Report on Global Export Credit Competition of the Export-Import Bank of the United States (EXIM) for Calendar Year 2022, the 56th edition of EXIM's "Competitiveness Report."

I want to thank the EXIM staff who contributed to the report's creation, from conducting surveys and analysis and research to writing this important body of work. And the wisdom and guidance of EXIM's Advisory Committee has been indispensable in helping us to put this report into context amidst the many opportunities and challenges facing EXIM. The Committee is comprised of experts who are world-class in their respective fields, and I especially want to thank former U.S. Senator Heidi Heitkamp of North Dakota and Lt. Governor Denny Heck of Washington State for their leadership this past year.

In reading this report, I reflect on it as a snapshot in time that provides us with a clear understanding of the status of export credit agencies (ECAs) and an indication of what could come next. The trends identified throughout the report and crystalized by the Advisory Committee and subcommittee recommendations include new developments – Italy becoming the strongest OECD Arrangement Participant and even surpassing the People's Republic of China, for example, and India's significant increase in its export and trade financing activity – but also some expected developments, particularly the welcome news that ECAs are increasingly involved in the energy transition and highly focused on sustainability.

The ECAs that stood out in 2022, following the difficult years of the pandemic, conducted business like national finance agencies, employing macro-economic policies with increasingly domestic focuses. I am excited that EXIM's Make More in America (MMIA) initiative is robust and on par with this domestic financing trend firmly taking hold among ECAs. Instead of working to reverse this current or standing still in it, EXIM can jump in with its historic know-how and a spirit of adaptive rejuvenation. We need to better spread the word about MMIA and one of my strategic goals is to help mobilize our public and private economic development partners at the federal, state, and local levels to advocate for EXIM with their constituencies and customers. It is in our strategic interest to help American manufacturers and businesses looking to start or grow their exporting capacity, to compete and win on the world stage.

The report shows there is considerable headroom for EXIM to build on its strong performance this past year and be at the front of the field in years to come. The Advisory Committee has helpfully put forward a number of key recommendations that can ensure EXIM can continue to offer globally competitive financing that levels the playing field for U.S. workers. Some would require statutory changes and we stand ready to work with Congress to advance legislation that enables the agency to unleash its full potential to support U.S. exports and jobs.

I have asked the EXIM staff, as we prepare to conduct the 2023 Competitiveness Report, to reimagine the survey and research components so that the broadened and deepened feedback we do receive will be even more granular and more attuned to the ever-shifting ECA sector and how we set up EXIM to be at the front of the pack.

I thank you for your continued support of and interest in EXIM and look forward to working with you to strengthen this agency that is integral to the economic and national security of the United States.

Sincerely,

Reta Jo Lewis, Esq.
President and Chair
EXIM Board of Directors

EXIM 2022-2023 Advisory Committee Statement on the EXIM Competitiveness Report

The Members of the 2022-23 Advisory Committee and its Subcommittees have reviewed EXIM's 2022 Report to the U.S. Congress on Global Export Credit Competition (the Competitiveness Report or Report) and present this statement reflecting the views of the Members regarding the report and the competitiveness issues raised in it. Subcommittees include the Council on China Competition, Council on Climate, and Council on Small Business and Council on Advancing Women.

First, the Committee wishes to express its profound gratitude to the leadership of the Board, Chair Reta Jo Lewis, Vice Chair Judith Pryor and Directors Spencer Bachus and Owen Herrnstadt. We are fortunate to have their depth and quality of experience in leading EXIM. Of course, they are more than ably supported in their roles by the outstanding staff. Their work, and the support of President Biden, the Biden-Harris Administration, and bipartisan leaders in Congress have assured that the agency has emerged from the global pandemic fully prepared to meet the challenges of a rapidly changing context and in so doing, help unlock capital that strengthens America's economic security and vitality. One thing the Report has made manifestly clear, however, is that in order to be successful, EXIM must adapt to the changes occurring all around it.

The Report clearly indicates that the export credit agency (ECA) sector as a whole is no longer made up of the ECAs of old. Increasingly, ECAs are becoming national security instruments of their home governments in both their foreign and domestic policy priority areas. 'What's in the national interest?' appears to be the question of the day more so than at any time in ECA history, where actions taken in pursuit of deals appear more macro-economic in nature than, say, transaction by transaction as had been the case for a long time.

We were struck by a recent 2023 survey conducted by TFX which found as much, asking numerous players in the ECA sector how things might look a decade from now: Overwhelmingly, the trend is expected to continue.

A "transition phase" is how EXIM characterizes the sector in 2022, though they leave open the question of whether this is due more to temporary or deeper, structural issues. One development that stood out to us with great interest is India's surprise showing as the third largest official tied export finance provider in 2022. India will be one to watch in the years ahead.

But there's one ECA that appears to be more set in its ways, maintaining the status quo, passively waiting for transactions, and that is our own EXIM. EXIM's stance contrasts with years of Competitiveness Report depictions of OECD and non-OECD ECAs that creatively adapt to change in the global export credit market. Meanwhile, EXIM is clinging to practices designed for a different era. EXIM will be hard pressed to fully realize its mission if it cannot, or will not, adapt to the times.

We say this fully acknowledging what a tough near-decade it has been for EXIM: almost four years without a Board quorum to conduct major business – which had myriad ripple effects throughout the organization and its business – only to receive a new authorization from Congress quite literally as a global pandemic began. EXIM is not back up to fighting weight, and yet, as we and so many other ECA sector observers and players have noted, the nature of the fight itself is changing. Moreover, the Advisory Committee recognizes that some issues are not fully within EXIM control. Specifically, that the two percent default rate cap prevents EXIM from "getting to yes" on transactions involving greater credit risk, particularly in large infrastructure projects. Congress therefore can and must help EXIM

be more competitive to help U.S. exporters win the future. As written, Congress' mandates for EXIM equate to asking the agency to run a race against its competitors, up a hill, while weights are tied around its ankles. So we are supportive of Congress opening up the hood of the 2019 reauthorization and looking at ways to not just put EXIM on par with its competitor ECAs, but help it stand out, win that race, and excel.

EXIM's Councils, which have made contributions to this year's competitiveness report in the form of policy and practice reform recommendations for both Congress and the Bank itself to consider, align with the full Advisory Committee's thinking. We support their recommendations, which are listed below, and offer reaction to some of them here as a Committee united in its belief that EXIM's core mission remains indispensable to American economic and national security.

The Council on China Competition echoes the sentiments of the Advisory Committee members regarding the two percent default rate cap, suggesting that more latitude was needed because the cap inherently and significantly reduces the Bank's ability to take on risk. Doing so could allow the Bank to really lean into some of the sectors associated with the ten areas of the China and Transformational Exports Program (CTEP), critical minerals being one concrete and important example. The People's Republic of China (PRC) is in this game for the long haul, despite a perceived levelling-off in their activity which the Council and Report get into further. In this era defined by competition, de-risking and diversification as it relates to America's global economic efforts to compete with and counter the PRC, more room for EXIM to take on risk by addressing the two percent default cap should be among the top areas where Congress makes progress for EXIM.

From the Council on Climate, we strongly echo their recommendation for a working group specifically focused on building a pipeline of clean tech and ascendant clean tech applications into the Bank. We fully understand that EXIM's Charter prevents it from discriminating against deals based solely on sector, but it isn't mutually exclusive to recognize that reality while also substantially increasing the Bank's ability to advance clean energy solutions around the world. Support for climate- and sustainability-related finance is on the rise worldwide. Addressing the climate crisis is the calling of our time and EXIM has tremendous resources to be brought to bear to maintain the world we want for future generations.

The Councils on Small Business and Advancing Women teamed up this year with their recommendations, and pried further into familiar concerns raised in years past about EXIM's support for large businesses and transactions to the detriment of medium and smaller businesses. The idea of a dedicated ambassador or 'evangelist' to spread the word about EXIM's resources for and mandate to support small businesses is a great idea to us. Because progress is being made in this area, with major room for improvement: we were heartened to see in EXIM's FY22 annual report that the Bank provided $1.5 billion in financing to small businesses – 30 percent of its total authorizations. Nearly 90 percent of its transactions that year directly benefited small business exporters, too.

Of course, EXIM has agency to make some significant reforms itself that will make it more nimble in these transitory times in the ECA sector. You hear that loud and clear in the lender and exporter roundtable surveys and feedback session documented in this Report. Because participants in this process must have experience working with EXIM and at least one other ECA, the universe is smaller, but quite knowledgeable. Almost to a T, it is widely believed that EXIM is less competitive than its counterparts. The survey respondents want EXIM to be more focused on core business, with faster processing speed and less bureaucracy. Balancing this important feedback with the Bank's mandates is a tall order, but one that must be fulfilled.

Finally, we fully embrace the range of recommendations set forth below as developed by the various councils. They are a result of intensive and extensive work. We thank the members for so freely giving of their time and considerable expertise, and thank the EXIM staff, stakeholders and customers who helped contribute to this report.

As important as the specifics of these recommendations is the thrust of all the recommendations taken together, which is that this dramatic period of transition of ECAs globally demands that we adapt. Simply put, we must change or we will be left behind.

Council Recommendations

Council on China Competition

Council on China Competition pursued five lines of effort to develop recommendations to underpin and advance EXIM's strategy to keep U.S. exports globally competitive. Those were to:

- Examine China's policies, posture, and geopolitical alignment which are causing countries to reevaluate their relationship with China.
- Assess the state of affairs in strategically important Southeast Asia and explore the needs, opportunities, and areas of possible EXIM support.
- Explore the opportunities and challenges of using EXIM to develop and enhance critical mineral projects that support U.S. objectives and adhere to Western social, governance, and environmental norms.
- Review EXIM's financial tools and processes, identify initiatives to better support transformational exports, recommend necessary risk tolerance to support transformational exports, and opportunities to optimally engage and cooperate with private banks.
- Review China's and other ECA's approach to dual use technology, the impact of perceived prohibition, and consider EXIM dual use technology policy options.

C3 recommends several consequential actions and initiatives, recognizing all cannot be undertaken simultaneously. Accordingly, this memorandum breaks out the recommendations considered most impactful and worthy of immediate action, followed by Working Group assessments and recommendations. Five working papers are attached which underpin and provide more information regarding those assessments and recommendations.

Urgency and a true whole of government approach are imperative. Meetings alone must not be the measure of inter-departmental and agency cooperation and coordination. Measurable and accountable actions paired with a targeted legislative strategy are necessary.

China will continue to strive for dominance in transformational technologies and global influence. The headwinds China faces and banking on projections of 'Peak China' must be dismissed. Accepting them will diminish the sense of urgency essential to winning the race we are in.

Priority Initiatives

PRC

- The EXIM objective must be viewed as not just about winning individual deals in developing markets. It is supporting U.S. firms in key sectors and industries, expeditiously enabling those firms, thus limiting Chinese firms in those same industries from gaining market share.
- Focus on strategic industries and drive closer alignment, in demonstrable and measurable actions, among departments and agencies of the U.S. government, including the Department of Commerce, the U.S. Trade Representative, the Department of the Treasury, the U.S. Trade and Development Agency, and the U.S. International Development Finance Corporation. EXIM will both contribute to and respond to that effort.

Southeast Asia

- The geographic focus for EXIM and competing with China must be on Southeast Asia with country prioritization of: Singapore, Vietnam, Indonesia, Malaysia, Philippines, Cambodia, Laos, Brunei.
- EXIM should host a large-scale event at the upcoming APEC Forum for US corporates and ASEAN leaders to showcase its renewed commitment to the region ideally by implementing a blanket and overall reduction in credit charges for US exports to the above select countries.

Critical Minerals

- EXIM should use its TEA authority and 402(A) designation for critical mineral projects that are eligible for the Flexible Content Policy and Flexible Rates, Terms and Conditions. Application of such content policy and financing conditions increases EXIM's competitiveness with other export credit agencies, many of which have less restrictive content policies, and helps U.S. exporters compete with China for critical mineral access.

- EXIM should prioritize locating origination teams, on the ground, where they can call directly on the miners and infrastructure developers doing critical mineral projects. Because EXIM was out of the business during the period when it could not approve significant financings, it must recreate its local profile and demonstrate to importers its value, nimbleness, and responsiveness.

Banking

- EXIM leadership, supported by the CTEP committee, the White House, and the DOD work with Congress to exclude CTEP deals from the 2% loss ratio and create a more reasonable target for CTEP approved transactions. This should include a new rating system (called cover within EXIM) approach for CTEP transactions. This will require EXIM to be innovative and look for new creative structures to protect their interest beyond the ones traditionally employed. EXIM has been creative and ingenious in filling the void in the MMIA mandate that required guaranteed banks to retain 20% of the risk in MMIA transaction, however EXIM should work with Treasury and OMB to rewrite the MMIA program so that domestic transactions have the same 100% cover as that of regular EXIM export transactions do.

- Provide additional staff and resources to Loan Officers and Engineers. EXIM is under-resourced in the number of employees who underwrite transactions and conduct technical due diligence associated with the underwriting process, causing it to be far slower and less user friendly for private banks and exporters than many other competing ECAs. EXIM should urgently focus on hiring staff in these two specific areas and consider outsourcing to third parties where necessary and appropriate.

Dual Use

- Develop an incentive strategy with an accompanying narrative to provide clarity for potential investors on direct subsidies.

- Identify areas of overlap between different U.S. government efforts to stimulate technology development and promptly optimize roles and responsibilities.

Council on Climate

1. Introduce internal policies and strengthen internal practice to ensure that EXIM's financing approaches support the US government's climate change commitments and are aligned with the Paris Agreement. This should include:

    a. Adding a section in Board approval documentation that describes how this is the case with both information submitted by the sponsor/project developer and diligence by EXIM Staff.

    b. Ensuring investments are consistent with the NDC and the transition plans of the destination country, adding a section in the application documentation and to Board approval documentation describing how this is the case and the diligence carried out by EXIM staff.

    c. Reference to how the investment supports climate objectives in press releases and public information.

    d. Accelerate the alignment of EXIM's policies and procedures with OECD guidelines for export credit agencies.

    e. Institute early project review for projects where Paris alignment is a question recognizing the extra time necessary for adequate climate and environmental review.

2. Ensure that all funding deployed integrate climate-related risk assessments, and that investments reflect (in their financial structure) incentives for low-carbon, climate resilient investment. This should include:

    a. Updating EXIM financial assessment/ modeling with climate-related stress testing (physical and transition) over (i) life of asset, and (ii) term of EXIM loan/ guarantee.

    b. Consider employing/utilizing approach presented by US Office of Management and Budget (OMB), or other asset level climate related financial risk assessment.

c. Adding climate risk assessment as an explicit component of credit review, and adding a section in the EXIM investment memo presented for Board project approval.

d. Offer opportunities for EXIM staff across all disciplines and departments to update their understanding of best practice in climate risk assessment, stress testing, pricing in investment and underwriting.

3. Increase transparency and quality of reporting by bringing EXIM's reporting into line with the standard developed by the Task Force for Climate Related Disclosures, with particular attention to TCFD guidance on (i) governance, (ii) strategy, (iii) risk management, and (iv) metrics.

4. Create a working group specifically focused on building a pipeline of potential applications across from clean tech and ascendant clean teach companies (as added to EXIM's Charter in the 2019 reauthorization). The working group, comprised of knowledgeable staff from all relevant divisions, including underwriting divisions, Office of Small Business, and Office of the Chief Risk Officer, as well as the Chair's office, should address, systematically, obstacles to clean tech firms entry into the pipeline and issues related to EXIM products that should be addressed in order for clean tech sectors to be better served by EXIM. The working group recommendations to the Chair should be shared with the Climate Council and within a specific period, the Chair produce an implementation roadmap.

5. Examine using the standard of "sufficient likelihood of repayment" referenced in EXIM's Charter to boost climate positive and clean tech applicants in the pipeline.

6. Adjust EXIM's strategy to exploit and adapt to the business environment resulting from the Inflation Reduction Act. This should include:

7. Broaden EXIM's scope to focus on new technologies and companies in the value chains of those areas benefiting from support under the IRA and to support US firms in these new and growing areas of US competitive advantage to export. Broaden the business segments which can impact quality of life improvements, which can indirectly benefit climate outcomes (More efficient air conditioning components and climate-smart technology for consumer products, for example). This could be especially beneficial especially in large countries that are focused on improving household income such as India.

a. This may include providing financing linked incentives for US manufacturing and exporters for the following areas:

- Energy efficiency & cost savings;
- Smart infrastructure;
- Net-zero Energy and net-positive water;
- Cooling technologies;
- State of the Art SAAS - based controls system and analytical platform technologies for demand management;
- Agri-tech
- Digital Energy for optimizing infrastructure plans and energy systems; and
- Carbon platform for agricultural industry with a focus on data integrity and traceability.
- Carbon credit related investments

b. Provide up to 100% EXIM coverage of contract value for climate-related exports, with an emphasis on sovereign borrowers, recognizing and appreciating that 95% coverage of contract value is a reasonable compromise.

c. Leverage EXIM's domestic investment program in by increasing domestic content requirements from 15% to 25%.

d. Apply IRA domestic manufacturing benefits to 100% of exports making export businesses more competitive until

the manufacturing economies of scale are reached.

e. Examine EXIM financing opportunities for raw materials production necessary for technologies in the energy transition, energy security and Paris alignment.

8. Engage industry experts in the development of marketing outreach and pipeline development activities and engage directly with state level teams engaged in building net zero state strategies.

9. Study the impact of a preferential pricing strategy to support climate aligned investments and guarantees and other policy approaches that would support strengthening a Paris aligned pipeline.

10. Bolster creative communications and outreach strategies to engage nationally that EXIM is open for support to business in the country's transition. Include specific information on how Continue EXIM's significant process improvement achieved during the year 2022-2023, and promote these improvements to potential partners to attract bigger climate-related projects.

COUNCIL ON SMALL BUSINESS & COUNCIL ON ADVANCING WOMEN

During its initial meeting on December 12, 2022, the Council, working across three subcommittees, identified three themes to address:

- Engaging with EXIM
    - How do small businesses learn about EXIM?
    - Easier process for small businesses to engage with EXIM.
    - Getting larger exporters engaged with smaller firms in the supply chain – "the strong supporting the weak."
- Changing the perception of EXIM for Small Business
- Banking and Alternate Lenders
    - Apathy of the banking community to address the needs of small business exporters.
    - Access to capital.

The Council then organized itself into three subcommittees to address these themes and reported their findings during a full Council meeting at EXIM on May 2, 2023. One-over arching theme concerns the length of the term served by Council members. Extending the members' terms from a one-year term to a two-year term would allow for in-depth discussions, continuity, and the ability of the Council to offer its best recommendations for improvements. Extending the members' terms would also provide the ability to advocate for adequate staffing and resources, and support the implementation of recommendations that complement the agency's professional teams' current work, and maximize the positive impact on small and minority businesses.

The Council would like to recognize the hard work and contributions made by EXIM staff. The recommendations are made in the spirit of independent analysis and continuous improvement. The Council would further like to emphasize that adopting some or all of the recommendations below will require additional resources, including staff, training, and tools (e.g. analytics software) to implement change and measure success.

Recommendations from the subcommittees have been consolidated by the following common themes that emerged in the subcommittees' reports:

- Ease of Access and Engagement with EXIM.
- New export financing and products/product improvement.
- Expanded small and minority business outreach.

Ease of Access and Engagement with EXIM

There are beliefs and (mis)perceptions in the marketplace that EXIM only supports large corporations and/or large dollar transactions, is slow, bureaucratic, and has an administrative overhead burden that is difficult for small businesses to bear. In addition, there is a gap in EXIM services to assist

small businesses that are not yet export ready. Changing these perceptions and filling gaps in EXIM services will significantly improve the agency's ability to meet the needs of small and minority medium-sized enterprises.

- Coordinate across all federal agencies that support exporting by small and minority businesses (SBA, MBDA, ITA etc.) to create an integrated eco-system to leverage impact.
- Establish an inside sales team and "service desk" to help early-stage companies achieve export readiness and resolve issues for existing and new customers.
- Expand focus on encouraging early-stage small and minority owned businesses to consider exporting.
- Offer export financial education and guidance to small businesses.
- Dedicate resources (e.g. relationship managers) to guide companies through the process from start to finish.
- Establish metrics and KPI's to measure relationship managers' success.
- Provide grant funding to organizations to provide technical assistance.
- Create more user-friendly communications specifically for small businesses to drive applications.
- Develop an on-line exporter's checklist/pre-qualification process to determine a company's point on the export readiness roadmap. Empower authorized regional partners to prequalify companies.
- Establish a mentorship program to connect new and experienced exporters.
- Lead an interagency task force to create a referral process to leverage resources of federal agencies that assist small and minority businesses.
- Offer incentives to corporations that prioritize small/diverse businesses in their supply chains.
- Document and provide access to lenders and the services they provide.

New Export Financing Products/Product Improvements

Small businesses, particularly underserved businesses, have unique financing needs that may not be met by traditional financing. Credit insurance policies and working capital facilities that are customized to the specific needs of small businesses will help improve access to financing for small businesses across the board.

- Expand Export Credit products to provide a comprehensive solution for small and minority-owned businesses
- Develop streamlined, expedited, and transparent application processes for small businesses
- Create EXIM-funded outsourcing of accounts receivable factoring to provide export related accounts receivable financing direct to borrowers
- Leverage existing EXIM customers' supply chains to identify new borrowers
- Amend the Export Credit Insurance claims procedure to allow lenders to file and manage the claims process
- Allow non-delegated authority banks to consult/work with their correspondent bank (DA)

Expanded Small and Minority Business Outreach

In reviewing EXIM's current digital marketing content, the subcommittee found it to be well done and appropriate for target audiences. In addition, the subcommittee feels that there are ample opportunities to expand outreach opportunities, particularly for underserved communities.

- Provide and devote additional financial resources and manpower to outreach efforts.
- Establish separate social media channels for the Office of Small Business. Small and minority businesses have very specific concerns and messages to small business owners need to

focus on solving problems and providing access to resources and opportunities that are actionable, rather than on general brand awareness.

- Create an "ambassador/evangelist" program providing opportunities for existing EXIM small and minority businesses to publicly express and promote their support for the role EXIM played in their success.
- Create a series of 2-minute videos featuring diverse small and minority business "ambassadors/evangelists" that address the opportunities and challenges of exporting, how to take advantage of them, and how to overcome them.
- Develop a mentorship program to connect new and early-stage exporters with more established exporters. Leverage existing program in Texas that focuses on underutilized businesses as a model.
- Expand the library of customer testimonials to include messages encouraging the non-exporting businesses to get involved.
- Create a "Small Business Toolkit," that organizes the relevant content in one place and display it prominently on the EXIM.gov website.
- EXIM needs to create a product for the underserved business community
- Outreach through partners.
    - Expand and develop relationships with state and local Community Development Finance Agencies (CDFAs) that work closely with small and minority-owned businesses.
    - Align with support services needed by exporters: legal, accounting, finance, HR, banking, compliance, IT, etc.
    - Be included in the curricula of academic institutions.
    - Conduct webinars through partner organizations.
    - Define what it means to be an EXIM partner and the opportunities/benefits to becoming a partner. Explore signing MOU's with partner organizations that identify the nature of the partnership (webinars, referrals, etc.) and contain quantifiable metrics.
    - Provide quarterly reporting on partner activities.
    - Expand the directory of partners to identify service areas, targeted constituents, and partnership areas of interest. Create multi-lingual MWOB focused-training materials for exporters and partners, including 2-minute videos that can be multi-purposed.
    - Leverage Small Business Council members' relationships to expand regional and local partnerships with small and minority businesses, non-profit organizations, chambers of commerce, and trade associations. Leverage these relationships to expand connections, extend outreach, and have a significant impact on small, minority, women, veteran, LBGTQ+ and businesses owned by persons with disabilities.
    - Engage with private sector CMOs to assist with direction on brand positioning, creation of marketing assets, and messaging.
    - Lead the whole-of-government approach by instituting a "U.S. Government Export Resources for Small Businesses" webinar series.

In conclusion, EXIM staff can build upon the existing foundation by addressing many of the challenges/opportunities outlined above and continue to better meet the needs of U.S.-based small businesses.

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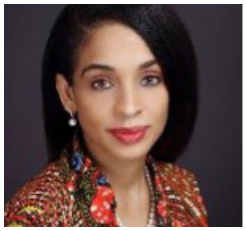

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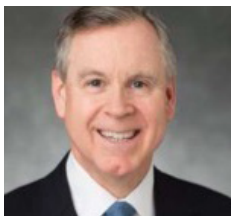

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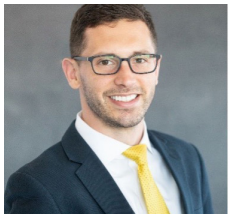

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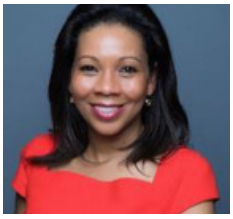

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Executive Summary

Per the Export-Import Bank of the United States' (EXIM or the Bank) statutory mandate, the 2022 Competitiveness Report evaluates the impact of calendar year 2022 official medium- and long-term (MLT) export and trade financing activity and trends on EXIM's competitiveness. During 2022, the definition of a "competitive" export credit agency (ECA) continued to evolve. That is, the characteristics of a competitive ECA are morphing from an ECA winning specific, one-off deals with standard terms, based on the Organisation for Economic Co-operation and Development (OECD) Arrangement on Officially Supported Export Credits (the Arrangement), to an ECA that meets multiple national objectives by offering: 1) case-by-case cover that meets the specific needs of an export transaction, 2) a spectrum of support in order to develop and expand national export capacity, and 3) support that facilitates financial access in priority areas (e.g., climate, sustainability).

For 2022 it appears that, due to a variety of factors (e.g., the variable phasedown of the economic effects associated with the COVID-19 pandemic, emerging market debt problems), many of the world's MLT export and trade finance institutions are in a *transition* phase. That is, 2022 data indicates a shift in a variety of directions, both in terms of activity and programs, but it is not yet clear for each situation whether the factors driving these shifts are structural (and, therefore, long-term) or temporary (causing spikes, but not permanent change).

Highlights from 2022 include:

1. One noteworthy insight that may have been "hiding" in previous years' data is that India may have been a major (and growing) player among the set of suppliers of official MLT tied export financing (i.e., the set of most direct actual or potential competitors for EXIM). Due to a combination of reporting changes and an apparent increase in India's MLT support, India rose to the third position among all MLT official tied export finance providers in 2022.[1]

2. The combination of a major decline in traditional trade-related investment insurance from Japan and a surge in OECD Arrangement compliant MLT tied export financing has reversed the long-term trend of a declining share of official support falling under the OECD Arrangement. Given the multiplicity of factors driving this shift, it is not clear whether this shift is driven by structural or temporary factors.

3. The leveling off in China's estimated MLT official tied support. This could indicate a new plateau of activity given the indebtedness of many of its obligors or could represent the bottom in a rebound cycle as the level of foreign currency assets available for China's deployment once again nears record levels.

4. The continued emphasis across the ECA world on climate- and sustainability-related finance. The factors driving this trend appear structural and global.

5. The continued expansion in the use of ECAs to build export capacity domestically. This is the latest indication that ECAs are increasingly becoming a valued national strategic tool.

1 EXIM will look into this data further and confirm or correct India's volume in next year's edition.

Introduction

Background

EXIM is the official ECA of the United States. EXIM's Charter (codified at 12 U.S.C. §635 et seq) mandates that EXIM provide financing that is "fully competitive with the Government-supported rates and terms and other conditions" offered by foreign providers of official export finance.[2] EXIM's Charter also requires the Bank to submit to Congress an annual assessment of its competitiveness in the previous calendar year.[3] 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."[4] As such, EXIM annually submits this Report to the U.S. Congress on Global Export Credit Competition (the Competitiveness Report).

This year's Competitiveness Report will focus on MLT officially supported export credits, the area where U.S. exporters report acute competition against foreign exporters (supported by their respective ECAs and other parts of their governments).

Report Structure

- Chapter 1 offers a detailed look at 2022 export and trade-related finance activity levels from various institutions.
- Chapter 2 provides a readout of Chinese ECA activity in 2022.
- Chapter 3 highlights new initiatives and programs offered by ECAs in 2022.
- Chapter 4 summarizes exporter and lender feedback on EXIM's competitiveness in 2022.
- Chapter 5 provides an estimate of EXIM's relative market share in Congressionally mandated areas of focus.
- Section C includes all additional Charter mandated reporting requirements as well as general information on official export and trade-related finance for new readers.

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

The Charter requires EXIM to provide Congress with "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."[5] 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."[6] EXIM undergoes an extensive process for data compilation, collection, and verification, as detailed below.

EXIM's "bilateral template" is the primary source for most of the quantitative data presented in this report. Acknowledging that, in the past decade, many OECD Arrangement Participants have shifted to providing more MLT trade-related support outside the scope of the Arrangement while many non-participants to the OECD Arrangement have ramped up MLT export credit support (also outside the scope of the Arrangement), EXIM modified the bilateral template in 2022 to better delineate between MLT export credit and MLT trade-related support.[7] While providing more clarity, the modified template shifted how some ECAs characterized their volumes. For

2 12 U.S.C. §635(b)(1)(A).
3 12 U.S.C. §635g-1(a)(1).
4 12 U.S.C. §635g-1(a)(1).
5 12 U.S.C. §635g-1(a)(1).
6 12 U.S.C. §635g-1(a)(1).
7 EXIM defined tied MLT export credits as loans, guarantees, and insurance commitments in calendar year 2022 with tenors of two or more years that are contingent upon (tied to) an export sale from that government's country.
EXIM defined MLT trade-related support as loans, guarantees, and insurance commitments in calendar year 2022 with tenors of two or more years that support a cross-border transaction, but are not contingent upon (tied to) an export sale from that government's country.

example, some ECAs historically reported their MLT export credit volumes as untied support because this support was not covered by the OECD Arrangement Terms, a prerequisite for reporting the volume as MLT export credits in the old bilateral template. EXIM worked bilaterally with ECAs to understand significant year-over-year changes in reporting. This report will note these instances when they resulted in significant year-over-year shifts as compared to those reported in 2021.

The data that EXIM relies upon for export and trade-related program activity is largely reported directly to EXIM bilaterally by almost every major ECA in the bilateral template. EXIM's request for commitment data in this template is intentional as it provides a sense of the volume and types of export credit support that providers were willing to authorize in support of their exporters. EXIM acknowledges that this approach does not track whether funds were ultimately disbursed, whether exports were ultimately shipped, or whether institutional commitments led to measurable outcomes. Importantly, this 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 at the time of bid.

With respect to ECA outreach, EXIM requested 2022 commitment data from most of the ECAs whose data is presented in this report. Virtually all ECAs mentioned in this report responded to EXIM's requests for 2022 data,[8] including China Export and Credit Insurance Corporation (Sinosure), a noteworthy and positive development for ECA transparency. The Export-Import Bank of China (China EXIM or CEXIM) was the only ECA to not respond to our data request this year.[9]

EXIM is grateful to other ECAs for sharing their commitment data with us, confirming their data when EXIM had questions, providing EXIM with information on their institution's activity and/or programs, and otherwise clarifying comments where necessary. This verification process helps EXIM provide a more accurate portrayal of foreign ECA activity and intent, which contextualizes the individual views of export credit practitioners.[10] EXIM's Competitiveness Report would not be possible without fulsome, transparent, and prompt input from colleagues across the global ECA community.

Methodological Note – Stakeholder Views

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 of 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. EXIM supplements the EXIM exporter and lender survey results with a variety of other engagements. Information on EXIM's efforts to understand the experiences of exporters and lenders and on the survey results can be found in Chapter 4.

8 Note, EXIM did not submit a request for data from Russia's ECAs, similar to last year.
9 Refer to the Methodological Note in Chapter 2 for our China EXIM methodology.
10 EXIM also draws upon data from public sources, such as institutions' websites and annual reports, to better contextualize ECA activities.

SECTION A

Trends in Official Export and Trade-related Activity

- Chapter 1: Official MLT Export and Trade-related Activity
- Chapter 2: Chinese Official Export and Trade-related Activity
- Chapter 3: New Initiatives and Products from Other Export Credit Agencies

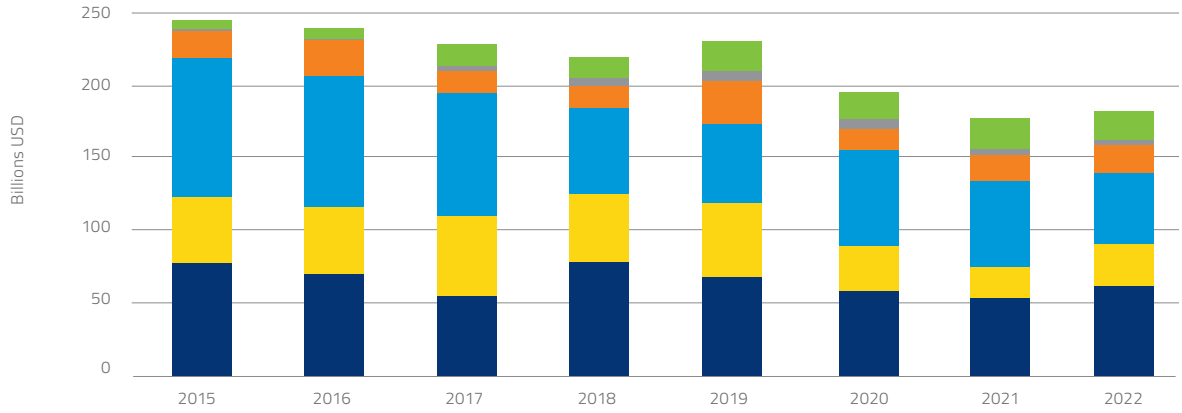
CHAPTER 1

Official MLT Export and Trade-related Activity

Introduction

This chapter of the Competitiveness Report describes the full range of official MLT export and trade-related support available in 2022. This combination of export and trade-related support represents the estimated volume of official MLT financing that supported competitors of U.S. exporters (including potential exporters). In order to measure more accurately 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 programs, including investment, untied, market windows, and development finance institution (DFI) programs.

Figure 1: Grand Total of Official MLT Export and Trade-related MLT Activity from Participants and non-participants to the OECD Arrangement



	2015	2016	2017	2018	2019	2020	2021	2022
DFI Activity	11.1	11.2	11.9	12.8	16.4	13.9	16.1	16.7
Market Windows	1.7	0.3	2.7	4.2	4.1	3.9	3.2	2.6
Untied Support	15.5	19.5	13.7	11.9	23.2	14.9	17.6	19.3
Investment Support	93.0	92.2	82.0	60.3	62.8	73.8	62.4	52.3
Non-Arrangement MLT Export Credits	45.3	49.0	50.6	50.3	41.8	20.8	15.3	21.9
Arrangement MLT Export Credits	78.1	66.9	58.9	78.1	74.3	62.3	55.8	67.4

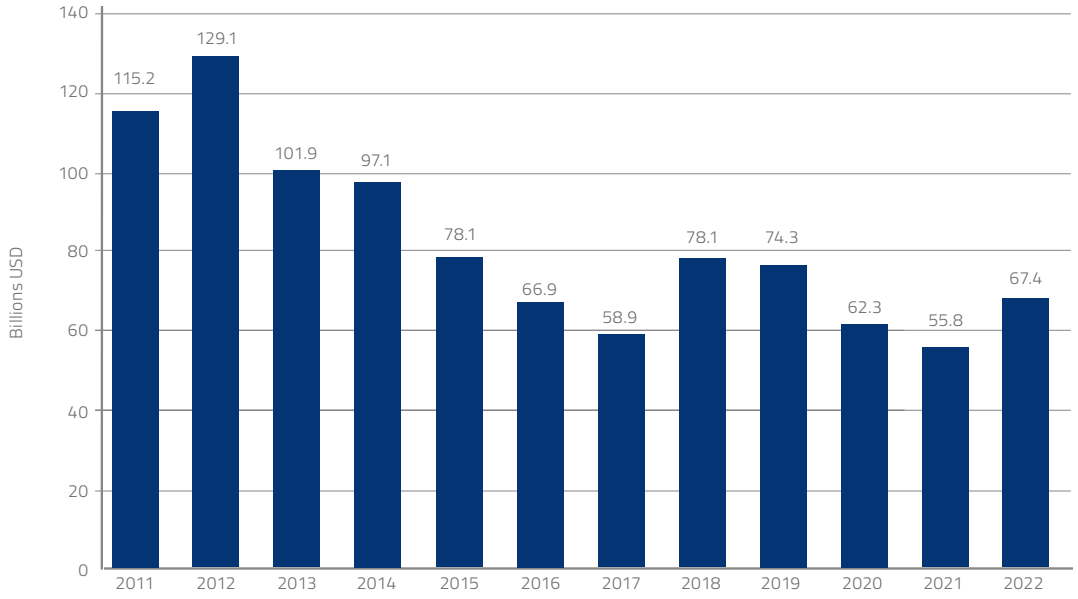
Sources: EXIM, bilateral engagement, annual reports.

Despite the COVID-19 restrictions, supply chain disruptions, and geopolitical tensions experienced in 2022, total official export credit and trade-related financing volumes provided by OECD Arrangement Participants and non-participants to the OECD Arrangement increased by $10 billion, 6% higher than 2021 volumes and the first year-over-year increase since 2019 (see Figure 1). In total, combined official MLT export and trade-related finance increased to approximately $180 billion in 2022 compared to approximately $170 billion in 2021. However, even with this increase, total MLT export and trade-related finance activity in 2022 remains substantially lower than pre-pandemic levels.

Trade-related support, comprised of investment support, untied support, market windows, and DFI activity, experienced an approximate $8 billion decline in 2022. This decline in trade-related support was caused by a decrease in investment support, which fell by around 16% to a low of $52.3 billion due to a significant, demand-related drop in Japanese activity. Meanwhile, DFI activity slightly increased in 2022 to $16.7 billion.[11]

MLT Export Credit Activity Provided by OECD Arrangement Participants

Figure 2: OECD Arrangement Compliant Official MLT Export Credits Provided by OECD Arrangement Participants



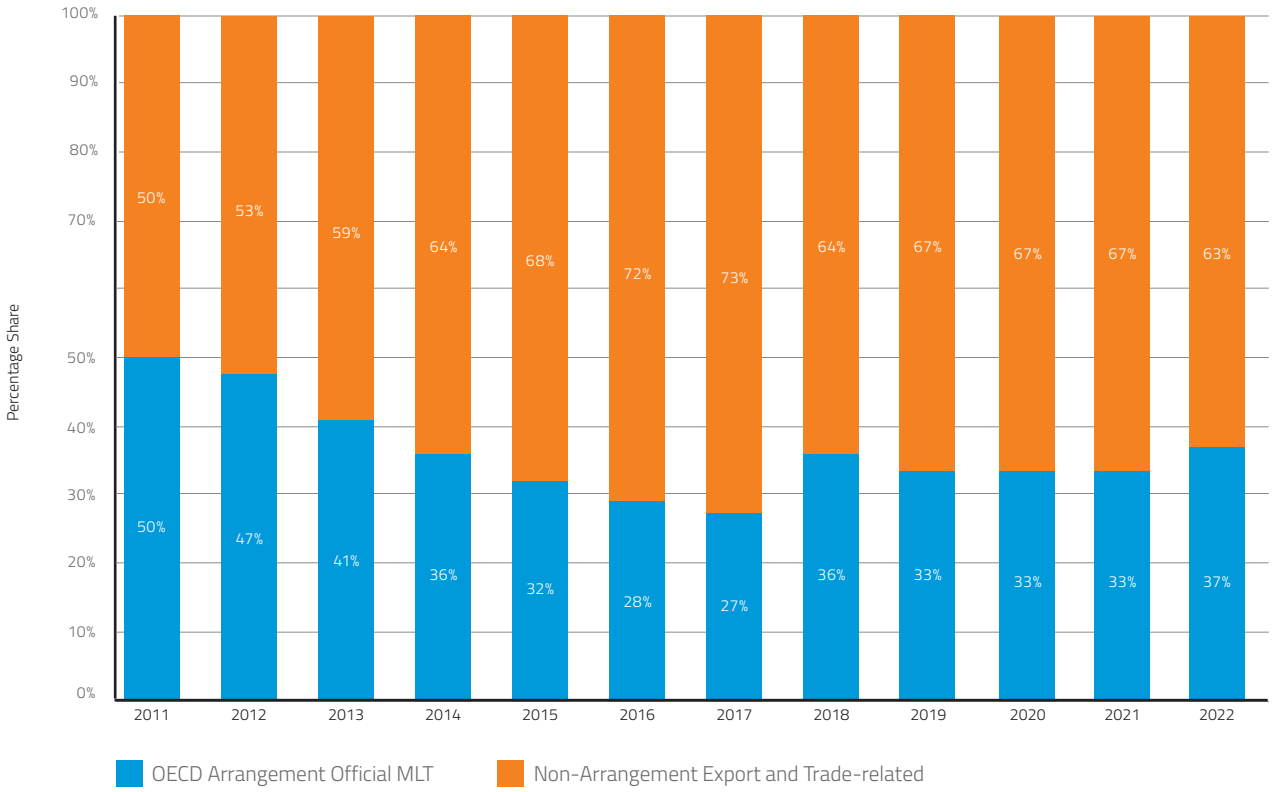
Sources: EXIM, bilateral engagement.

11 DFI volume represents reported volume from U.S. International Development Finance Corporation, European Development Financial Institutions, and Development Finance Institute Canada. Volume is taken from annual reports (when available) and is otherwise estimated. When estimates were used in the previous year, as was the case in the 2021 Competitiveness Report, EXIM revises the DFI figure with the actual volume reported in annual reports in the next year's report. This drove the change in 2021 volume reported in this year's report. DFI volume does not include DFI activity from official financing institutions in Asia due to a lack of data.

In 2022, Arrangement-compliant MLT export credit activity provided by Arrangement Participants increased (as seen in Figure 2), reversing a three-year downward trend that began in 2019. The 2022 volume was driven by significantly increased support from Italy and Korea. Italy reported $14.8 billion in MLT export credit volume in 2022, the highest among OECD Arrangement Participants, primarily driven by several large transactions in the cruise ship sector and the expansion of an existing petrochemical complex. Most other countries, including the United States, experienced modest growth.

OECD Arrangement-compliant activity comprised approximately 37% of total export and trade-related financing in 2022 (see Figure 3)— an increase of four percentage points from 2021 levels and the highest seen since 2013.

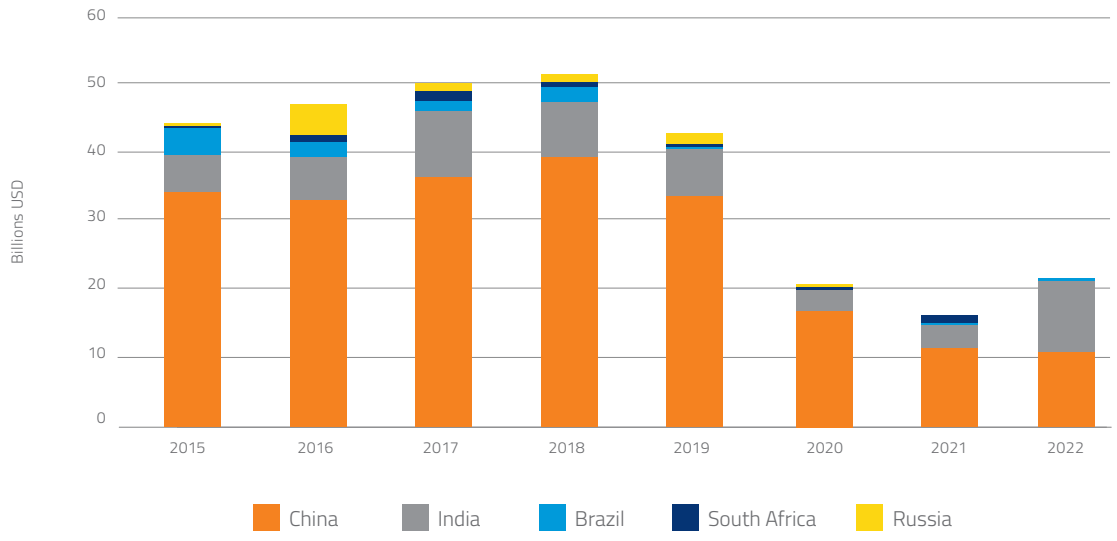
Figure 3: OECD Arrangement Official MLT Export Credits vs. Non-Arrangement Export and Trade-related Support



Sources: EXIM, bilateral engagement, annual reports.

BRICS Countries' MLT Export Credit Activity[12]

Figure 4: BRICS Official MLT Export Credit Activity



Sources: EXIM, bilateral engagement, annual reports

As in past years, China was the largest provider of official MLT export credits from the BRICS countries in 2022 (Brazil, Russia, India, China, South Africa).[13] EXIM research indicates that China's MLT official export credit reached approximately $11 billion in 2022, similar to 2021 levels.[14] For the first time since 2012, China was not the largest provider of official MLT export credits in the world, with Italy reporting nearly $14.8 billion in MLT export credit support.

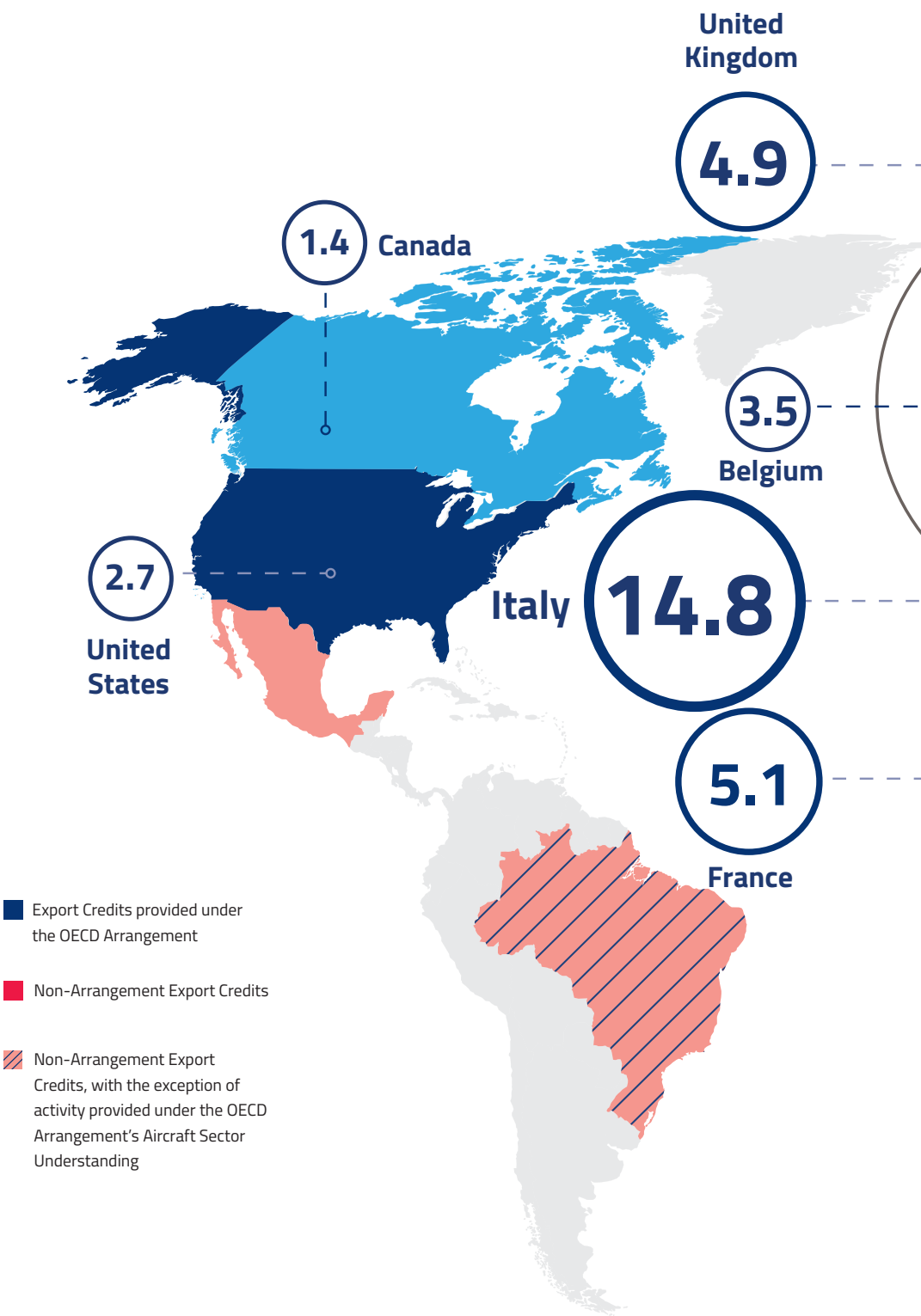
China's decades-long dominance in MLT export credit financing among BRICS countries appears to be waning due not only to its lower levels of support when compared to historical standards, but also due to the steady and significant rise of India. In 2022, India reported volume nearly on par with China, rising to $10.4 billion.[15] Given India's high levels of support, total support among BRICS countries increased to approximately $22 billion, its highest level since 2019. Brazil and South Africa recorded more muted figures.

12 EXIM did not request bilateral information from Russia, therefore the activity of Russia's ECAs will not be covered in this year's report.
13 The BRICS (Brazil, Russia, India, China, South Africa) countries are significant emerging market economies that are not Participants to the OECD Arrangement, with the exception of Brazil as a Participant to the OECD Arrangement's Aircraft Sector Understanding (ASU). Therefore, their official export credit support is not subject to Arrangement rules.
14 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.
15 Note that changes to the EXIM reporting template appear to have clarified to India that its standard MLT financing belonged in the tied category rather than the untied category. This amended reporting accounted for a significant amount of the growth in India's tied volume in 2022. EXIM is looking into India's data further and may adjust India's 2020 and 2021 volume in next year's report.

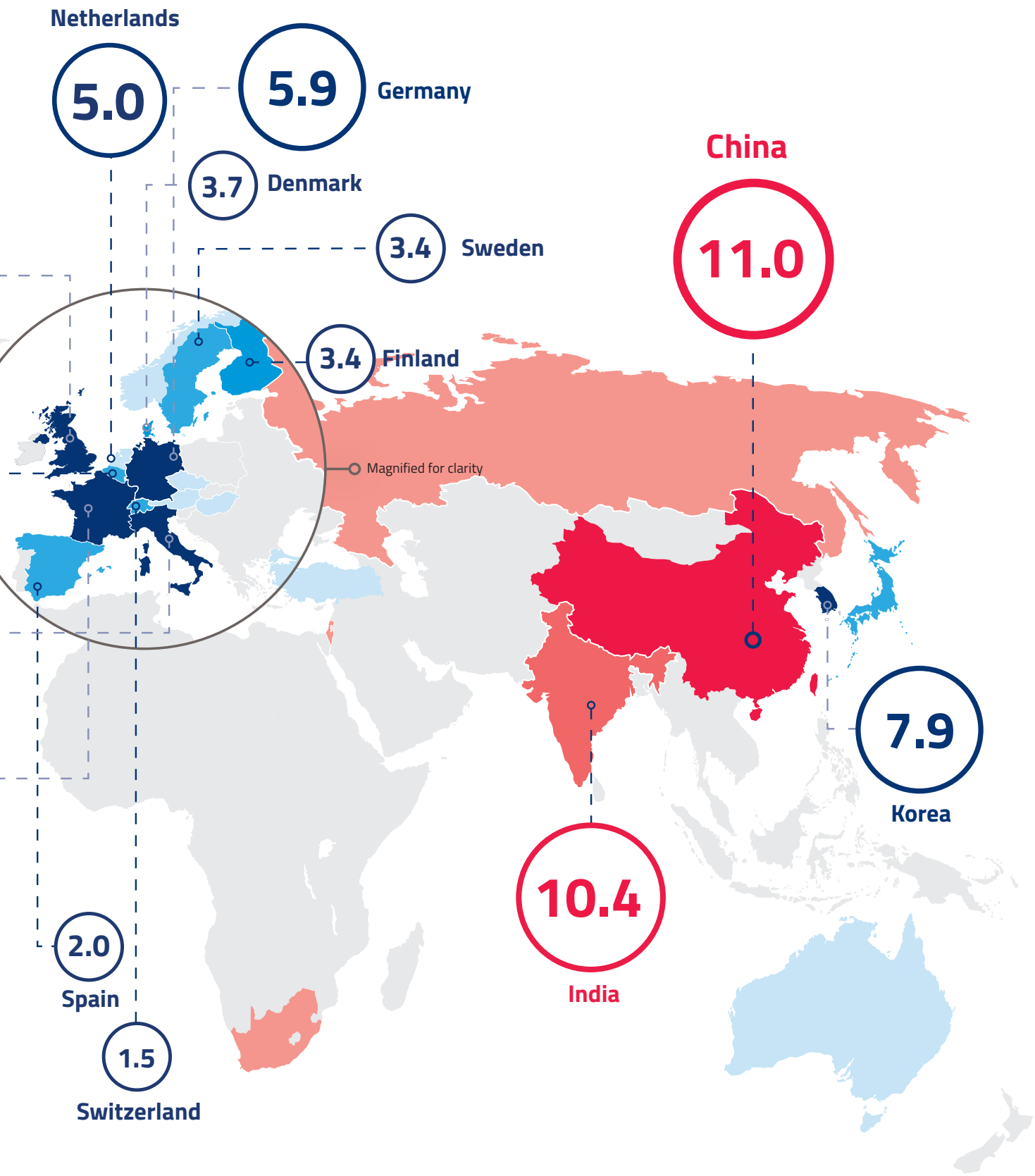
New Major Official Medium- and Long-Term Export Credit Volumes

Billions USD

1	Italy	14.8
2	China[16]	11.0
3	India	10.4
4	Korea	7.9
5	Germany	5.9
6	France	5.1
7	Netherlands	5.0
6	United Kingdom	4.9
9	Denmark	3.7
10	Belgium	3.5
11	Finland	3.4
12	Sweden	3.4
13	United States	2.7
14	Spain	2.0
15	Switzerland	1.5
16	Canada	1.4
17	Austria	0.8
18	Israel	0.5
19	Japan	0.5
20	Brazil	0.5
21	Norway	0.4
22	Other OECD	0.2
23	Mexico	0.1
24	South Africa	0.0
25	Turkey	0.0
26	Czech Republic	0.0
27	Australia	0.0
28	Hungary	0.0
29	Russia[17]	NA



16 EXIM estimate based on open-source research and bilateral engagement. See methodology section in Chapter 2 for more details.
17 Similar to 2021, EXIM did not request bilateral information from Russia's ECAs. As such, their activity will not be covered in this year's report.

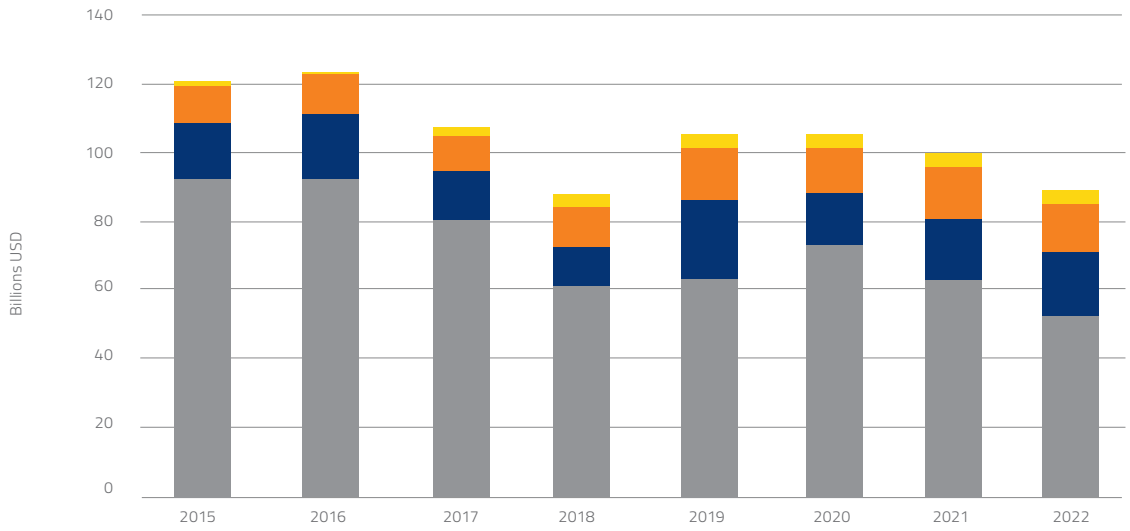


Sources: EXIM, bilateral engagement

Disclaimer: Bubbles are not to scale and do not correlate with export credit volumes listed.

Trade-related Activity (Not Covered by the OECD Arrangement)

Figure 5: Trade-related Activity (non-Export Credit) from OECD and non-OECD Countries



	2015	2016	2017	2018	2019	2020	2021	2022
Market Windows	1.7	0.3	2.7	4.2	4.1	3.9	3.2	2.6
DFI Activity	11.1	11.2	11.9	12.8	16.4	13.9	16.1	16.7
Untied Support	15.5	19.5	13.7	11.9	23.2	14.9	17.6	19.3
Investment Support	93.0	92.2	82.0	60.3	62.8	73.8	62.4	52.3

Official trade-related finance is government-backed MLT financing that is generally associated with some degree of trade between nations, but generally provided for a primary purpose other than financing an export sale; it does not normally require a minimum amount of exports from the providing country.[18] As such, this activity is not within the scope of the OECD Arrangement because it is not considered official support for exports. As U.S. exporters have reported facing global competitors backed by these types of financing, they are again included in this year's analysis.

Official trade-related finance includes investment support, untied support, market window activity, and DFI activity (shown in Figure 5). Each of these types of support (excluding DFIs) are typically dominated by a subset of ECAs.

18 See Glossary for a more detailed explanation.

Investment Support

Figure 6: Investment Support by Select ECAs (Billions USD)

Year	China	Japan	Korea	Canada	Other OECD ECAs	All Other ECAs
2015	48.6	31.6	2.1	5.7	5.0	0.0
2016	51.4	23.2	5.5	3.8	7.0	1.3
2017	44.7	21.0	7.3	4.7	2.9	1.3
2018	22.0	18.2	9.4	5.5	4.6	0.7
2019	23.1	19.4	6.9	5.5	7.8	0.2
2020	18.2	36.9	7.5	6.4	4.4	0.4
2021	13.2	29.9	8.6	4.9	5.7	0.2
2022	13.0	13.6	11.0	7.9	6.2	0.7

Investment support is historically the largest component of trade-related activity and is most often the source of competition alleged by U.S. exporters. When providing investment support, an official government entity, such as an ECA, provides support to a domestic 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 covers political risks for an equity investor. In addition, this support includes debt to a foreign subsidiary to undertake purchases that frequently involve acquiring goods or services in international markets.[19]

Major providers of official investment support decreased their new commitments from approximately $62 billion in 2021 to $52 billion in 2022. This type of support is often used for major large-ticket projects, and therefore ebbs and flows from year to year depending on the timing of a relatively small number of projects. Japan provided the most investment support of all ECAs with $13.6 billion, followed by China with $13 billion, Korea with $11 billion, and Canada with $7.9 billion. Japan, which dominated in the investment support category over the past few years, experienced a significant drop off in support, falling from $29.9 billion in 2021 to $13.6 billion in 2022.[20]

Untied Support

Figure 7: Untied Support by Select ECAs (Billions USD)

Year	Germany	Canada	Italy	Japan	Korea	All Other ECAs
2015	0.1	1.1	0.0	1.3	7.7	5.3
2016	0.5	6.6	0.0	1.5	6.8	4.1
2017	0.0	6.5	1.5	0.6	1.0	4.1
2018	0.5	4.6	1.2	1.1	0.4	4.1
2019	0.7	4.7	0.7	2.0	5.2	9.8
2020	0.5	2.2	0.6	1.6	4.0	6.0
2021	0.0	2.3	1.2	1.8	3.1	9.1
2022	4.5	4.1	3.9	2.0	4.3	0.6

19 See Glossary for a more detailed explanation.
20 Japan indicated the decline was driven by cyclical demand, which impacted the size and number of projects in 2022.

Untied financing is generally provided to a company to promote the provider country's "national interests" rather than directly financing a specific export sale. Recently, instead of this support being used primarily for a discrete transaction, ECAs are now using it more as a lever to achieve specific, non-transactional and strategic goals—sometimes even including domestic activity. Exporters and lenders have touted the untied programs offered by foreign ECAs as competitive offerings that give buyers sourcing flexibility and allow buyers to diversify the ECAs that they work with, influencing sourcing decisions in the medium- to long-term.

Untied support increased by around 10% from 2021 to 2022. Germany was the largest provider of untied support in 2022 with $4.5 billion. Canada, Korea, and Italy also provided high levels of untied support.[21]

Market Windows

Figure 8: Market Window Activity by ECA (Billions USD)

Year	Belgium	Canada
2015	0.0	1.7
2016	0.0	0.3
2017	0.0	2.7
2018	2.8	1.4
2019	2.8	1.3
2020	2.7	1.2
2021	2.6	0.6
2022	2.6	0.0

Source: Bilateral engagement.

EXIM is required to include market window activity as part of this report.[22] A market window program is an officially backed financing program with pricing on exclusively commercial market terms and is, as such, not subject to Arrangement disciplines. The market window activity of OECD Arrangement Participants has historically raised competitive issues for U.S. exporters, although use everywhere (except Belgium) has declined to minimal levels. Belgium's market window support was stable year-over-year (see Figure 8).

Development Finance

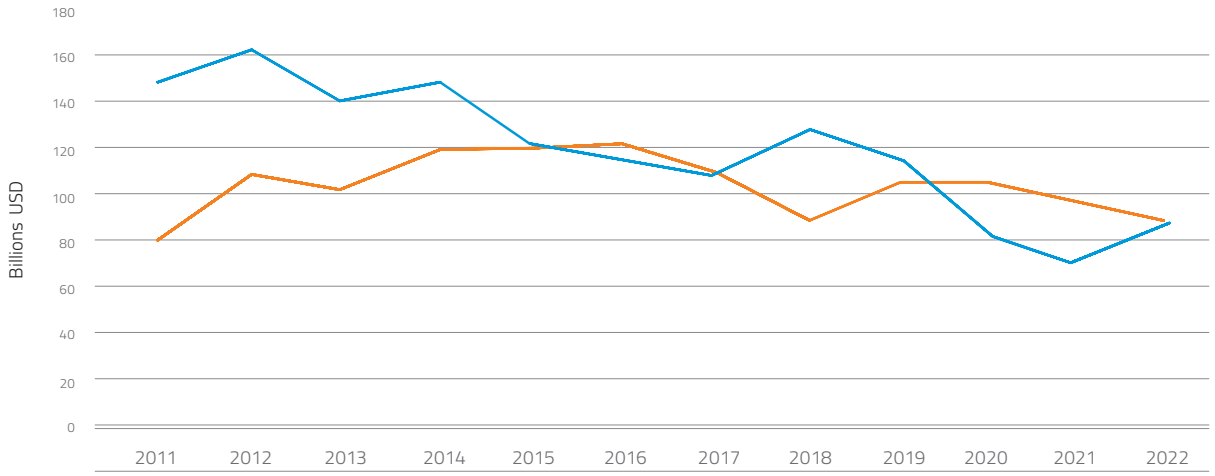
Development finance, provided by bilateral DFIs, encourages private sector entities to do business in foreign developing markets for developmental purposes. While development finance is untied, many DFIs have "national interest" mandates similar to those of many ECAs, or initiatives aimed at supporting domestic exporters. The U.S. International Development Finance Corporation (DFC), which is the DFI of the United States, continues to provide development finance only of an untied nature. DFI activity is included in trade-related financing as U.S. exporters continue to report foreign exporters have DFI support in their financing packages.

Based on EXIM estimates of U.S., EU, and Canadian DFI activity,[23] DFI support was slightly up in 2022 compared with 2021, increasing from approximately $16.1 billion to $16.7 billion. This is the highest level of DFI activity reported since EXIM began tracking these statistics, eclipsing the previous record of $16.4 billion occurring in 2019. DFI support has been trending steadily upwards over the past decade, broadly demonstrating the strategic value that governments continue to find in this tool.

21 Note that the significant decline in untied support from "All Other ECAs" seems to have been driven by the shift in India's classification of its MLT support as tied in 2022.
22 12 U.S.C. §635g-1(a)(1).
23 Asian countries, especially Japan and Korea, are consistently the largest providers of development support, but there is limited data or reporting on their activity.

Conclusion

Figure 9: Official MLT Export Credits vs. Other Trade-Related Support from OECD and non-OECD Countries



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Official MLT Export Credit	149.7	163.8	141.7	148.6	123.4	115.9	109.5	128.3	116.1	83.2	71.0	89.3
Total Official MLT Trade-Related Support	82.6	110.9	104.4	119.9	121.3	123.2	110.4	89.2	106.4	106.5	99.3	90.9

Sources: EXIM, bilateral engagement, annual reports.

Combined export credit and trade-related activity ticked upwards in 2022 from its 2021 lows. Led by the increase in India's MLT support, official MLT export credit volumes increased by over $18 billion in 2022. Conversely, official trade-related activity decreased by 8% to $91 billion (as seen in Figure 11) due to a fall in Japan's investment support and a reclassification of India's support as export credit.

Together, these changes resulted in a total increase in export and trade-related activity of $10 billion. This represents the first increase in overall export and trade-related activity since 2019. It is not yet clear whether the dramatic uptick in MLT export credits is the start of a new trend or only a blip in the longer-term level of declining activity.

CHAPTER 2

Chinese Official Export and Trade-related Activity

China, like some other (particularly Asian) countries, has two official export credit agencies. The Export Import Bank of China (China EXIM or CEXIM) offers loan, guarantee, and bond products that support in-bound and out-bound trade and investment.[24] China Export and Credit Insurance Corporation (Sinosure) offers trade and export credit insurance products that are comparable to standard ECA credit insurer support. While many other Chinese financial institutions provide similar trade and export-related support and are state or quasi-state owned, such as China Development Bank (CDB), China does not deem these institutions official export credit agencies, so their support is not included in this analysis.

China EXIM and Sinosure are typically less transparent about their lending products and volumes than OECD ECAs.[25] Their annual reports come with a significant time lag and, though audited by an independent third party in a manner consistent with Chinese accounting standards, do not include comparable commitment figures nor the level of detail typical of other ECA financial statements.[26] Furthermore, on a transactional basis, Chinese export credit agencies frequently include non-disclosure covenants in their credit agreements that allow the Chinese agencies to nullify the loan agreement should the terms and conditions of the loan be made public by the borrower.[27] In effect, this keeps a tight lid on the terms and conditions of these institutions' products, even though many of the borrowers are sovereigns or borrowers that carry a sovereign guarantee.

On a macro level, the value of Chinese ECA support has significantly decreased since peaking in 2018 at an estimated $39 billion. While this downward trend pre-dated the pandemic, it accelerated significantly in 2020 and 2021, before plateauing at $11 billion in 2022. A myriad of factors appears to have contributed to this decline, including tighter credit metrics, enhanced environmental, social, and governance requirements, more competition from other financial institutions, and other domestic policy shifts.[28]

Readout of China's 2022 MLT Activity

China EXIM and Sinosure authorized approximately $11 billion in MLT support in 2022, roughly equivalent to 2021. EXIM continues to see fewer large infrastructure projects in low-income countries that once typified official ECA support from China. Overall, China EXIM and Sinosure appear to have become more selective and strategic in their programs, doing fewer high-value transactions in high-risk markets.

Official support continues to be geographically dispersed, although the Caribbean and Oceania regions did garner more support than their bilateral trade relationships with China would suggest.[29] Also noteworthy, and potentially a function of worsening risk profiles and debt restructuring efforts, was the absence of any China EXIM commitments to sub-Saharan Africa in 2022, once a driver of CEXIM volumes.

On a more granular level, CEXIM maintained support for telecommunications projects in 2022. One project in the Solomon Islands was to build mobile

24 Unlike EXIM but similar to other Asian ECAs, CEXIM is effectively both an ECA and DFI. Since it has a development focus, some of CEXIM's products are not tied to Chinese exports and are provided on concessional terms. EXIM does not provide untied support or concessional loans.

25 This year, Sinosure bilaterally shared 2022 data with EXIM for use in the report, a welcome development with respect to transparency. See methodological note later in this section for more detail.

26 Neither CEXIM nor Sinosure's 2022 annual report is currently available. CEXIM's 2021 annual report was released in February of 2023. Sinosure's 2021 annual report was released in July 2022.

27 "China's Lending Strategy in Emerging Markets Risks Prolonging Borrowers' Pain," Wall Street Journal, September 10, 2022, https://www.wsj.com/articles/chinas-lending-strategy-in-emerging-markets-risks-prolonging-borrowers-pain-11662629962?st=2i444rg7385wp1j&reflink=desktopwebshare_permalink.

28 "'Small is Beautiful': A New Era in China's Overseas Development Finance," Boston University Global Development Policy Center, January 19, 2023, https://www.bu.edu/gdp/2023/01/19/small-is-beautiful-a-new-era-in-chinas-overseas-development-finance/.

29 EXIM Research.

communication towers. Huawei was reportedly the supplier and project sponsor, benefiting from a concessional financing package from CEXIM, who financed 100% of the $66 million project with a concessional loan that had a 1% interest rate and a 20-year repayment term. China EXIM's sustained support for telecommunication projects was also present in Turkey (see Box 2) and Bangladesh in 2022.[30]

Chinese ECAs also either walked away from or otherwise withheld support for a few significant transactions in 2022. In the power sector, this included power plant development in Pakistan[31] and a high-profile nuclear project in Argentina.[32] In the infrastructure sector, this included port expansion projects in Gambia[33] and Tanzania[34] and a rail project in Uganda.[35]

Box 1: CEXIM's Environmental and Social Policy

Chinese ECAs have traditionally had opaque environmental and social policies. This lack of transparency in combination with many project locations in sensitive environmental and social contexts has led to allegations that Chinese ECAs do not follow international best practices on environmental and social due diligence. Over the years, exporters have indicated that this perceived subordination of environmental and social risks to other factors in their credit decisions permits the expeditious approval of high-impact projects without full consideration of environmental and social consequences. In other words, lax environmental and social policies give Chinese ECAs a competitive advantage over EXIM and other OECD ECAs, which adhere to the Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence and have transparent environmental and social guidelines.[36]

In an effort to improve CEXIM's Environmental and Social Management System, the Asian Infrastructure Investment Bank (AIIB), a large multilateral development bank (MDB), signed a $200 million facility with CEXIM in 2022 to fund green projects in China.[37] AIIB co-administers the program with CEXIM to ensure that projects meet CEXIM's new Green Financing Framework.[38] If robustly implemented, projects approved under this framework would better align with international environmental and social best practices. CEXIM has made clear that its new Environmental and Social Framework will only be applied to projects funded through the $200 million facility.[39] This targeted application of international best practices to a portion of its projects stands in contrast to OECD ECAs, which adhere to the Common Approaches on most projects.[40]

30 Unfortunately, details on the terms of CEXIM's $368 million loan to Bangladesh are unknown.
31 "Financial Closure of Three Power Projects: Govt Seeks Sinosure's Support," October 27, 2022, https://www.energyupdate.com.pk/2022/10/27/financial-closure-of-3-power-projects-govt-seeks-sinosures-support/#:~:text=Prime%20Minister%20Shehbaz%20Sharif%2C%20sources%20said%2C%20had%20directed,Kohala%20hydropower%20project%20and%20Thar%20Block-I%20power%20projects.
32 Argentina Wants China to Fully Fund $8.3 bln Nuclear Plant Amid Cash Shortfall," April 5, 2022, https://www.reuters.com/business/energy/argentina-wants-china-fully-fund-83-bln-nuclear-plant-amid-cash-shortfall-2022-04-05/.
"Argentina Is Wasting the Vast Opportunities China Offers it," March 7, 2023, https://www.economist.com/the-americas/2023/03/07/argentina-is-wasting-the-vast-opportunities-china-offers-it.
33 AidData.org
34 "Tanzania's China-backed $10 billion Port Plan Stalls Over Terms," https://www.reuters.com/article/us-tanzania-port-idUSKCN1ST084. "Bagamoyo SEZ negotiations all set to commence afresh," https://thecitizen.co.tz/tanzania/news/national/bagamoyo-sez-negotiations-all-set-to-commence-afresh-3607784.
35 "Uganda Cancels $2.3 billion Railway Deal with China," January 13, 2023, https://www.globalconstructionreview.com/uganda-cancels-2-3bn-ra way-deal-with-china/.
36 The alleged lax policies may have also caused a number of political challenges for China in developing markets. Government turnover and deteriorating public finances in recipient countries have further exacerbated these problems and cast some Belt and Road Initiative (BRI) projects in a negative light.
"China's Global Mega-Projects Are Falling Apart," Wall Street Journal, January 20, 2023, 30 https://www.wsj.com/articles/china-global-mega-projects-infrastructure-falling-apart-11674166180?mod=hp_lead_pos6.
"China's Huge Asian Investments Fail to Buy It Soft Power," Economist, April 5, 2023, https://www.economist.com/asia/2023/04/05/chinas-huge-asian-investments-fail-to-buy-it-soft-power.
37 China: China EXIM Bank Green On-lending Facility, Asian Infrastructure Investment Bank, https://www.aiib.org/en/projects/details/2022/approved/China-EXIM-Bank-Green-On-lending-Facility.html.
38 "Green Financing Framework: The Export-Import Bank of China, Version 1.0," September 2022, http://english.eximbank.gov.cn/News/highlights/CEXIMAIIB/202302/P020230217598004551759.pdf.
39 "Environmental and Social Framework: The Export-Import Bank of China, Version 1.0," September 2022, http://english.eximbank.gov.cn/News/highlights/CEXIMAIIB/202302/P020230216616190520326.pdf.
40 The Common Approaches applies to all types of officially supported export credits for exports of capital goods and/or services, except exports of miliary equipment or agricultural commodities, with a repayment term of two years or more.

Box 2: Turk Telecom Case Study

The OECD Arrangement contains rules regarding the minimum pricing level that Participants must offer a borrower or project. Specifically, the OECD Arrangement requires Participants providing funding at a fixed rate to charge at least the relevant minimum interest rate, known as the Commercial Interest Reference Rate.[41] Moreover, all Arrangement-compliant deals must charge at least the applicable Minimum Premium Rate (MPR) for medium- and long-term transactions. The MPR accounts for the credit risk component of the transaction, which includes both buyer and country risk, time at risk, and type of cover (e.g., conditional versus unconditional support). The MPR is charged in addition to the interest rate, as it is meant to cover the risk of non-repayment for a given export credit.

While the OECD Arrangement endeavors to create a level playing field for financing—particularly pricing—among OECD Arrangement Participants, non-participants to the Arrangement are not subject to these requirements. For years, observers have believed that China intentionally structured its rates, fees, and terms to provide their exporters a competitive edge over Arrangement-compliant offers. However, as outlined in the example below, this flexibility may not always mean non-participants to the Arrangement offer more affordable pricing than their Arrangement-compliant counterparts.

In 2022, the Bank of China and China EXIM provided a EUR 200 million loan, which was insured by Sinosure, to a Turkish telecommunications provider.[42] The five-year loan was priced at Euribor plus 1.40% and, after factoring in the insurance premium and other upfront costs, Turk Telekom indicated the total all-in financing cost would be Euribor plus 2.76%. To demonstrate how this pricing would compare with a hypothetical loan guaranteed by an Arrangement Participant, see Figure 10 for a summary comparison.

Figure 10: Sample Pricing Comparison of Chinese-backed Financing with Hypothetical EXIM Guarantee

Financing Product	Funding Cost	Risk Fee and Other Upfront Costs	All-in Pricing
Chinese Financing	Euribor + 1.40%	1.36%	Euribor + 2.76%
OECD Guaranteed Financing	Euribor + 0.30% to Euribor + 0.70%[43]	1.79%[44]	Euribor + 2.09% to Euribor + 2.49%

While EXIM had to make several assumptions in calculating the interest rate and exposure fee to estimate an Arrangement-equivalent financing package, this example demonstrates that in certain situations financing on OECD Arrangement terms can be cheaper, or at least comparable, to what is offered by countries that are not Participants to the OECD Arrangement. In this particular example, the estimation above shows that an OECD Arrangement Participant's funding cost for a Euro-guaranteed note could be cheaper than a similarly structured Chinese-backed loan, while the associated risk fee for an OECD Arrangement Participant is roughly 25% higher.

41 The OECD Arrangement has no minimum interest rate requirements for floating rates; minimum fixed rate interest to be charged is determined by the currency and repayment profile of the transaction.

42 "Special Condition Disclosure dated 18.11.2022 – Long-term Loan Agreement," Turk Telekom, https://www.ttyatirimciiliskileri.com.tr/en-us/announcements-disclosures/pages/regulatory-disclosures?id=23777.

43 As the OECD Arrangement does not stipulate the interest rate charged for ECA-guaranteed loans, this figure was estimated using interest rate data for comparable, ECA-backed Euro-denominated guarantees.

44 EXIM does not have the exact details of the Chinese financial offering, so assumptions were made regarding MPR inputs (e.g., drawdown period, buyer risk classification, amortization schedule).

EXIM's Response to China Competition

In EXIM's 2019 Reauthorization, Congress mandated that the Bank establish the China and Transformational Exports Program (CTEP) to focus on competing with China, particularly in transformational export areas. Importantly, CTEP provides enhanced support for eligible transactions, allowing EXIM to support 85% of the net contract price so long as more than half of that contract price is eligible U.S. content. In certain sectors like wireless communication, EXIM can support 85% of the net contract price even if less than half of the content is eligible U.S. content, so long as certain measures are met. EXIM supported six MLT transactions totaling approximately $630 million in authorizations under the CTEP program in 2022, up from four transactions totaling approximately $90 million in 2021.

Methodological Note

Typically, neither CEXIM nor Sinosure respond to EXIM's bilateral data request. As such, EXIM uses aggregators (LexisNexis) and analytic tools (Janes IntelTrak, Emerging Market Information Service), monitors news alerts, and performs open-source research to build a database of transactions that CEXIM and/or Sinosure authorized in 2022 to inform this report.[45] China's 2022 MLT volume represents the following:

- CEXIM's non-concessional support per EXIM research, plus[46]
- Sinosure's support per bilateral input, less
- Sinosure's overlapping support of CEXIM's support per EXIM research[47]

45 Sinosure bilaterally provided EXIM with its 2022 volume of MLT and overseas investment support. Unsurprisingly, Sinosure's bilaterally reported volumes are higher than what EXIM's internal research suggested. This variance may be attributed to different definitions of MLT. EXIM defines MLT as loans, guarantees, and insurance commitments with tenors of two or more years. Sinosure classifies its guarantees and insurance commitments as MLT if it has a tenor of more than one year. So, if half of Sinosure's reported volume had a tenor between one and two years, then their reported volume would be two times higher than what EXIM would report.

46 CEXIM can provide concessional loans with below market interest rates, long terms, low fees, etc. When EXIM has enough information to assess the concessionality of CEXIM support, it excludes concessional support that meets minimum OECD Arrangement concessionality levels from China's MLT figure to be consistent with our treatment of tied aid from other OECD Arrangement Participants.

47 Sinosure can insure CEXIM loans. In order to avoid double counting these commitments, EXIM deducts this overlapping exposure.

CHAPTER 3

New Initiatives and Products from Other Export Credit Agencies

In 2022, many ECAs introduced new products and programs to advance non-export related interests. Of particular interest to many ECAs in 2022 was advancing green/sustainable agendas, securing critical input supplies, and developing strategic industries and small and medium-sized enterprises (SMEs). Generally, most ECAs have a more flexible approach to domestic content requirements and a more holistic view of their exporters' supply chains when advancing these interests. While export development remains a core consideration in some of these programs, domestic content is rarely the primary focus. ECAs may use untied products (loans, guarantees, insurance with 0% domestic content requirements), including concessional products (products with below market terms and conditions), and minimally tied products (less than 25% domestic content) to advance these interests.

Sustainability

Similar to 2021, sustainable finance remained a priority area for many OECD ECAs in 2022. Some ECAs have development goals and have created sustainability-linked products to deliver on those objectives. For purposes of this report, sustainability means programs that promote environmental, social, and governance goals. These programs range from advancing the UN's Sustainable Development Goals (SDGs), promoting climate-positive investment, and increasing women and minority representation in governance mechanisms. They are frequently crafted to align with government-wide initiatives and commitments and occasionally involve collaboration with DFIs or MDBs.

As an example of the latter, the European Investment Bank (EIB) provided a EUR 600 million lending facility to Italian energy giant Enel, backed by a SACE guarantee, to support the development of renewable power generation and distribution in Peru, Colombia, and Brazil. The facility is linked to the emission intensity of the underlying projects and includes margin adjustments should targets not be met.[48] Enel also inked an $800 million sustainability-linked direct loan with Denmark's EKF in 2022. The multi-tranche loan will support a 1.5 GW buildout of Enel's global wind portfolio.[49] The loan is tied to supply contracts with Danish exporters.

Late in 2022, UK Export Finance (UKEF) provided a sustainability-linked loan to Pegasus Airlines to finance the airline's acquisition of ten Airbus aircraft. The loan was indexed to the airline's ability to meet carbon intensity and gender diversity targets.[50] UKEF is developing a track record for sustainability-linked support in the aviation sector, providing cover on a GBP 1 billion facility to British Airways in 2021 that included a "sustainability-related performance clause."[51]

Credendo, the Belgian ECA, introduced its Green Package in 2022, with new sustainability-linked incentives for insurance, buyer credit, and guarantee products. For sustainable export credit insurance,

48 "Enel Agrees on 600 Million Euro Facility with the European Investment Bank and SACE for Sustainability-Linked Financing in Latin America," April 11, 2022, https://www.sace.it/en/media/press-releases-and-news/press-releases-details/enel-agrees-on-600-million-euro-facility-with-the-european-investment-bank-and-sace-for-sustainability-linked-financing-in-latin-america. "Enel Agrees on EUR 600 Million Facility with the EIB and SACE," April 11, 2022, https://www.eib.org/en/press/all/2022-195-enel-agrees-on-eur600-million-facility-with-the-eib-and-sace-for-sustainability-linked-financing-in-latin-america.

49 "Enel Agrees on an 5,8 Billion KR Sustainability-Linked General Purpose Financing with EKF and Citi," https://www.ekf.dk/en/about-ekf/ekf-s-organisation/news/2022/enel-agrees-on-an-5-8-billion-kr-sustainability-linked-general-purpose-financing-with-ekf-and-citi.

50 "Sustainable Finance: AF Rethinks SPTs, Wizz Air and Pegasus debut Sust-linked Deals," February 1, 2023, https://www.ishkaglobal.com/News/Article/6872/Sustainable-Finance-AF-rethinks-SPTs-Wizz-Air-and-Pegasus-debut-sust-linked-dea.

51 "UK Agency Has Backed Billions' Worth of Aviation Deals since Paris Agreement," April 6, 2023, https://www.theguardian.com/environment/2023/apr/06/uk-agency-has-backed-billions-worth-of-of-aviation-deals-since-paris-agreement.

Credendo lowered its minimum domestic content to 20% and increased its cover from 90% to 98%.[52] Additionally, this product is open for domestic green projects so long as the good or service has export potential. In its buyer credit programs, it increased the maximum amount of funding per transaction from EUR 8 million to EUR 15 million and increased the maximum tenor from five to ten years. Finally, it increased the cover on its domestic guarantee product from 50% to 80%, where it provides cover on loans (e.g., working capital, investment loans) to Belgian companies with international operations.

In a similar vein, Cesce (Spain) rolled out a new Green Export Policy to advance climate-friendly exports. The Green Export Policy lowers minimum domestic content from 50% to 30%, provides premia discounts (within Arrangement limits), and allows for the refund of study expenses upon signing of the policy.[53] In 2022, Cesce used the Green Export Policy to provide cover on a EUR 500 million syndicated loan to support renewable energy and transmission projects in the UK, Ireland, Portugal, and Poland.[54] This policy also led to a EUR 500 million strategic agreement to promote green exports with Alstom, a rail heavyweight with a significant industrial footprint in Spain. The agreement indicates that Cesce can guarantee up to EUR 500 million of Alstom's green projects on an annual basis through its buyer credit insurance policy.[55]

Strategic Interests

Many ECAs have designed programs to promote core national interests. The most common themes of these initiatives in 2022 were strategic industry development, energy and supply chain security, and SME development. Targeting these national interests involved boosting domestic industries.

Many of the new products that ECAs rolled out in 2022 targeting strategic interests were untied. For example, Sweden's EKN introduced a new raw material guarantee in which it provides untied cover so long as the offtake contract is with a Swedish exporter. This new program, effectively an import support program, required a new ordinance that expanded EKN's mission.[56] Euler Hermes (Germany) also has a similar untied program associated with German offtake. Euler Hermes supported two large commodity transactions with Trafigura in 2022 using this program: an $800 million syndicated loan for the inbound supply of non-ferrous metals,[57] and a $3 billion syndicated loan for the inbound supply of natural gas.[58] These commodities are critical for Germany's strategic chemical and manufacturing industries. On a slightly different track, Atradius (Netherlands) rolled out an untied insurance product, the Green Cover Investment Loan, to expand domestic production capacity for green capital goods or projects. Atradius can cover up to 80% of the loan and charges market terms on the insurance product.[59]

Innovative solutions to promote strategic industries were not restricted to traditional high-volume ECAs. KUKE, the Polish ECA, developed a new tool to boost investment from large foreign companies that export from Poland. In March 2022, KUKE signed a EUR 1 billion strategic cooperation agreement with Alstom to expand export-related projects in Poland.[60] While specifics aren't public, the agreement reportedly facilitates contract execution with international

52 "Credendo Green Package," https://credendo.com/sites/default/files/media/files/2023-02/2022-07%20Credendo_Brochure_The%20Credendo%20Green%20Package_AG_v05.pdf.
53 "New Green Policies on Behalf of the State," https://www.cesce.es/en/cuenta-del-estado/polizas-verdes.
54 "Cesce Green Investment Policies," https://comercio.gob.es/en-us/NotasPrensa/2022/Paginas/221107_firmapolizaverdecesce.aspx.
55 "Cesce and Alstom Sign a Strategic Agreement to Promote Green Exports," October 11, 2022, https://www.alstom.com/press-releases-news/2022/10/cesce-and-alstom-sign-strategic-agreement-promote-green-exports.
56 "New Credit Guarantee to Secure Sweden's Access to Raw Materials," October 14, 2022, https://www.ekn.se/en/about-ekn/newsroom/archive/2022/press-releases/new-credit-guarantee-to-secure-swedens-access-to-raw-materials/#:~:text=The%20raw%20materials%20guarantee%20means%20EKN%20can%20now,of%20securing%20the%20production%20of%20raw%20materials%20abroad.
57 "Trafigura Signs USD800 Million Loan Agreement Guaranteed by the Federal Republic of Germany," October 21, 2022, https://www.trafigura.com/press-releases/trafigura-signs-usd800-million-loan-agreement-guaranteed-by-the-federal-republic-of-germany/.
58 "Trafigura Signs USD3 Billion Loan Agreement Guaranteed by the Federal Republic of Germany to Secure Gas Supply," December 5, 2022, https://www.trafigura.com/press-releases/trafigura-signs-usd3-billion-loan-agreement-guaranteed-by-the-federal-republic-of-germany-to-secure-gas-supply/.
59 "Green Cover," Accessed April 12, 2023, https://atradiusdutchstatebusiness.nl/en/products/green-cover.html. Atradius has also developed a "green label" methodology for transactions that benefit from its various green initiatives. "The Green Label," Atradius Dutch State Business, Version December 2020.
60 KUKE and Alstom Sign Billion-Euro Strategic Cooperation Agreement," March 4, 2022, https://kuke.com.pl/en/news-and-insights/kuke-and-alstom-sign-billion-euro-strategic-cooperation-agreement-to-increase-export-projects-in-poland.

buyers and appears to be tied to future Alstom export contracts. KUKE's President and CEO Janusz Wladyczak, speaking about the Alstom agreement, pledged "KUKE is ready to support the foreign expansion of companies operating in Poland."

Domestic Programs

While some of the programs mentioned previously could serve domestic purposes, others are exclusively designed to benefit domestic borrowers. ECAs established some of these programs to provide liquidity during the pandemic. More recently, ECAs have designed domestic programs to mitigate other vulnerabilities.

In 2022, Cesce rolled out a new Strategic Investment Policy to promote inbound investment in Spain.[61] Cesce will provide up to 80% cover for projects in Spain in innovative sectors like renewable energy, energy storage, and green hydrogen. Cesce charges a 5% surcharge on top of the interest rate charged by the bank net of the bank's funding cost. This product does not need to be linked to an export contract, although there are export performance related eligibility requirements.

Also in 2022, EFA (Australia) approved its first loans under its Critical Minerals Facility, an AUD 2 billion facility established in 2021 to support critical mineral projects in Australia. The first two projects involved graphite, a key ingredient in rechargeable batteries.[62] One loan will fund construction of a battery anode material facility. The other will fund the mining, processing, and manufacturing of purified graphite. The third and by far the largest was an AUD 1.25 billion loan to Iluka Resources to develop Australia's first integrated rare earths refinery in Western Australia.[63] Australia, a mineral-rich country, sees this program as a means to boost its economy by capturing more upstream value, creating regional jobs, and ensuring supply of critical inputs for domestic industries while simultaneously boosting exports.

On April 14th, 2022, EXIM's Board of Directors approved the Make More in America Initiative (MMIA), which extends EXIM's MLT financing to eligible domestic projects with an export connection. Eligible projects are expected to export 25% of production associated with EXIM financing, or 15% for priority areas such as small business, transformational export areas, and environmental beneficial projects, among others. Borrowers must report annually on how their financing is supporting exports. Additionally, EXIM's financing does not have a content requirement but is directly tied to the jobs supported by the financing, including both jobs to construct and operate facilities. This reflects EXIM's core mission of supporting U.S. jobs via exports.

As this domestic financing is not an export credit, MMIA is not subject to the OECD Arrangement. However, EXIM will still price such transactions using the OECD methodologies allowed for high-income (Category 0) countries, as these methodologies are appropriately "market-reflective." EXIM is not bound by the maximum tenors of the Arrangement for MMIA transactions but will continue to follow the Arrangement's underlying spirit (and prudent underwriting) by not lending beyond the useful life of an asset. EXIM's MMIA loans are generally subject to the same requirements as any other MLT loan, including reasonable assurance of repayment and additionality. Finally, EXIM's MMIA loan guarantees will only provide an 80% guarantee, consistent with general U.S. government credit policy, which is less than the 100% guarantee provided under its MLT export financing.

61 "Strategic Investments Financing," https://www.cesce.es/en/w/cuenta-del-estado/entidades-financieras/financiacion-inversiones-estrategicas.
62 "First Loans Approved under A$2bn Critical Minerals Facility," February 2, 2022, https://www.miningweekly.com/article/first-loans-approved-under-a2bn-critical-minerals-facility-2022-02-02/rep_id:3650.
63 "Transforming Australia's Critical Minerals Sector," April 4, 2022, https://www.exportfinance.gov.au/newsroom/transforming-australia-s-critical-minerals-sector/.

SECTION B

Stakeholder Views and EXIM's Performance in Mandated Areas

- Chapter 4: Exporter and Lender Views
- Chapter 5: Review of EXIM's Performance in Mandated Areas

CHAPTER 4

Exporter and Lender Views

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.[64] 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 third-party surveys of export credit practitioners.

This year, EXIM expanded its survey pool to include many more companies and stakeholders that engaged with EXIM to ensure that the feedback was as diverse and robust as possible. The result was an experienced set of stakeholder respondents that included lenders and exporters as well as advisors and consultants who specialize in export credit support.

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. Industry association representatives explained that their comments regarding EXIM's competitiveness reflected the views of their members involved in MLT export finance, and this year also included comments on EXIM's MMIA program.

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 discussions.

As a means of validating its survey findings, EXIM has an independent third party conduct an Export Finance Survey[65] and a Global Borrowers Survey[66] to round out the market views collected from EXIM stakeholders.

It is important to note that these are qualified surveys, which means the respondents must have had some experience dealing with at least two ECAs in order to have a point of comparison from which to respond. The quotes selected for inclusion in this report best represent the overriding sentiment expressed by the stakeholders on a given aspect of EXIM competitiveness. EXIM has anonymized quotes from the survey and focus groups to ensure exporters and lenders are comfortable providing honest, fulsome feedback.

Finally, EXIM gathers information from industry conferences, meetings with experts, and market reports to contextualize all of the input provided by the range of stakeholders contributing to this section.

Key EXIM Survey and Focus Group Trends

Respondent Profile

This year, the survey was sent to an expanded pool of stakeholders familiar with EXIM and covered roughly 90 questions.[68] EXIM received 45 responses of which, 51% (23) were exporters, 40% (18) were lenders, and the remaining approximately 9% (4) were "other" stakeholders familiar with EXIM. This number of responses was one more than 2021 (44). The number of responses continues to reflect the shrinking number of respondents knowledgeable—and willing to opine on—EXIM's policies and practices relative to foreign ECAs.[69]

64 12 U.S.C. §635g-1(a)(1).
65 EXIM contracted TXF and they conducted an online industry survey that attracted 413 responses, slightly up on a year before, and supplemented those finding with 19 follow-up interviews, split equally between banks, ECAs, and exporters.
66 TXF sub-sample of borrowers and importers comprised 48 individuals from 40 companies with experience dealing with at least two of these ECAs over the past two years.
67 The survey was sent to 391 stakeholders, meaning the overall response rate was approximately 12%. However, many SMEs would not be able to respond to the survey, as it requires experience with more than one ECA for comparison.
68 Most stakeholder only had to respond to a subset of those questions based on their experience with EXIM.
69 It is important to note that EXIM conducts a qualified survey which means respondents must be familiar with the programs and practices of at least one other ECA in addition to EXIM to be able to rate EXIM's relative competitiveness.

The focus groups consisted of 11 exporters and 17 banks. One exporter and one lender also requested separate bilateral meetings.

EXIM is viewed as less competitive than other ECAs but improving.

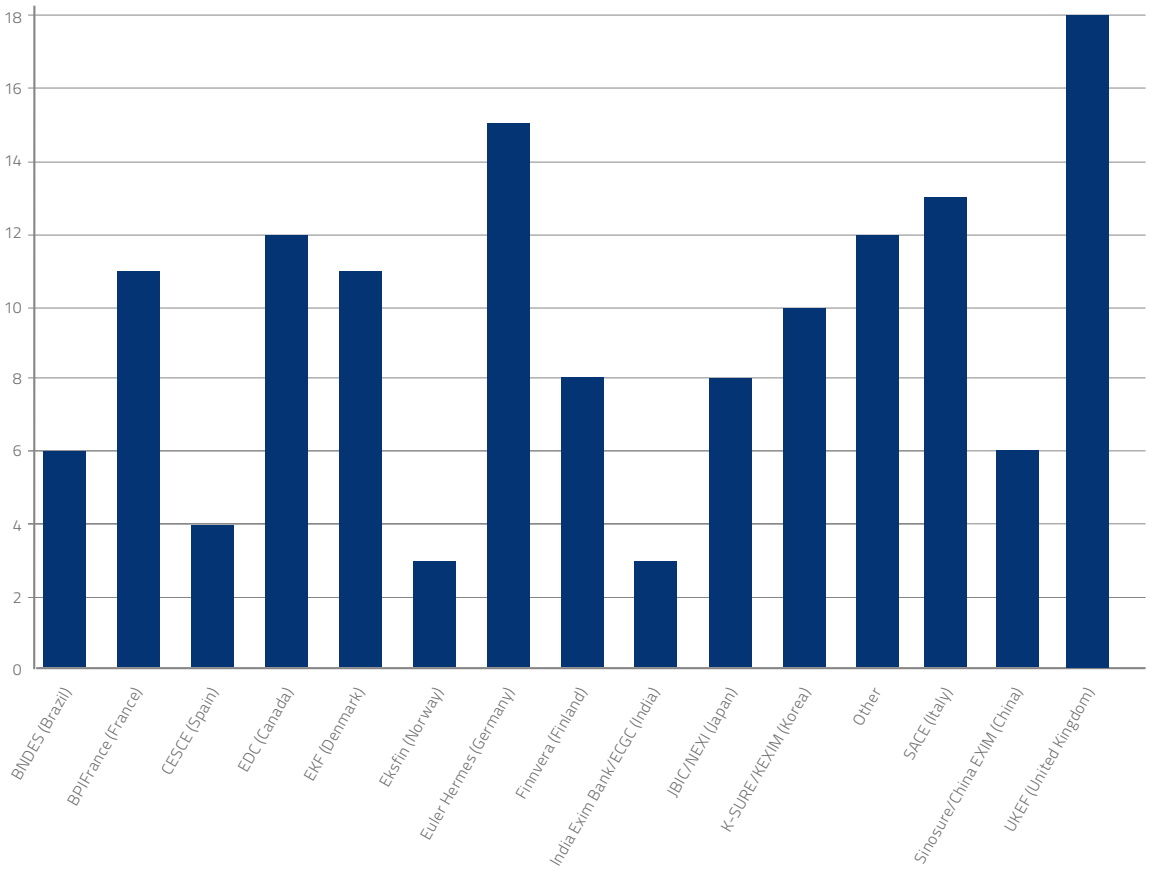
While the majority of stakeholders continued to regard EXIM as less competitive compared to other ECAs, the percentage of stakeholders with an improved opinion of EXIM competitiveness increased, with approximately 60% (25 of 42) of who responded indicating that EXIM was "far" or "slightly" less competitive than foreign ECAs. Although an improvement from last year, when 85 percent of respondents rated EXIM as "far" or "slightly" less competitive, this rating stands in stark contrast to the "A/A+" ratings that EXIM had reported in previous editions of this report a decade ago.

In terms of relative importance of financing, approximately 89% (39 of 44) of respondents stated that availability and/or terms and conditions of MLT export financing influenced a buyer's procurement decisions. In the focus group discussions, lenders and exporters further emphasized their assessment of EXIM competitiveness stating that EXIM was too passive, waiting for deals to be brought to EXIM. The group acknowledged EXIM's efforts to educate and increase opportunities for small and medium businesses, but the group felt that EXIM was reactive on large infrastructure deals. For instance, lenders stated that other ECAs act as financing advocates for their suppliers, but EXIM does not provide lists of U.S. exporters to potential borrowers, nor does EXIM offer lines of credit to "pull" supply chains into the U.S. As one lender noted: "During EXIM's shutdown, other ECAs developed programs with additional flexibility regarding content/untied schemes. U.S. firms learnt how to access those by routing sourcing away from the U.S."

Respondents were savvy and generally experienced with many foreign ECA and EXIM programs, particularly MLT programs.

Approximately 59% (26 of 44) of survey respondents answered that they have worked with other ECAs, with most having reached out to the foreign ECA themselves. They worked with an average of approximately five ECAs across at least 14 countries.

Figure 11: Other ECAs that Survey Respondents Worked With



Content requirements, interest rates/prices, and prioritization are the main competitiveness concerns.

When asked to rank the most important aspects of export credit financing, nearly 53% (19 of 36) of the survey respondents indicated that content requirements were the most important, noting that EXIM's U.S. content policy is a deterrent to doing business with EXIM. The focus group participants stated that they believed the content policy changes under the China Transformational Export Program (CTEP) were positive, but that the exclusion of Chinese content was uncompetitive as this exclusion was not required by any other ECA. According to a lender, "EXIM's restrictive content policy has led to not considering EXIM support when the level of U.S. content is not substantially high."

Another area of competitive imbalance between EXIM and foreign ECAs that approximately 28% (10 of 36) of survey respondents mentioned were EXIM's pricing and interest rate conditions. As one lender noted: "Holding rates during the pre-contract period and during disbursement are valuable factors for project finance sponsors." As EXIM typically does not hold an interest rate and instead sets the rate at first disbursement, respondents noted that EXIM support is less competitive with that of foreign ECAs who can lock in rates, a feature that is particularly important in a rising interest rate environment.

During the focus groups, lenders and exporters expressed concern at a lack of policy prioritization. They raised a number of topics that EXIM is engaged on, arguing that EXIM was creating uncertainty and inaction by making everything a priority. Topics included balancing climate change mitigation and energy transition projects and supporting projects in higher risk sectors and geographies, such as the Partnership for Global Infrastructure and Investment (PGII), Ukraine, and Sub-Saharan Africa, within the 2% default rate cap.

Focus group members flagged disappointment with these and other "policy factors" that created uncertainty around support for their transaction and delays resulting from "analysis paralysis" that impair their ability to compete.

Both survey respondents and focus group participants mentioned the negative impact of U.S. flag shipping requirements but indicated their understanding that a policy change is unlikely. Focus group participants believed that waivers were insufficient, as waivers address availability issues but not cost concerns.

Customers would like to see more business orientation and faster processing speed.

> ***"EXIM is too policy-focused and not business transaction-focused."*** -Exporter

When asked what would make EXIM more competitive compared to other ECAs, the greatest number of survey responses were focused on processing speed and flexibility. Eight of the 25 (32%) respondents to the question wrote that they want faster processing time, and five of the 25 (20%) wrote that they want greater flexibility, especially in product and financing structures. As one exporter shared, "In addition, EXIM approved [the] facility with additional conditions, which brought us to work with other ECA[s]."

Focus group participants tempered concerns regarding EXIM documentary burden and turn-around time with appreciation for EXIM's guarantee support and the quality of cover EXIM provides relative to insurance support more widely available from most foreign ECAs. Nevertheless, stakeholders did emphasize that foreign ECAs provided offers of cover more quickly than EXIM and that the documentary burden of dealing with EXIM far surpasses that of foreign ECAs, maintaining that EXIM is overly focused on legal considerations.

During the focus groups, the lenders appreciated that EXIM was now better aligned with OECD-approved 40-50% local cost support and 5% cash payment policy, while an exporter noted that the delay in the policy change may have cost U.S. exporters four water project transactions in Sub-Saharan Africa to another ECA that was able to readily offer local cost support. Additionally, lenders flagged that such flexibility should be applied to all transactions, since other OECD ECAs already offer maximum OECD-compliant flexibility. The focus group members also expressed appreciation for EXIM's Make More in America Initiative but stated that its utility will be limited due to EXIM's guarantee only offering coverage for 80% of the loan.

Third Party Survey Results

EXIM began supplementing its exporter and lender survey results and focus group findings with a third-party survey in 2016 given EXIM's restricted capabilities that limited the potential survey pool. Since then, EXIM has included a 'heatmap' that reflects inputs from a global sample of export credit practitioners as well as buyers and borrowers.

In 2022, EXIM was ranked lowest among the 18 major ECAs represented on the heatmap – in particular with respect to "Understanding the client's business" where EXIM scored a 2.9, reflecting similar sentiments expressed during the focus group meetings and the surveys that the lack of staff resources is most decidedly impacting EXIM's competitiveness.

Figure 12: 2022 TXF Export Credit Agency Heatmap (Adjusted)[70]

ECA	Speed Of Deal Execution	Product Offering	Understanding Of Clients' Business	Customer Service	Industry Expertise	Appetite For Sustainable Deals	*Final Score*
KSURE	4.02	4.46	4.25	4.17	4.19	4.27	4.23
KEXIM	4.08	4.37	4.10	4.15	4.16	4.14	4.17
OeKB	3.84	4.06	4.12	4.36	4.18	3.94	4.08
Euler Hermes	3.69	3.87	3.95	4.10	4.04	4.06	3.95
EDC	3.70	4.00	4.00	3.73	3.91	4.30	3.94
SERV	4.15	3.83	3.93	4.03	3.53	3.90	3.89
SACE	3.59	3.89	3.89	3.73	3.93	3.83	3.81
JBIC	3.20	4.00	4.10	3.64	4.10	3.82	3.81
Atradius	3.54	3.92	3.87	3.91	3.77	3.71	3.79
UKEF	3.40	3.78	3.84	3.90	3.83	3.91	3.78
EKN	3.21	3.75	3.93	3.67	4.00	4.00	3.76
EKF	3.48	3.55	3.76	3.77	3.81	4.00	3.73
CESCE	3.34	3.69	3.80	3.62	3.70	3.80	3.66
Credendo	3.31	3.53	3.69	3.72	3.53	3.40	3.53
Bpifrance	3.12	3.41	3.76	3.58	3.74	3.53	3.52
Sinosure	3.35	3.61	3.54	3.39	3.71	3.46	3.51
US EXIM	3.90	3.20	2.90	3.56	3.60	3.60	3.46
Avg. Attribute score	3.56	3.86	3.91	3.84	3.88	3.88	

Source: Export Finance Research Report 2022, Borrowers and Buyers in Focus, TXF.

70 EXIM simplified the color scheme in the heatmap for clarity and consistency. Scores of 2.5-3.25 are highlighted in red. Scores of 3.26-4.0 are highlighted in yellow. Scores above 4.0 are highlighted in green.

CHAPTER 5

Review of EXIM's Performance in Mandated Areas

EXIM's Charter mandates specific areas of focus for export development. This report focuses on the three mandated areas with significant MLT competition: environmentally beneficial exports, transformational exports, and exports to sub-Saharan Africa. This report will not cover the small business export development mandate due to a lack of data (see methodological note below).[71]

Methodological Note

EXIM's bilateral outreach does not include a request for MLT volumes in the below mandated areas. This would be administratively burdensome for the reporting ECAs given the subjective nature of the classifications (e.g., what constitutes an environmentally beneficial or transformational export). Instead, EXIM has mapped OECD purpose codes to the agency's environmentally beneficial and transformational definitions and used aggregated OECD data to approximate EXIM's relative market share in these important areas.[72] Note, this market share should be read as EXIM's market share within the OECD, not EXIM's market share globally. The OECD dataset does not include volumes from non-OECD Arrangement Participants (e.g., Chinese ECAs, Indian ECAs).

As this is the first year for this section, EXIM has calculated its market share for both 2021 and part of 2022 to provide a point of reference. Note, due to a time lag in OECD reporting, the 2022 data only represents three-quarters of calendar year 2022 authorizations. EXIM's 2022 market share will be revised in next year's report, when its preliminary 2023 market share will also be presented.[73]

Environmentally Beneficial Transactions

The Charter states that EXIM "shall encourage the use of its programs to support the export of goods and services that have beneficial effects on the environment or mitigate potential adverse environmental effects."[74] It further states that EXIM "shall promote the export of goods and services related to renewable-energy sources."[75]

EXIM has an active portfolio that includes financing for U.S. exports of renewable energy equipment, wastewater-treatment and waste management equipment, and air-pollution remediation equipment, among other technologies. In 2021, EXIM authorized four environmentally beneficial transactions totaling $15.9 million.[76] This included two solar projects, a water treatment project, and a recycling project. This represented an approximate market share of 0.3%. Through Q3 2022, EXIM authorized another four environmentally beneficial transactions totaling $82.5 million, representing an OECD market share of 2.4% over the same time span. This included a rural water supply project with a solar component, a grid-scale energy storage project, a solar power plant, and engineering services related to a nuclear project.

EXIM's small market share is partially driven by current differences between U.S. and European industrial bases. Large renewable energy projects, typically related to offshore wind, drive OECD Arrangement Participant volume in this environmentally beneficial segment; several European economies have been developing industrial wind energy expertise for decades (see Appendix G for more detail on foreign competition in the renewable

71 Most small business support is short-term support with limited competitive implications.
72 The OECD dataset does not indicate whether the transaction supported a small business export. For this reason, EXIM cannot calculate EXIM's relative market share in this mandate area.
73 EXIM's market share means EXIM's commitment volume relative to OECD Arrangement Participants commitment volume in that specific export area over the same time period.
74 12 U.S.C. §635i-5(b)(1).
75 12 U.S.C. §635(b)(1)(K).
76 Note, this volume includes medium and long-term transactions only, the focus of this report. This volume differs from the volume reported in the annual management report because it consists of calendar year rather than fiscal year transactions and because it excludes short-term volume.

energy space). While there is some U.S. production capacity in environmentally beneficial sectors like wind energy, much of this production is for domestic consumption.

Transformational Exports

The Charter directed EXIM to establish a program that supports transactions on terms that are fully competitive with offerings from the People's Republic of China (402A) or that otherwise advances the comparative leadership of the U.S. with respect to China in ten transformational export areas (402B).[77] EXIM implemented this mandate with CTEP.

The ten transformational export areas identified by EXIM's Charter are as follows:[78]

- Artificial intelligence
- Biotechnology
- Biomedical sciences
- Wireless communications equipment
- Quantum computing
- Renewable energy, energy efficiency, and energy storage
- Semiconductor and semiconductor machinery manufacturing
- Emerging financial technologies
- Water treatment and sanitation
- High-performance computing

In 2021, EXIM authorized three transactions under 402B totaling $78.7 million.[79] This included two wireless communications projects and a water treatment project. This represented an approximate market share of 1%. Through Q3 2022, EXIM authorized two transactions under 402B totaling $59.4 million, representing a market share of 1%. This included the solar plant and grid scale energy storage projects also identified as environmentally beneficial. Overall, renewable energy and telecommunications dominated this sector in the OECD. As the world's ten largest telecom producers are all foreign, EXIM's market share is significantly limited in this segment.

Exports to Sub-Saharan Africa

The Charter directs the EXIM Board of Directors to take measures to promote the expansion of EXIM's financial commitments in sub-Saharan Africa.[80] In 2021, EXIM authorized four transactions to obligors in sub-Saharan Africa totaling $21.5 million, which represented a market share of approximately 0.45%. Support consisted of a solar/rural electrification project in Senegal, cotton processing equipment in Cote D'Ivoire, feasibility study associated with a water treatment project in Cameroon, and an aircraft transaction in Kenya. Through Q3 2022, EXIM authorized two transactions to obligors in SSA totaling $81.1 million, which represented a market share of 2.7%. Support consisted of an energy storage project in Nigeria and construction equipment sales to Cameroon.

77 12 U.S.C. §635(l)(1)(A).
78 12 U.S.C. §635(l)(1)(B).
79 EXIM's market share calculation only looked at 402B because the OECD data set does not include information on whether the ECA faced direct competition from China on the transaction.
80 12 U.S.C. §635(b)(9)(A).

SECTION C

Required Charter Reporting and Further Reading

In conformance with statutory requirements,[81] the following appendices provide additional reports on select topics. The appendices also provide 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.

81 12 U.S.C. §635g-1.

APPENDIX A

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 defending 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, the United Kingdom, and the United States. Non-Participant governments, such as China and India, are not covered by these rules.

The OECD Arrangement MLT export credit activity reflected in this report consists of support from OECD Arrangement Participants 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 Arrangement official MLT export credit activity, as reflected in this report, consists of the major ECAs whose states are not Participants to the Arrangement.[82] 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.[83] 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

82 This includes Brazil, Russia, India, China, and South Africa (the BRICS countries). Brazil is a Participant to the Aircraft Sector Understanding.
83 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. However, as U.S. exporters have reported facing competitors backed by these types of financing, they are included in this year's analysis. 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 foreign 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., offtake 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 chains 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. While EXIM monitors market window activity of OECD Arrangement Participants pursuant to statutory requirements,[84] they appear to have limited impact on the competitive landscape.

Development Finance: Development finance, provided by bilateral 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 how some European DFIs now provide tied export finance to support their countries' exporters. In subsequent editions of the Competitiveness Report, EXIM has noted changes in DFI activity. However, because DFI activity is not as transparent as ECA activity, it is difficult to adequately describe and quantify DFI activity and relevant trends in this product.

Note: The majority of all export and trade related finance is either provided by non-Arrangement Participants or is not formally tied to national exports and therefore is not part of the OECD Arrangement's transparency provisions. This creates a particularly opaque landscape when gathering and analyzing data.

84 12 U.S.C. §635g-1(a)(1).

APPENDIX B

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."[85] Section 8A(a) of the Charter requires EXIM to provide a description of the actions of the Bank in complying with these mandates.[86]

As described in the Introduction, EXIM follows the terms outlined in the OECD Arrangement. Under the Arrangement, EXIM generally meets 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 repayment 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 to 14 years); renewable energy and nuclear power plants (18 years); commercial aircraft (12 years); and rail infrastructure (12 to 14 years).

The Arrangement also sets rules for the minimum fixed 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):

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 terms over five years and up to and including 8.5 years, or
3. Seven-year U.S. Treasury bond yields for terms over 8.5 years.

In 2021, Participants agreed to a new CIRR construction that will come into effect in mid-2023. The CIRR calculation was changed to become more market reflective, including by incorporating the disbursement period into the base rate and by adding a margin that varies based on the five-year swap spread.

In April 2021, the Participants agreed to increase the amount of local cost financing to 40% for high-income OECD countries and 50% for all other countries. As of the end of 2022, EXIM's Board had yet to consider the local cost increase for approval but was on track to do so in early 2023.

85 12 U.S.C. §635(b)(1)(A).
86 12 U.S.C. §635g-1(a)(1).

In November 2021, the Participants also agreed to a temporary amendment to the cash payment rules in which OECD Arrangement Participants can offer a reduced minimum cash payment of 5% (the standard is 15%) to sovereign or public borrowers with a Ministry of Finance guarantee. This flexibility was extended in November 2022. Given EXIM's content policy is tied to the 15% cash payment, in 2022, EXIM's offering of the 5% cash payment flexibility was limited to CTEP transactions, for which EXIM can finance eligible foreign content.

In 2022, there were differences in the terms and conditions available under the Arrangement and what EXIM could offer as it related to local costs and the 5% cash payment flexibility. The lack of Board approval of these two financing options put EXIM at a competitive disadvantage.

As reported in previous years, the increase in volume of official financing not covered by the Arrangement poses considerable challenges to EXIM's efforts to facilitate a level playing field for U.S. exports. 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 not available. EXIM continues to receive 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, 100 percent financing).

Moreover, exporters and lenders report that while EXIM's financing terms may be competitive, EXIM policies, such as content, put it at a competitive disadvantage particularly as other ECAs continue to offer more flexible domestic content requirements.

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."[87]

In 2022, EXIM was focused on negotiations at the OECD to update the Arrangement to better reflect current market trends.

87 12 U.S.C. §635(b)(1)(A).

APPENDIX C

Purpose of EXIM Transactions

Pursuant to Section 8A(a)(4) of EXIM's Charter, EXIM 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."[88] Applicants indicate the reason for seeking EXIM support on their 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. Figure 13 below reports the listed primary purpose per transaction by program in 2022. Although only the primary purpose is reported here, applicants may cite multiple purposes. For MLT transactions, EXIM has reported both Investment Grade and non-Investment Grade markets. Short-term (ST) transactions generally involve multiple buyers, so it is not possible to make a similar distinction for the ST table.

Consistent with the Board's 2020 approval of additionality reforms, EXIM will be reviewing its additionality compliance procedures through 2023 and expects to bring proposed updated procedures to the Board in 2023. In addition, EXIM will seek to ensure that the updated procedures address recommendations made by the Office of Inspector General regarding documentation and monitoring of additionality factors.

Figure 13: EXIM Transactions by Purpose, 2022

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	-	$2,129	1,259	$227	344	$ 2,355	1,603
Working Capital	$0	-	$453	3	$623	114	$ 1,075	117
TOTAL	**$0**	**0**	**$2,581**	**1,262**	**$850**	**458**	**$3,431**	**1,720**

Medium/Long-Term (Millions USD)

	Potential Competition				Private Sector Limitation				Private Sector Unwilling to Take Risk				Total			
	Investment Grade		Non-Investment Grade		Investment Grade		Non-Investment Grade		Investment Grade		Non-Invest-ment Grade		Investment Grade		Non-Investment Grade	
	Volume	Count	Volume	Count	Volume	Count	Volume	Count	Volume	Count	Volume	Count	Volume	Count	Volume	Count
Long-Term Loan	$0	-	$407	1	$0	-	$0	-	$0	-	$0	-	$-	-	$407	1
Long-Term Guarantee	$586	2	$1,149	10	$0	-	$45	3	$0	-	$78	2	$586	2	$1,271	15
Medium-Term Loan	$0	-	$0	-	$0	-	$0	-	$0	-	$0	-	$-	0	$-	0
Medium-Term Guarantee	$2	2	$68	55	$0	-	$0	-	$1	1	$269	13	$3	3	$336	68
Medium-Term Insurance	$0	-	$50	9	$0	-	$0	-	$3	1	$41	10	$3	1	$91	19
TOTAL	**$588**	**4**	**$1,674**	**75**	**$-**	**0**	**$45**	**3**	**$4**	**2**	**$387**	**25**	**$592**	**6**	**$2,106**	**103**

88 12 U.S.C. §635g-1(a)(4).

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.[89] Section 2(d)(2) of the EXIM Charter states that "the Bank shall seek to ensure that United States insurance companies are accorded a fair and open competitive opportunity to provide insurance against risk of loss"[90] in connection with long-term transactions valued $25 million or more.

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 accorded. 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 2022, EXIM had not identified any long-term transactions greater than $25 million in which U.S. insurance companies were not allowed equal access.

89 12 U.S.C. §635(d)(4).
90 12 U.S.C. §635(d)(2).

APPENDIX E

Tied Aid Credit Program and Fund

Overview and Background

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.[91] 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.[92]

Tied aid is concessional funding provided by a donor government that finances 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 based on financial terms rather than the price and/or quality of the good/service. Tied aid providers pursue developmental and strategic objectives with the provision of tied aid.

In some countries, ECAs are responsible for tied aid programs. In other countries, aid agencies or other ministries are responsible for administering tied aid programs. Tied aid offers can take various forms, including:

- Grants
- Concessional loans: 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

The OECD Arrangement takes into account the various forms of support. That is, Participants use standard calculators to determine the Overall Concessionality Level (OCL) to ensure that tied aid offers meet the minimum concessionality levels.

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, including a description of the notification and consultation procedures.[93]

Competitive concerns and level playing field considerations led Participants to the OECD Arrangement to require tied aid providers submit notifications of tied aid offers to the Participants to the Arrangement 30 days in advance of the bid closing or commitment date. This prior notification allows OECD ECAs to review and, if needed, match foreign tied aid offers that are either noncompliant with OECD rules and/or compete with standard export credit support. Additionally, the OECD Participants have agreed to rules known as the "Helsinki Rules" or "Helsinki Disciplines" that govern a subset of tied aid actions with the most trade-distorting potential. These rules, agreed to in 1991, can be summarized as follows:

1. no tied aid for commercially viable projects;
2. no tied aid for upper-middle income and high-income countries; and
3. no tied aid offers with less than 35% concessionality.

These disciplines and levels of transparency have worked well to reduce trade-distorting aid and redirect tied aid from commercially viable sectors to less viable, development-oriented sectors. As such, no tied aid offers have been challenged since 2009. Regarding consultation procedures, no tied

91 12 U.S.C. §635i-3(g).
92 12 U.S.C. §635i-3(a)(1).
93 12 U.S.C. §635i-3(g)(2)(A)

aid projects have been examined by the Consultation Group on Tied Aid since the 2009 challenge. No tied aid matching offers were made in 2022.

EXIM Tied Aid Activity

Section 10(g)(2)(C) of EXIM's Charter requires a description of EXIM's use of the Tied Aid Credit Fund.[94] To use the Tied Aid Credit Fund, EXIM must follow the "Reed-McIntosh Procedures" which were developed jointly by EXIM and the U.S. Department of Treasury and implemented in October 2020. The updated procedures 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. EXIM did not use its Tied Aid Credit Fund in 2022.

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.[95]

OECD ECA Activity

The tied aid rules of the OECD Arrangement define four types of tied aid, described below with the related activity levels in 2022. Taken together, OECD Arrangement Participants' tied aid support reached a total of approximately $8.9 billion in 2022, broken out as follows:

- Tied aid 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. As such, highly concessional tied aid is more developmental in nature and less likely to be trade-distorting. In 2022, highly concessional tied aid totaled $2.2 billion, representing a 26% decrease in volume from 2021 levels. The United States, through support from U.S. Agency for International Development (USAID), provided all highly concessional aid recorded at the OECD in 2022, as has been the case since 2016.
- De minimis tied aid is an offer of tied aid that has a value of less than 2 million SDR. Given the small transaction size, competitive concerns are nominal. In 2022, there was one de minimis tied aid notification for $2.2 million. In general, these transactions are rare; none were reported in 2021.
- Least Developed Countries (LDCs), as defined by the United Nations, are not a typical market for export credits, and, as such, are considered less likely to pose competitiveness implications. In 2022, tied aid to LDCs totaled $2.2 billion, nearly a 50% increase from 2022.
- Helsinki tied aid is the core type of tied aid and captures all other tied aid activity. Because Helsinki tied aid has the highest potential for competitiveness concerns and potentially negative implications for a level playing field, the Arrangement requires 35% concessionality and directs this type of tied aid to commercially non-viable projects. Helsinki-type tied aid increased by 21% to approximately $4.7 billion in 2022, approaching historic levels, albeit with significantly fewer transactions.

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. Overall, tied aid volumes, including Helsinki tied aid, continued to rebound from their pandemic nadir but remain below pre-pandemic volumes.

Tied aid trends in 2021 include:

- **Providers:** Japan ($1.8 billion), Korea ($1.2 billion), and France ($1.2 billion) provided the most Helsinki-type tied aid in 2022. All three have consistently been prominent suppliers of Helsinki aid.
- **Recipients:** Egypt was the top destination for Helsinki-type tied aid in 2022, accounting for $3.5 billion (74%) of Helsinki aid. Outside of Egypt, no other destination country accounted for more than 5% of the total.
- **Sector:** Approximately $4 billion (85% of all Helsinki type aid) went to the Transport and Storage sector, as has consistently been the case.

94 12 U.S.C. §635i-3(g)(2)(C)
95 12 U.S.C. §635i-3(g)(2)(B)

Non-OECD Tied Aid Activity

OECD Arrangement tied aid rules and transparency requirements do not apply to tied aid offers from non-participants to the OECD Arrangement. U.S. exporters have expressed competitiveness concerns regarding concessional offers from these countries, particularly China. China is likely one of the largest providers of tied aid. However, China's tied aid programs are poorly understood due to reporting opacity and other access barriers. Other non-participants to the Arrangement also provide tied aid financing that may pose a threat to the competitiveness of U.S. exporters. However, they have not been reported as posing a significant competitive threat in 2022. Finally, EXIM did not receive any applications for EXIM tied aid support in 2022.

OECD Untied Aid

In light of historical concerns regarding the 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 Official Development Assistance Credits Transparency. This was first put in place in 2005.

Trade-related untied aid fell for the second consecutive year to $7.8 billion, falling below tied aid volumes ($8.9 billion) for the first time since 2019. Japan provided the highest volume of trade-related untied aid in 2022, followed by France and the Netherlands; Japan and France have historically provided the highest levels of trade-related untied aid.

APPENDIX F

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.[96] 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 financial guarantee or insurance policy) to support transactions that include content from the U.S. and one or more other countries. With co-financing, the lead ECA provides the applicant (buyer, bank, or exporter) with full export credit support for a single transaction. Behind the scenes, the follower ECA provides reinsurance (or 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 17 ECAs (see Figure 14); 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 uses co-financing to accommodate 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.[97] 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-participants to the OECD Arrangement.

EXIM continuously explores opportunities to sign framework co-financing agreements with foreign ECAs to support U.S. exports, especially in strategic sectors that may contain lower amounts of U.S. content (e.g., telecommunications). In 2022, EXIM signed two different co-financing framework agreements with foreign ECAs. Specifically, EXIM updated its existing agreement with the former French ECA, Coface (now BPIFrance), and signed a new framework agreement with K-SURE.

Figure 14: List of ECAs with which EXIM has Bilateral Framework Agreements

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

Source: EXIM

**EXIM always leads under the bilateral framework agreements*
***EXIM's bilateral framework agreement with KEXIM is limited to cargo aircraft*

96 12 U.S.C. §635g-1(a)(7).
97 EXIM does not have exposure limits by country or geographic region.

In 2022, EXIM provided approximately $879 million in financing towards transactions involving a reinsuring ECA. This figure represents EXIM's highest reported level of co-financing activity since 2015 and an approximate 58% increase from its 2021 amount ($555 million). In 2022, aircraft, including agricultural aircraft, commercial jets and helicopters, constituted a majority of the overall number and volume of activity in 2022. As such, 99% of the volume, approximately $878 million, of all 51 co-financed transactions authorized in 2022 involved some type of aircraft, with the exception of one transaction supporting agricultural machinery.

APPENDIX G

Renewable Energy Exports/ 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.[98] In EXIM's December 2019 reauthorization, Congress expanded this mandate to include energy efficiency and energy-storage exports and set a goal for the Bank to make available not less than 5% of its total financing authority each fiscal year for the financing of these exports.[99] EXIM is making it a high priority to substantially increase its annual financing for these exports and aims to expand and diversify its portfolio.

Export Promotion

Section 8A(a)(5) of EXIM's Charter requires that this report contain a description of the activities of the Bank with respect to promoting and financing these exports.[100] 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 has continued to maintain and expand relationships with existing U.S. exporters of renewable energy technologies and has expanded its outreach to U.S. manufacturers of energy efficiency and energy storage exports. Renewable energy business development staff, in collaboration with senior leadership, lead these outreach efforts. Some examples of EXIM engagement with prospective U.S. exporters, financial institutions, U.S. Government counterparts, and other partners follows:

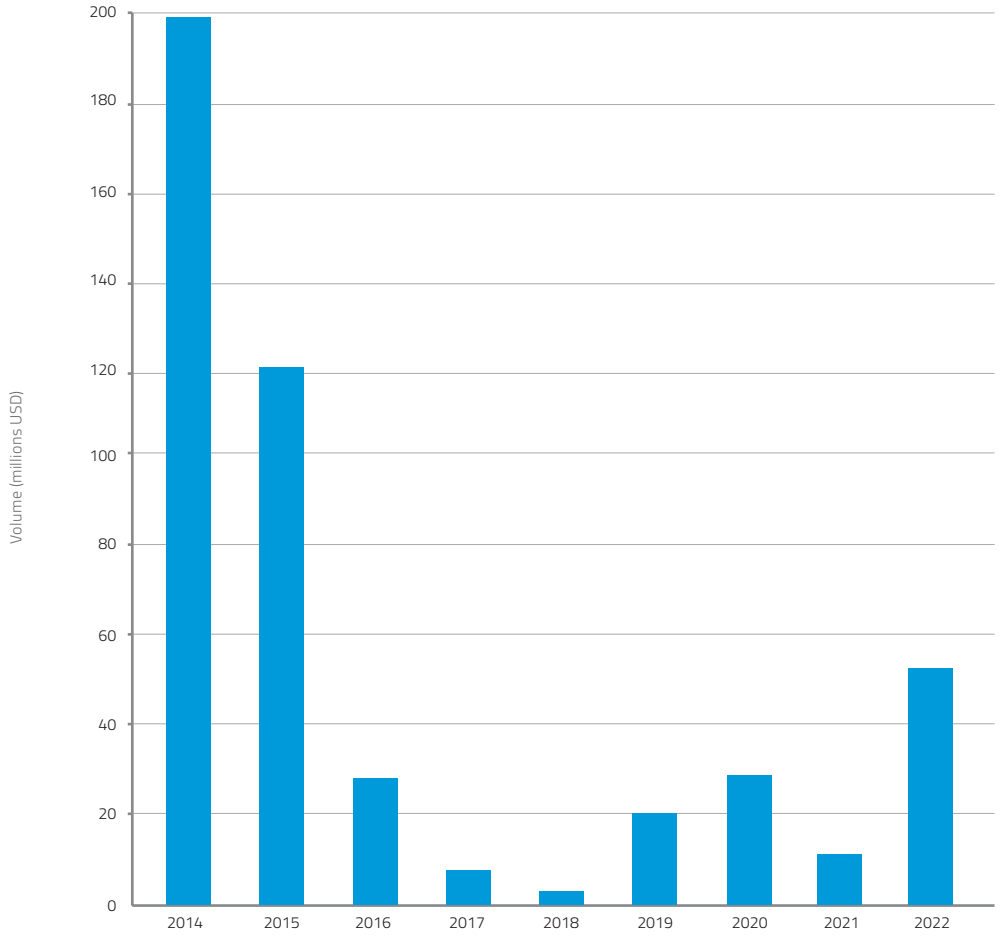
- Represented by a panelist at the Latin America Energy Forum in March 2022
- Represented by a panelist at the U.S.-Africa Trade and Investment Virtual Roundtable
- Participated in the Clean Power 2022 Conference and Trade Show in San Antonio, TX in May 2022
- Participated in the Virtual Roundtable on Cleantech and Economic Growth with TPCC Agencies
- Participated in State Department Investment Pillar meetings for renewable energy projects in the Caribbean
- Met with Ministry of Finance, renewable energy executives, and local American Chamber of Commerce on delegation trips to Bahrain and Oman
- Participated in the U.S. delegation to the United Nations Framework Convention on Climate Change Conference of the Parties in 2022 (COP27)

EXIM Activity in 2022

Although the annual Competitiveness Report covers calendar year 2022 activity, Section 8A(a)(5) of EXIM's Charter requires reporting total renewable energy authorizations on a fiscal year (FY) basis.[101] In FY2022, EXIM authorized $54.3 million to support U.S. renewable energy exports related to renewable energy. EXIM's renewable energy volume was driven by a 53MW solar project in Honduras, the largest solar project EXIM has ever financed in the Americas.[102] This represented a significant increase from FY2021 levels of almost $12 million but remains well below authorization levels from the years preceding the agency's lapse in authority and lack of Board quorum, which occurred in July 2015-May 2019 (see Figure 15).

98 12 U.S.C. §635(b)(1)(C), 635(b)(1)(K).
99 12 U.S.C. §635(b)(1)(K)
100 12 U.S.C. §635g-1(a)(5).
101 12 U.S.C. §635g-1(a)(5).
102 "2022 Renewable Energy Deal of the Year," December 13, 2022, https://www.exim.gov/news/2022-renewable-energy-deal-year-awarded-stakeholders-honduran-solar-project-export-import-bank.

Figure 15: EXIM Renewable Energy Authorizations by Fiscal Year



Source: EXIM.

Foreign Competition

Based on preliminary OECD data, wind energy projects continued to dominate renewable energy volumes in 2022, as they have for the past decade. EKF (Denmark) was once again a significant actor in this segment. As a good example, EKF authorized a EUR 1 billion loan to Iberdrola in 2022 for the purchase of turbines from Danish-based exporters Vestas and Siemens Gamesa.[103] Iberdrola, a Spain-based multinational utility company, will use proceeds to build out its wind portfolio in Europe. EKF also directly provided a EUR 194 million loan to Australian wind farm operator Golden Plains as part of a consortium to develop a large onshore wind farm.[104] Notably, the deal was structured in such a way that EKF was comfortable taking on merchant risk (i.e., EKF authorized the transaction without a Power Purchase Agreement in place), a departure from their standard underwriting approach and typical ECA practice.

103 "EKF Grants a Record-breaking EUR 1bn Loan to Spanish Energy Giant," June 24, 2022, https://ekf.dk/en/about-ekf/ekf-s-organisation/news/2022/ekf-grants-a-record-breaking-eur-1bn-loan-to-spanish-energy-giant.

104 "One of the World's Biggest Onshore Wind Farms Will Be Built with an Export Loan from EKF," https://ekf.dk/en/about-ekf/ekf-s-organisation/news/2022/one-of-the-world-s-biggest-onshore-wind-farms-will-be-built-with-an-export-loan-from-ekf.

Solar and hydropower, at least on a preliminary basis, were well off wind energy volumes in 2022. Hydropower volumes in 2022 appear to be driven by the construction of the Sambangalou hydro plant in Senegal, a multiphase project awarded late in 2020. Sources at the time of the awarding of the approximately $450 million contract indicate ECA, MDB, and DFI involvement through a mixture of loans and grants, including from China EXIM, the World Bank Group, European Investment Bank, African Development Bank Group, and the French (AFD) and German (KFW) development agencies.[105] After reviewing public disclosures for high-impact projects required by the OECD Common Approaches, it appears at least one OECD ECA, OEKB (Austria), also joined the consortium to support this project in 2022.[106] Dam construction, likely delayed by the pandemic, commenced in 2023.[107] One of the larger solar projects awarded in 2022, a solar streetlight project, was also located in Senegal. BPI France provided support for this EUR 121 million project.[108]

Outside of the OECD, China continues to provide high levels of support to renewable energy projects. As an example, from 2022, both CEXIM (EUR 190 million direct loan) and Sinosure (insurance) provided support for construction of the 159.9 MW Dabar Hydroelectric Power Plant in Bosnia and Herzegovina.[109] According to Milbank, who advised on the project, the 20-year tenor on the insurance cover provided by Sinosure was the longest it had ever provided.

India is also becoming more active in the renewable energy space, particularly in solar and transmission. Like many nations, India is keen to develop its solar industry given its aggressive decarbonization goals and supply chain exposure to China.[110] India EXIM provides term loans to export-oriented companies (so-called export-oriented units) to boost production capacity.[111] According to India EXIM's Annual Report 2021-22, India EXIM also issued letters of credit for the purchase of capital goods to stand up a 2,000 MWp solar PV module and cell manufacturing facility at the Mundra Industrial Park. India EXIM parlays these domestic-facing programs with lines of credit to sovereign governments that are tied to the export of Indian goods. According to their annual report, India EXIM extended six of these LOCs aggregating $1.13 billion in their last fiscal year to "catalyse exports by way of financing projects such as renewable energy like solar power." While India EXIM does not provide precise volumes for its renewable energy support, India EXIM's increasing MLT volumes are noteworthy.

105 "Senegal: Contract for Sambangalou Multi-purpose Dam Project Awarded," January 8, 2021, https://africa-energy-portal.org/news/senegal-contract-sambangalou-multi-purpose-dam-project-awarded. See also www.AidData.org.99

106 "Projects in Categories A and B after Final Commitment," https://www.oekb.at/en/export-services/about-oekb-export-services/environmental-and-social-aspects/projects-after-commitment.html.

107 "Construction of Senegal's Sambangalou Hydropower Plant Kicks Off," January 16, 2023, https://energycapitalpower.com/sambangalou-hydroelectric-power-senegal/.

108 "Senegal: Fonroche Wins EUR 121 Million Contract for 67,000 Solar Streetlights," March 17, 2022, https://www.afrik21.africa/en/senegal-fonroche-wins-e121-million-contract-for-67000-solar-streetlights/.

109 "Milbank Advises Export-Import Bank of China on Financing of Central and Eastern Europe's Largest Hydro IPP," January 12, 2022, https://www.milbank.com/en/news/milbank-advises-export-import-bank-of-china-on-financing-of-central-and-eastern-europes-largest-hydro-ipp.html.

110 "Indian Solar Sector: Fostering Growth and Sustainable Development," January 2022, https://www.eximbankindia.in/research-papers#.

111 "Annual Report 2021-22," https://www.eximbankindia.in/investor-relations.

APPENDIX H

Services Exports

According to Section 8A(a)(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 its programs.[112]

EXIM authorized $535 million in support of services exports in 2022, a decrease from the $725 million supported in 2021. For services exports, EXIM authorized $471 million in four LT transactions, $24 million in three MT transactions, and $40 million in 57 ST transactions.

Associated services are services that are included with the sale of goods. In 2022, stand-alone services made-up 78.9 percent of EXIM's services authorizations volume. Associated services made up 20.9 percent of the authorizations. Therefore, the majority of all services transactions supported stand-alone services where the services were the primary export. About half of the short-term services transactions, however, were supporting associated services as a portion of a larger project or capital goods export contract.

Top service sectors that received EXIM support in 2022 included IT and telecommunications ($413 million), transportation ($70 million), engineering and consulting ($36 million), and administrative and support services ($6 million).

During 2022, based on available information, the top three services exports supported by OECD Arrangement Participants in 2022 were construction, engineering and consulting, and IT and telecommunications. However, since services can be embedded within contracts that primarily involve goods, EXIM does not have clear visibility into all the services supported by OECD Arrangement Participants. With that caveat, the best available information indicates that in 2022, Finland, France, and Germany were the top three finance providers for contracts that included a services component. There were 16 OECD Arrangement Participants that financed over $9 billion in contracts that included a services component, a decrease from the 18 Participants that financed over $13 billion in 2021.

112 12 U.S.C. §635g-1(a)(8).

Figure 16: Services Exports

Term and Sector	Authorized Amount	Percentage of Total	Percentage of Term and Sector
Long-Term	**$471,104,670.00**	**88.03%**	**100.00%**
Rental and Leasing	0	0.00%	0.00%
Engineering and Consulting	0	0.00%	0.00%
Legal and Banking	0	0.00%	0.00%
Oil and Gas and Mining	0	0.00%	0.00%
Transportation	$63,694,340.00	11.90%	13.52%
Construction	0	0.00%	0.00%
Admin and Support Services	0	0.00%	0.00%
IT and Telecommunications	$407,410,330.00	76.13%	86.48%
Medical	0	0.00%	0.00%
Management Services	0	0.00%	0.00%
Other Services	0	0.00%	0.00%
Medium-Term	**$24,053,149.05**	**4.49%**	**100.00%**
Rental and Leasing	0	0.00%	0.00%
Engineering and Consulting	$22,262,331.00	4.16%	92.55%
Legal and Banking	0	0.00%	0.00%
Oil and Gas and Mining	$934,132.13	0.17%	3.88%
Transportation	0	0.00%	0.00%
Construction	$856,685.92	0.16%	3.56%
Admin and Support Services	0	0.00%	0.00%
IT and Telecommunications	0	0.00%	0.00%
Medical	0	0.00%	0.00%
Management Services	0	0.00%	0.00%
Other Services	0	0.00%	0.00%
Short-Term	**$39,998,000.00**	**7.47%**	**100.00%**
Rental and Leasing	$200,000.00	0.04%	0.50%
Engineering and Consulting	$14,300,000.00	2.67%	35.75%
Legal and Banking	0	0.00%	0.00%
Oil and Gas and Mining	$250,000.00	0.05%	0.63%
Transportation	$6,374,000.00	1.19%	15.94%
Construction	$3,200,000.00	0.60%	8.00%
Admin and Support Services	$6,375,000.00	1.19%	15.94%
IT and Telecommunications	$6,324,000.00	1.18%	15.81%
Medical	0	0.00%	0.00%
Management Services	$625,000.00	0.12%	1.56%
Other Services	$2,350,000.00	0.44%	5.88%
Total	**$535,155,819.05**	**100.00%**	**100.00%**
Rental and Leasing	$200,000.00	0.04%	0.04%
Engineering and Consulting	$36,562,331.00	6.83%	6.83%
Legal and Banking	0	0.00%	0.00%
Oil and Gas and Mining	$1,184,132.13	0.22%	0.22%
Transportation	$70,068,340.00	13.09%	13.09%
Construction	$4,056,685.92	0.76%	0.76%
Admin and Support Services	$6,375,000.00	1.19%	1.19%
IT and Telecommunications	$413,734,330.00	77.31%	77.31%
Medical	0	0.00%	0.00%
Management Services	$625,000.00	0.12%	0.12%
Other Services	$2,350,000.00	0.44%	0.44%

APPENDIX I

Size of EXIM Program Account

Charter 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.[113]

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.

In FY 2022, EXIM received a $5.0 million program budget appropriation for the cost of direct loans, loan guarantees, and insurance, which is available for obligation until September 30, 2025. As of September 30, 2022, of the $5.0 million program budget appropriation, EXIM obligated $2.1 million. These appropriations were requested, in part, to support the agency's effort to fulfill the mandate of EXIM's China and Transformational Exports Program to provide "fully competitive" financing that "directly neutralize[s] export subsidies" by China. Congress restarted program budget appropriations for EXIM in FY 2022.

Information on the program accounts of other countries' major export-financing programs is unavailable. Between FY2022 and FY2023, Congress appropriated $20 million in program budget and the President's FY 2024 Budget Request included recommendations for the agency's program account to enable the agency to provide globally competitive financing for U.S. exports.

113 12 U.S.C. §635g-1(a)(6).

APPENDIX J

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.[114]

EXIM was not aware of any official export credit financing provided in 2022 that was not in compliance with the Arrangement or that exploited "loopholes" in the Arrangement.

114 12 U.S.C. §635g-1(a)(9).

APPENDIX K

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.[115]

The Office of 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.

115 12 U.S.C. §635g-1(a)(10).

APPENDIX L

U.S.-Flag Shipping Requirement

Public Resolution 17 (PR-17), enacted March 26, 1934, and codified in Public Law (PL) 109-304,[116] 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) EXIM loan guarantees that are over $20 million (excluding the exposure fee), including any disbursement over $20 million (excluding the exposure fee) made under a credit guarantee facility; 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 for transportation security or environmentally-beneficial exports).[117,118] This U.S.-flag shipping requirement seeks to increase revenue for U.S.-flag carriers and experience for crews to help sustain an effective merchant marine industry able to maintain the flow of waterborne domestic and foreign commerce during peace, wartime, or national emergency and is important to economic and national security.

EXIM was unable to authorize transactions greater than $10 million for nearly four years from July 2015 until May 2019, when EXIM's Board quorum was restored.[119] In September 2019, the Board of Directors authorized a loan for Mozambique and another for Senegal in 2020, both subject to PR-17. Soon after the loan for the Mozambique LNG project was made operative in 2021, insurgency violence led the project operator to declare force majeure, which paused the EXIM loan's operative status before any disbursements were made. With regard to the Senegal transactions, EXIM's loan in support of $66.4 million of U.S. exports for Senegal's National Electricity Authority's rural electrification project was made operative in September 2022.[120]

In 2022, there were no shipments of PR-17-impelled cargo under either of these two transactions. Some shipments are expected in 2023. Additionally, besides finalizing the Senegal transaction following amendments that increased the amount of U.S. exports, EXIM authorized four new transactions in 2022 aggregating over $215 million to support sales to Honduras, Angola, Cameroon, and Sri Lanka that are subject to PR-17.

116 46 U.S.C. §55304 . PL109-304 enacted October 6, 2006, combined and updated U.S. shipping code into one document.

117 When PR-17 was enacted, EXIM Bank only offered direct loans. Subsequently, EXIM and MARAD 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 7 years. This MOU remains in force to date.

118 Credit guarantee facilities are lines of credit between a funding bank and a foreign obligor and usually support an aggregation of medium-term sales to unrelated buyers. In December 2015, Congress reauthorized EXIM and raised the cap on medium term sales from $10 million to $25 million, opening the possibility that there could be a sale under a CGF that is over $20 million, and that single transaction under a larger CGF could be subject to PR-17.

119 EXIM only authorized one transaction subject to PR-17 during this period, a medium-term transaction that qualified for longer repayment terms under a China Framework Agreement, in force at the time.

120 The actual authorized amount was higher, as it included financing for the exposure fee and local costs.

APPENDIX M

Trade Promotion Coordinating Committee

Section 8A(a)(2) of EXIM Bank's Charter requires EXIM to report on its role in the Trade Promotion Coordinating Committee (TPCC), an interagency group mandated by the Export Enhancement Act of 1992 to provide a unifying framework to coordinate export promotion and export financing activities of the U.S. Government and to develop a government-wide strategic plan for carrying out such programs.[121] 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.

A goal of the TPCC is to drive equitable local and regional growth by expanding the number and diversity of U.S. companies that export. TPCC agencies achieve this by providing actionable information, training, and counseling to U.S. businesses, especially SMEs, 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.

Advancing diversity, equity, and inclusion has been at the forefront of EXIM's activities, notably through greater outreach and collaboration geared at assisting minority and women-owned businesses (MWOBs) expand their international footprints. To this end, EXIM established a Council on Advancing Women in Business in 2022.[122] The Council provides recommendations on ways EXIM can reach more women in business and enhance equity goals in the Bank's strategic planning. EXIM provided over $350 million in support for MWOBs in 2022.

As part of EXIM's efforts to educate more small businesses about exporting opportunities, staff from the Office of Small Business and the regional offices located across the country participated in over 660 outreach events (in-person and virtual) and capitalized on digital innovations that were put in place in recent years.[123] EXIM also continued its engagement with the Department of Commerce to formally establish a new Commerce Accounts Channel, which will increase collaboration by providing training to new international trade specialists, conducting joint counseling for exporters, and working together to reach MWOBs and businesses in underserved communities. Additionally, the Commerce Accounts Channel will facilitate EXIM engagement with District Export Councils (DEC), organizations of business leaders from local communities appointed by the

121 12 U.S.C. §635g-1(a)(2). Members of the TPCC are: U.S. Departments of Commerce (Chair), State, Treasury, Agriculture, Defense, Energy, Transportation, Interior, and Labor, U.S. International Development Finance Corporation (DFC), Export-Import Bank of the United States (EXIM), U.S. Agency for International Development (USAID), Small Business Administration (SBA), U.S. Trade and Development Agency (USTDA), Office of the U.S. Trade Representative (USTR), Environmental Protection Agency (EPA), the Council of Economic Advisors (CEA), National Security Council (NSC), National Economic Council (NEC), and the Office of Management and Budget (OMB).

122 Council is a subcommittee of the longstanding, Congressionally-mandated Advisory Committee, whose 17 members represent a broad cross sector of the economy, including production, commerce, finance, agriculture, labor, services, state government, the textile industry, and the environment.

123 EXIM's regional offices are located in Chicago, Illinois; Houston, Texas; Minneapolis, Minnesota; Detroit, Michigan; Miami, Florida; Atlanta, Georgia; New York, New York; Irvine, Los Angeles, San Diego, and San Francisco, California; and Seattle, Washington. Owing to their understanding of regional needs, economies, and centers of export information, the on-the-ground customer engagement is a critical component of EXIM's efforts to increase small business authorizations.

Secretary of Commerce who work to increase awareness of exporting, including export assistance and export financing tools provided by EXIM. Similarly, EXIM works in close collaboration with the U.S. Small Business Administration (SBA) and their resource partners, including the national network of Small Business Development Centers, to provide export finance training to business-facing international trade counselors and to conduct joint education and outreach events for small businesses in local communities. EXIM invited SBA officials to participate on a panel at EXIM's annual conference to highlight the State Trade Expansion Program (STEP). This panel explained that small businesses can leverage STEP to offset costs incurred in exporting, such as EXIM's insurance premiums. Used in this way, STEP reduces impediments that discourage some small businesses from pursuing export sales.

Many small businesses also need pre-export finance, and EXIM is continuing to expand the reach of its Working Capital Guarantee Program (WCGP) to meet this need. In 2022, EXIM approved three new Delegated Authority (DA) lenders: Rosenthal & Rosenthal Inc., New York, New York; Commerce Bank, Kansas City, Missouri, and Amerisource Business Capital, Houston, Texas. Additionally, East-West Bank, Pasadena, California was approved for an increased level of delegated authority from $7.5 million to $10 million, improving its ability to respond to customers' requests for support under EXIM's WCGP. Huntington National Bank, headquartered in Columbus, Ohio, was authorized for Fast Track lender status, which increases its delegated authority to commit EXIM's guarantee on working capital loans from $10 million to $25 million. Huntington Bank, an experienced user of EXIM's working capital program and supporter of women and minority owned businesses, will be able to expedite coverage for loans that meet EXIM's standard underwriting criteria. Established in 2006, eight other financial institutions also have Fast Track status: Bank of America; Citibank; Comerica Bank; HSBC; JPMorgan Chase Bank; PNC Bank; Wells Fargo Bank; and Zions Bancorporation.

"A Brighter Future through Exporting" was the theme of EXIM's 2022 annual conference held on December 13. The one-day hybrid (in-person and virtual) event drew nearly 1,300 attendees and featured high-level leaders in business, finance, government, and media discussing the critical role EXIM plays in supporting U.S. jobs and economic security. The conference coincided with President Biden's 3-day U.S.-African Leaders Summit, and President H.E. João Lourenço of Angola and the President H.E. Filipe Nyusi of Mozambique kicked off the conference with presentations on Enhancing Strategic Relationships Between the U.S. and Africa. Senior officials from TPCC agencies also headlined the event, including leaders from the DFC, USTDA, the Departments of Commerce, Energy, Treasury, and State, as well as SBA and USTR. In addition to a small business track, the conference also delved into important global issues related to the environment, technology, and overseas infrastructure. Secretary of Energy Jennifer Granholm discussed Energy Security and Global Energy Transition. Amos Hochstein, Special Presidential Coordinator for the Partnership for Global Infrastructure and Investment (PGII), the framework guiding the efforts of the U.S. and G-7 and other like-minded partners to catalyze international infrastructure financing and development that is sustainable, clean, resilient, inclusive, and transparent, and that adheres to high standards. State Department Under Secretary for Economic Growth, Energy and the Environment Jose W. Fernandez and representatives from banking and academia provided their insights on "Shaping the Future: New Technologies, Critical Minerals, and Transformational Exports."

The small business and global issues discussed at the annual conference permeate EXIM's efforts throughout the year, including expanding U.S.-Africa trade. In 2022, EXIM supported a $281 million loan guarantee for aircraft to Ethiopian Airways and over $120 million in capital goods exports to Cameroon, Angola, and Nigeria. A $73.7 million long-term loan guarantee was authorized to support sales of construction equipment to FEICOM, an independent agency of the Government of Cameroon established in 1974 with the mandate to enable regional infrastructure development. FEICOM will use the equipment to improve access to drinking water and education and undertake other socially beneficial projects across the country. A $41.8 million long-term loan guarantee for FM radio equipment exports

to the Government of Angola will expand the reach of radio transmission across the country, giving the entire population access to timely information about natural disasters, as well as updates on general weather, health, and education issues. A $7.4 million medium-term guarantee for an energy storage system will support Nigeria's clean energy transition. EXIM's short term insurance program also actively supported U.S. exporters' sales to African buyers. Additionally, shipments under EXIM's short-term insurance program to African buyers exceeded $51 million. EXIM is proud of the strides made to increase its total activity in Africa, providing evidence of our commitment to support U.S. exports that facilitate U.S. jobs and will help African buyers expand output necessary to support strong, diversified, sustainable economies.

An important tool for promoting U.S. exports across the globe is the Deal Team Initiative. This initiative, jointly coordinated by the Departments of State and Commerce, maximizes success through a whole-of-government approach and promotes greater connectivity and collaboration among on-the-ground commercial and economic diplomats and TPCC agencies. EXIM participated in Deal Team-arranged "call-ins" to provide training on EXIM programs and policies to embassy staff worldwide, and EXIM consulted virtually one-on-one with individual posts to address particular issues or requests for EXIM to present to a particular buyer or market sector.

In addition to working with embassy-based Deal Teams, EXIM supported other TPCC undertakings. For example, EXIM briefed the Department of Commerce's Environmental Technologies Trade and Advisory Committee (ETTAC). The ETTAC is comprised of 35-40 private sector executives who provide consensus-based advice to the interagency Environmental Trade Working Group of the TPCC, through the Secretary of Commerce, on U.S. Government policies and activities to advance U.S. environmental goods and services exports. The ETTAC is an important voice guiding the U.S. interagency on environmental trade policy and represents the $360 billion U.S. environmental technologies, goods, and services industry, which exports roughly $46 billion annually and employs 1.6 million Americans.

Finally, EXIM also participated with other TPCC agencies in a Virtual Roundtable on Clean Tech and Economic Growth with McKinsey Consulting. EXIM further advanced the TPCC's clean tech objectives as a panelist at the Latin America Energy Forum and by participating in the Cleanpower 2022 Conference and Trade Show (formerly Windpower) in San Antonio, Texas. In 2022, EXIM re-established its Office of Global Business Development, positioning the Bank to continue to expand virtual and in-person outreach to potential foreign buyers.

APPENDIX N

List of Known Official Export Credit Providers

No.	Country	Name	Acronym
1	Algeria	Compagnie Algérienne d'Assurance et de Garantie des Exportations	CAGEX
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
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 Enterprises	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 Insurance Corporation	HKECIC
23	Colombia	Banco de Comercio Exterior de Colombia	Bancoldex
24	Colombia	Fondo Nacional de Garantias S.A.	FNG
25	Croatia	Croatian Bank for Reconstruction and Development	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	Export Kredit Fonden	EKF
30	Ecuador	Corporacion Financiera Nacional Fondo de Promocion de Exportaciones	CFN
31	Egypt	Export Credit Guarantee Company of Egypt	EGE
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	Euler Hermes Aktiengesellschaft	Euler Hermes
39	Germany	KfW IPEX Bank	KfW
40	Ghana	Eximbank of Ghana	GEXIM
41	Greece	Export Credit Insurance Organisation	ECIO
42	Hungary	Hungarian Export Credit Insurance Ltd.	MEHIB
43	Hungary	Hungarian Export-Import Bank Plc.	EXIM HU
44	India	Export Credit Guarantee Corporation of India	ECGC
45	India	Export-Import Bank of India	I-Eximbank

No.	Country	Name	Acronym
49	Iran	Export Guarantee Fund of Iran	EGFI
50	Israel	The Israel Foreign Trade Risks Insurance Corporation	ASHRA
51	Italy	Servizi Assicurativi del Commercio Estero S.p.A.	SACE
52	Italy	Cassa Depositi e Prestiti	CDP
53	Jamaica	National Export Import Bank of Jamaica	EXIM 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	Kazakh Export Credit Insurance Corporation	KAZAKHEXPORT
58	Latvia	Development Finance Institution Altum (JSC)	LGA ALTUM
59	Lithuania	Investiciju ir Verslo Garantijos	INVEGA
60	Luxembourg	Luxembourg Export Credit Agency	ODL
61	North Macedonia	Development Bank of North Macedonia	DBNM
62	Malaysia	Export-Import Bank of Malaysia Berhad	MEXIM
63	Mexico	Banco Nacional de Comercio Exterior, SNC	Bancomext
64	Morocco	Société Marocaine d'Assurance à l'Exportation	SMAEX
65	Namibia	Development Bank of Namibia	DBN
66	Netherlands	Atradius Dutch State Business	Atradius
67	Netherlands	Netherlands Enterprise Agency	NEA
68	New Zealand	New Zealand Export Credit Office	NZEC
69	Nigeria	Nigerian Export-Import Bank	NEXIM
70	Norway	Export Finance Norway	Eksfin
71	Oman	Export Credit Guarantee Agency of Oman (S.A.O.C)	ECGA Oman
72	Pakistan	EXIM Bank of Pakistan	EXIM Bank
73	Peru	Corporacion Financiera de Desarrollo	COFIDE
74	Philippines	Philippine Export-Import Credit Agency	PhilEXIM
75	Poland	Korporacja Ubezpieczén Kredytów Eksportowych	KUKE
76	Poland	Bank Gospodarstwa Krajowego	BGK
77	Portugal	Companhia de Seguro de Créditos	COSEC
78	Qatar	TASDEER (managed by the Qatar Development Bank)	TASDEER/QDB
79	Republic of Korea	Export-Import Bank of Korea	KEXIM
80	Republic of Korea	Korea Trade Insurance Corporation	K-SURE
81	Romania	Eximbank of Romania	EXIM R
82	Russia	Export Insurance Agency of Russia	EXIAR
83	Russia	Export Import Bank of Russia	Russia EXIM
84	Russia	Bank for Development and Foreign Economic Affairs (Vnesheconombank)	VEB
85	Saudi Arabia	Saudi Export Program	SEP
86	Saudi Arabia	Saudi Export-Import Bank	Saudi EXIM
87	Senegal	Société Nationale d'Assurances du Crédit et du Cautionnement	SONAC
88	Serbia	Serbian Export Credit and Insurance Agency	AOFI
89	Singapore	Enterprise 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 Credit Insurance Corporation SOC LTD	ECIC SA
93	Spain	Compañía Española de Seguros de Crédito a la Exportación (CESCE)	CESCE
94	Spain	Fondo para la Internationalización 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
98	Sweden	Exportkreditnämnden	EKN
99	Sweden	Svensk Exportkredit	SEK

No.	Country	Name	Acronym
101	Taiwan	Taipei Export-Import Bank 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 Exteriueur	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	The State Export-Import Bank of Ukraine	Ukreximbank
110	United Kingdom	UK Export Finance (Export Credit Guarantees Deparment)	UKEF
111	United States	The Export Import Bank of the United States	EXIM
112	Uruguay	Banco de Seguros del Estado	BSE
113	Uzbekistan	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 Common Line: An exceptional agreement of the Participants to apply alternative terms and conditions – rather than those in the OECD Arrangement – for a specific transaction or multiple transactions with certain characteristics.

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. 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.

Acronyms and Abbreviations

ASCM	WTO Agreement on Subsidies and Countervailing Measures
ASU	Aircraft Sector Understanding
BRICS	Brazil, Russia, India, China, and South Africa
COP27	27th Conference of the Parties; refers to the 2022 United Nations Climate Change Conference
CTEP	China and Transformational Export Program
DOC	Department of Commerce
DFC	U.S. International Development Finance Corporation
DFI	Development Finance Institution
ECA	Export Credit Agency
EDFI	Association of European Development Finance Institutions
EDG	Export Development Guarantee (UKEF product)
EPC	Engineering, Procurement, and Construction
ESG	Environmental, Social, and Governance
G7	Group of Seven Countries (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States)
G12	Group of Twelve Countries (Brazil, Canada, China, France, Germany, India, Italy, Japan, Korea, Russia, the United Kingdom, and the United States)
IMF	International Monetary Fund
MMIA	Make More in America Initiative
MARAD	U.S. Department of Transportation's U.S. Maritime Administration
MLT	Medium- and Long-term
MOU	Memorandum of Understanding
O&M	Operation and Maintenance
OECD	Organisation for Economic Co-operation and Development
OIG	EXIM Office of Inspector General
PR-17	Public Resolution 17
SBA	Small Business Administration
SDR	Special Drawing Rights
SME	Small- and Medium-Sized Enterprises
SOE	State-owned Enterprise
TPCC	Trade Promotion Coordinating Committee
USTR	United States Trade Representative
WTO	World Trade Organization

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