

## II

(Information)

INFORMATION FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES  
AND AGENCIES

EUROPEAN COMMISSION

COMMUNICATION FROM THE COMMISSION

**amending the Annex to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance**

(2020/C 101 I/01)

**I. Introduction**

- (1) The Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance <sup>(1)</sup> (“the Communication”) provides, in point 13, that State insurers <sup>(2)</sup> cannot provide short-term export-credit insurance for marketable risks. Marketable risks are defined in point 9 of the Communication as commercial and political risks with a maximum risk period of less than two years on public and non-public buyers in the countries listed in the Annex to that Communication.
- (2) The sudden outbreak of the COVID-19 in the first months of 2020 not only imposed a serious worldwide threat to public health, but also caused major shocks to the global and Union economy. As a result of that outbreak, undertakings are facing a severe lack of liquidity and have seen their trading conditions exposed to increased financial risks. On behalf of the Member States, the Council Working Group on Export Credits informed the Commission about the ongoing withdrawal of private insurers from the short-term export-credit market and a forthcoming insufficiency to cover all economically justifiable risks regarding exports to all countries in the world, including all Member States.
- (3) In that context, in accordance with point 35 of the Communication, the Commission conducted a public consultation to assess the private credit insurance and reinsurance capacity to cover exports to the marketable risk countries and determine whether the current and expected market conditions justify the temporary removal of any of those countries from the list.

**II. Assessment**

- (4) In accordance with Section 5.2 of the Communication, the Commission’s assessment is based on the criteria laid down in point 33 of the Communication: private credit insurance capacity, sovereign rating and corporate sector performance.
- (5) When determining whether the lack of sufficient private capacity to cover all commercial and political export risks justifies the removal of a country from the list of marketable risk countries, the Commission consulted and sought information from Member States, private credit insurers, and other interested parties, such as exporters, their associations, credit insurance brokers and trade associations. On 23 March 2020, the Commission published an information request on the availability of short-term export-credit insurance for exports to all countries considered

<sup>(1)</sup> OJ C 392, 19.12.2012, p. 1.

<sup>(2)</sup> A State insurer is defined by the Communication as a company or other organisation that provides export-credit insurance with the support of, or on behalf of, a Member State, or a Member State that provides export-credit insurance.

as marketable risk countries under the Communication <sup>(?)</sup>. The deadline to reply was 25 March 2020. The Commission received 64 replies from Member States, private insurers, exporters, and trade associations.

- (6) The information submitted to the Commission in the context of the public information request pointed to the current and rapid contraction of private credit insurance capacity for exports in general. Some State insurers already registered an increase in the number of requests for credit insurance policy for exports to marketable risk countries. The majority of respondents expect the insurance coverage to become scarce, implying that an insufficient availability of private insurance for those countries can be expected in a very short term.
- (7) According to the most recent macroeconomic indicators, the global and Union economy are experiencing a downturn due to the outbreak of the COVID-19 virus and this trend is expected to continue in the near future. The impact of the outbreak is not yet fully reflected in the current sovereign ratings. Taking into consideration the economic forecast indicators, the deterioration of sovereign ratings can be reasonably expected to take place in the short term as a result of the crisis caused by the COVID-19 outbreak. Corporate sector performance is expected to deteriorate <sup>(4)</sup>, and a large correction of the Commission's growth forecasts with negative growth is expected in comparison to the Winter Forecast for EU 2020 (1.4%).
- (8) In order to assist the EU economy in the context of the COVID-19 outbreak, the Commission adopted a Temporary Framework, <sup>(5)</sup> which enables Member States to provide additional support measures using the full flexibility of the current State aid rules. In the field of short-term export-credit insurance, the Framework introduced further flexibility in confirming the temporary non-marketability of certain risks due to a shortage of export-credit insurance pursuant to point 18 (d) of the Communication.
- (9) That flexibility may be insufficient to address rapidly the difficulties that undertakings are currently and will likely encounter in the very near future. Instead, a more rapid response is required to mitigate all the negative consequences following an abrupt withdrawal of private insurers from the short-term export-credit market. Taking into account the outcome of the public consultation, as well as the overall signs of disruptive impact of COVID-19 on the economy of the Union as a whole, the Commission considers that there is a general lack of sufficient private capacity to cover all economically justifiable risks for exports to countries currently classified as marketable risk countries. At the same time, in view of the current information available regarding the future developments of the COVID-19 outbreak, it may occur that private insurers resume increasing their exposure in short-term export-credit insurance before the one year period provided in point 36 of the Communication. Therefore, a 12-month amendment of the list of marketable risk countries may be excessive.
- (10) In those circumstances, the Commission has decided to consider all commercial and political risks associated with exports to the countries listed in the Annex to the Communication as temporarily non-marketable until 31 December 2020, in line with the duration of Temporary Framework. In accordance with point 36 of the Communication, the Commission will assess whether to prolong the temporary exception three months before the end of 2020.

<sup>(?)</sup> [https://ec.europa.eu/competition/consultations/2020\\_short-term-export-credit-insurance/index\\_en.html](https://ec.europa.eu/competition/consultations/2020_short-term-export-credit-insurance/index_en.html)

<sup>(4)</sup> While many respondents to the Commission's public consultation pointed at difficulties to evaluate the precise consequences of the COVID-19 outbreak at this point in time, some stakeholders provided data suggesting that the current crisis may trigger an increase in business insolvencies in Europe by up to 20%. Along the same lines, negative impacts are expected to materialise in the reduction of insurance underwriting capacity by up to 15% in general and by as much as 40 % for small businesses. Similar orders of magnitude were recorded in 2009 and many respondents to the consultation expressed even worse expectations with respect to impact of the COVID-19 outbreak of 2020.

<sup>(5)</sup> Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak of 19 March 2020, (OJ C 91I, 20.3.2020, p. 1).

**AMENDMENT TO THE COMMUNICATION**

(11) The following amendment to the Communication from the Commission to the Member States on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance will apply from 27 March 2020 until the end of 2020:

— the Annex is replaced by the following:

**List of marketable risk countries**

The Commission considers all commercial and political risks associated with exports to the countries listed below as temporarily non-marketable until 31 December 2020.

Belgium	Cyprus	Slovakia
Bulgaria	Latvia	Finland
Czech Republic	Lithuania	Sweden
Denmark	Luxemburg	United Kingdom
Germany	Hungary	Australia
Estonia	Malta	Canada
Ireland	Netherlands	Iceland
Greece	Austria	Japan
Spain	Poland	New Zealand
France	Portugal	Norway
Croatia	Romania	Switzerland
Italy	Slovenia	United States of America'

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