

## **REVISION OF THE COMMUNICATION ON SHORT-TERM EXPORT CREDIT INSURANCE**

### **Explanatory note**

The proposed amendments to the Communication on short-term export credit insurance<sup>1</sup> (the Communication) are directly linked to the results of the fitness check that assessed whether the evaluated State aid rules are fit for purpose. The results of the assessment are set out in the staff working document *Fitness check of the 2012 State aid modernisation package, railways guidelines and short-term export credit insurance*, published on 30 October 2020<sup>2</sup>.

The results of the fitness check evaluation confirmed that, overall, State aid rules for short-term export credit insurance worked well, but that some minor amendments would be needed to reflect market developments.

The revision envisages a small number of technical amendments reflecting market developments rather than a substantial change in the Communication's policy approach. The following main categories of amendments are envisaged.

#### **1. CONTINUING THE VALIDITY OF THE COMMUNICATION'S PROVISIONS**

***The updated Communication would continue to apply provisions to short-term export credit insurance beyond 2021.***

#### **2. UPDATE OF THE EUR 2 MILLION THRESHOLD SET OUT IN POINT 18(b) (NOW 19(b)) OF THE COMMUNICATION**

***The Communication would increase the threshold set out in point 18(b) (now 19(b)) from EUR 2 million to EUR 2.5 million.***

The Communication includes the possibility for Member States to provide insurance coverage to SMEs with an annual export turnover up to EUR 2 million. The fitness check evaluation found that this threshold is relatively low and in effect covers only micro companies, thereby excluding many European SMEs from the necessary support for their internationalisation. Given that the threshold was determined based on a study carried out in 2005, we propose to take into account inflation reported under the harmonised index of consumer prices and increase the threshold to at least EUR 2.5 million. Such an increase is considered a technical adjustment implying a constant value in real terms. The public consultation may further show whether there are clear market developments that would warrant a further increase in the threshold to address SME needs in acquiring sufficient export credit insurance in the circumstances described in the Communication.

#### **3. UPDATE TO THE TRANSPARENCY AND REPORTING REQUIREMENTS SET OUT IN POINT 28 (NOW 29 AND 30) OF THE COMMUNICATION**

***The Communication would introduce the following changes to the transparency and reporting requirements in point 28 (now 29 and 30):***

***'29. The report must contain ~~information on use of~~ the following information for each scheme:***

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<sup>1</sup> 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, OJ C 392, 19.12.2012, p. 1–7.

<sup>2</sup> Available on the Better Regulation Portal: [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/2044-2012-State-aid-modernisation-package-railways-guidelines-and-short-term-export-credit-insurance-fitness-check\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/2044-2012-State-aid-modernisation-package-railways-guidelines-and-short-term-export-credit-insurance-fitness-check_en).

- (a) ~~including in particular the total volume~~ **amount** of credit limits granted;
- (b) turnover insured;
- (c) premiums charged;
- (d) claims registered and paid;
- (e) amounts recovered; ~~and~~
- (f) the administrative costs of the scheme.

**30. Information is to be provided in a spreadsheet data format, which allows data to be searched, extracted, downloaded and easily published on the internet, for instance in CSV or XML format. The ~~Commission~~ Member States must publish the reports on their websites.'**

The evaluation of the Communication showed that it is not fully aligned with the common principles set out in the State aid modernisation, transparency being one of those principles.

We propose to further clarify the transparency and reporting requirements and align them with requirements in the State aid modernisation guidelines. In particular, it is proposed to withdraw the obligation under the Communication for the Commission to publish reports on its website. This reflects the absence of any such obligation in other State aid modernisation guidelines. The Communication predates most other guidelines that were assessed in the fitness check. We suggest introducing an obligation under the Communication for Member States to publish their reports on their websites, alongside other information already provided on the schemes, thereby aligning this approach further with the intention of State aid modernisation to enhance cooperation with Member States to ensure transparency of implemented measures.

#### **4. UPDATE ON THE METHOD OF COMMUNICATING DECISIONS ABOUT THE LIST OF MARKETABLE RISK COUNTRIES SET OUT IN POINT 35 (NOW 37) OF THE COMMUNICATION**

**The Communication would delete the requirement for the Commission to inform Member States in writing about decisions to modify the list of marketable risk countries.**

This update streamlines the information process since the Commission will continue to publish the information on its website (most likely through a notice in the Daily News) and a communication will be published in the Official Journal.