

Business Volumes up 21% to \$788 billion for Berne Union members- Record Year for Export Credit and Investment Insurers

The members of the International Union of Credit and Investment Insurers – known as the Berne Union, released record figures for 2004 today. A surge in new business sent total volumes rising by 21% to an all time high of US\$788 billion.

All three of the insurance business lines: Short Term (up to one year), Medium/Long Term (over one year up to 15 years) and Investment insurance reported increased levels.

The growth in new business shows the industry's resilience and ability to adapt to the changing economic environment. Since the business slowdown experienced in 2001, total new business volume reported by Berne Union members demonstrated a remarkable comeback as the 2004 levels were more than 60% above the US\$470 billion new business generated three years earlier.

Short Term Business

New business in the short term credit field rose to US\$693 billion, 25% above the previous year's level.

Members reported heightened activity in both developed and developing markets, with key sectors being steel, automotive, IT, telecommunications, retail and agrifood.

Among the emerging markets, leading the table of exposure is China with over US\$12 billion, followed by Mexico, Brazil, Turkey and Saudi Arabia – each with exposures of approximately US\$4 billion.

Medium/Long Term Business

Medium/long term credit new business reached its highest level in 10 years growing to US\$76 billion - a 16% rise over 2003.

The main factor was the return of the big ticket project as rising commodity prices led to new transactions in mining, metals and infrastructure – particularly in developing markets.

Again, China topped the table of exposures in developing countries at US\$28 billion, with Iran, Turkey and Indonesia next at US\$15-20 billion for each country. Members also noted the significant comeback of new deals in the transport and telecommunications sectors.

Investment Business

Investment insurers saw total new business rise 25% to US\$19 billion, adding to the existing commitments for a new total of US\$76 billion.

With renewed interest in political risk insurance from strategic equity investors, members reported significant commitments for Brazil – US\$10 billion, China – US\$9 billion as well as Indonesia, Russia and the Philippines for US\$5 billion each.

Demand for cover was driven by new infrastructure projects in the Asia/Pacific and Middle East regions for investments in the mining, water and oil and gas sectors.

Members also reported high levels of positive cash flow as premium received of US\$6 billion coupled with record recoveries of \$10 billion were four times greater than claims paid amounting to US\$4 billion.

Dr Hans Janus, President of the Berne Union explained: "2004 was an exceptional year as recoveries rose to their highest level in over 20 years, whereas claims paid reached the lowest level over the same period. Overall, business levels are still strong in 2005 and with several large transactions in the pipeline, we could be looking at another year of strong results."

New Leaders Elected

Mr Lars Kolte of the Eksport Kredit Fonden ('EKF'- the Danish Export Credit Agency) has been appointed the new President of the Berne Union, succeeding Dr Hans Janus of Euler Hermes Kreditversicherungs-AG.

Mr Kolte joined EKF as Managing Director in 1992. Previously, he worked for the European Commission, a commercial bank and the Danish Central Bank.

Mr Hidehiro Konno of Nippon Export and Investment Insurance ('NEXI') of Japan has been elected to take over from Ms Piper Starr of US EXIMBANK in the role of Vice-President.

Mr Konno was Vice-Minister for International Affairs at the Ministry of Economy, Trade and Industry before being appointed as the Chairman and CEO at NEXI in 2003.

Berne Union AGM

Discussions held at the recent Berne Union AGM focussed on high-level professional and technical points including steel and auto sectors, local currency finance, terrorism cover, corporate risks, portfolio management, Basel II and Berne Union advocacy.

External guests at the meeting included representatives from World Bank and speakers included representatives from the European Central Bank, the EU, the Kiel Institute of World Economics, the German Institute for Middle East Studies and the German Association of the Automotive Industry.

THAI EXIMBANK was accepted as a full member of the Berne Union after their two-year observer period, bringing the total number of Berne Union members to 52.

Note to Editors:

The Berne Union is the leading international organisation in the field of export credit and investment insurance. Members help promote world trade by supporting exports and/or investments to both highly developed and emerging markets.

They do this by providing insurance or guarantees to protect exporting companies and/or financing banks, against political and/or commercial risks in export transactions or foreign investments.

Berne Union members are major players in cross-border trade - collectively their business volumes amount to about 7% of world trade.

The Berne Union was founded in 1934 as an international non-profit, organisation with the aim to facilitate cross-border trade by providing a forum for professional exchanges between its members and by actively supporting international acceptance of sound principles in export credits and foreign investment.

The Berne Union is made up of a mix of public and private member organisations, who obtain valuable knowledge through interaction and the sharing of professional expertise.

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

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