

**FOR IMMEDIATE RELEASE**

## **\$1.4 trillion of global trade and investment supported by Berne Union members in 2010**

\$1.4 trillion of exports and investments representing 10% of global export and investment flows were facilitated by members of the Berne Union, it was announced today at their meeting in Taipei hosted by Taipei Export Import Bank of China.

"This strong performance is not a surprise" said Kimberly Wiehl, Secretary General, "our members had anticipated their support for cross-border transactions to return to pre-crisis levels." In fact, the 2010 result almost reached the record level of 2008, demonstrating the impact Berne Union members have on global trade and investment. "Our members insure companies against losses stemming from payment defaults and political events, and this risk mitigation plays a vital role in allowing exporters, investors and financiers to trade safely, especially when the economic environment is uncertain."

For the short term business (ST) – insurance of trade transactions with payment terms of typically 30 to 90 days – Beatriz Reguero of CESCE, Spain, noted: "One of the most remarkable evolutions is the outstanding growth shown by Asian export credit agencies (ECAs). With a growth rate of 50% in 2010, Asian ECAs now account for one third of the ST business underwritten in the Berne Union." Ten per cent are covered by public insurers from other geographic regions and nearly 60% are covered by private market insurers. Insurers continued to pay significant ST claims of US\$1.4 billion in 2010, although this is down from the crisis year 2009.

In the field of medium to long term insurance (MLT), covering transactions on terms up to ten years or more, the volumes of the export credit agencies stand at an all-time high of US\$514 billion at the end of 2010. "There is sustained demand for our risk mitigation products for longer term transactions, and ECAs are well equipped to deal with these risks", said Topi Vesteri of FINNVERA (Finland). Claims paid to indemnify clients for defaults in medium to long term transactions also recovered from crisis levels to US\$1.7 billion in 2010, compared to \$3.1 billion in 2009.

For members of the investment insurance committee, the flow of new business reached US\$81 billion. The demand in 2010 was stable; now in 2011 rapid developments in the Middle East North Africa region have resulted in an increase in new inquiries for political risk cover. "While we are closely watching developments, members are still helping their clients to invest in the region", remarked Joanne Palmer of EDC (Canada).

Of continued concern to members is the regulatory changes proposed in Basel III. "The current Basel formulation could reduce trade finance capacity, which would be counter to the policies of most governments to maintain global trade flows and inconsistent with the proven performance of trade finance during and after the crisis" said Dan Riordan, Vice President of the Berne Union.

"Since the start of the year, we have had a series of events that has significantly influenced the global risk environment", said Angus Armour, President of the Berne Union, "but the financial crisis demonstrated the resilience of the industry. The outlook for 2011 remains positive. Our members are meeting the demands of their clients by adapting risk mitigation tools and transaction structures to support their trade and investment opportunities."

## **Berne Union executives**

Angus Armour, MD and CEO of EFIC (Australia), is the President of the Berne Union.

Daniel Riordan, President Specialty Products at ZURICH North America (USA), is Vice President.

Beatriz Reguero, CESCE (Spain) is the Chair of the Short Term Committee, with PJ Kim, KSURE (Korea) as Vice Chair.

Topi Vesteri, FINNVERA (Finland) is Chair of the Medium/Long Term Committee, with Teresa Saponara, SACE (Italy) as Vice Chair.

Joanne Palmer, EDC (Canada) is the Chair of the Investment Insurance Committee, with Ferdinand Schipfer OeKB (Austria) as Vice Chair.

## **Note to editors:**

### **About the Berne Union**

The Berne Union (International Union of Credit & Investment Insurers) is the leading international association for the export credit and investment insurance industry. It works for cooperation and stability in cross-border trade by supporting the international acceptance of sound principles in export credits and foreign investments and by providing a forum for professional exchange among its members.

### **Members**

The 48 members of the Berne Union covered over US\$1.4 trillion worth of business in 2010, which is about 10% of the world's total export trade. Members are both private companies, offering worldwide risk management solutions, and state backed export credit agencies, focusing upon the support of national exports and outward investments.

### **Interaction**

Members benefit from the highest quality information exchange through several yearly meetings, seminars and workshops, and interactively online. Exchanges focus on technical aspects of international trade, as well as developing and promoting best practices.

### **Links**

The Berne Union has well established links with other organisations that play important roles in world trade including the ICC, IMF, OECD, World Bank, WTO and regional development banks.

The Secretary-General of the Berne Union is Ms Kimberly Wiehl, and the Secretariat is based in London.

See [www.berneunion.org.uk](http://www.berneunion.org.uk) for more information.

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