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COMMUNICATION FROM THE COMMISSION

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

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I. INTRODUCTION

- (1) The Communication from the Commission to the Member States on the application of Article 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance¹ (the Communication) stipulates in paragraph 13 that State insurers² cannot provide short-term export-credit insurance for marketable risks. Marketable risks are defined in paragraph 9 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) As a consequence of the difficult situation in Greece, a lack of insurance or reinsurance capacity to cover exports to Greece was observed in 2012. This led the Commission to amend the Communication of the Commission to the Member States pursuant to Article 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance, by temporarily removing Greece from the list of marketable risks countries³. This modification expires on 31 December 2013. As a consequence, as from 1 January 2014, Greece would in principle be considered again as marketable, since all EU Member States are included in the list of marketable countries listed in the Annex to the Communication.
- (3) However, in accordance with paragraph 36 of the Communication, three months before the temporary removal ceases, the Commission has started to review the situation in order to determine whether the current market situation justifies the expiry of Greece's removal from the list of marketable risk countries in 2014, or whether the market capacity is still insufficient to cover all economically justifiable risks, so that a prolongation is needed.

II. ASSESSMENT

- (4) When determining whether the lack of sufficient private capacity to cover all economically justifiable risks justifies the prolongation of the temporary removal of Greece from the list of marketable risk countries, the Commission consulted and sought information from Member States, private credit insurers and other interested parties. The Commission published an information request on the availability of short term export credit insurance for exports to Greece on 8 October 2013⁴. The deadline for replies expired on 6 November 2013. 24 replies were received from Member States, private insurers and exporters.

¹ OJ C 392, 19.12.2012, p. 1.

² A State insurer is defined 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, see point 9.

³ OJ C398, 22.12.2012, p. 6

⁴ http://ec.europa.eu/competition/consultations/2013_export_greece/index_en.html

- (5) Information submitted to the Commission or available to it, clearly indicates that there is still insufficient private export credit insurance capacity for Greece and that no significant capacity is forecasted to become available in near future. The total insured turnover for Greek risks has remained constantly low in 2012/2013. Private export-credit insurers remain cautious in providing insurance coverage for exports to Greece and do not offer sufficient insurance capacity for new credit insurance limits or even to cover existing turnovers. At the same time, State insurers continued to register increasing demand for credit insurance for exports to Greece as a result of the lack of availability of private insurance. No submissions provided data indicating that Greece should be reinserted in the list of marketable countries.
- (6) Since the decision to temporarily remove Greece from the list of marketable countries in December 2012, private capacity has not been restored in 2013. Respondents confirmed that the situation is particularly difficult for small and medium sized exporters and in some cases a complete stop of underwritings has been registered. The majority of the submissions considered that private capacity is still too narrow to insure exports to Greece and it is expected to only expand to a limited extent in 2014. The analysis of the Commission on the lack of sufficient private export credit insurance capacity for Greece, as set out in that decision, remains valid.
- (7) The economic outlook for Greece has been conservatively revised upwards since last December⁵. However, according to the European Economic Forecast - Autumn 2013, the Greek economy remains in recession, with a real GDP contracting at decelerating pace during 2013. Real GDP is expected to expand in 2014 mainly due to exports and investment. In contrast, private consumption is expected to still decline, in line with disposable income. At the same time, according to information submitted during the public consultation, the total number of business insolvencies is expected to continue to rise in 2014.
- (8) For those reasons, on the basis of the information gathered, the Commission established a lack of sufficient private capacity to cover all economically justifiable risks and decided to prolong the removal of Greece from the list of marketable risks countries.

III. AMENDMENT TO THE COMMUNICATION

- (9) The following amendment to the Communication from the Commission to the Member States on the application of Article 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance will apply from 1 January 2014 until 31 December 2014:

– The Annex is replaced by the following

"LIST OF MARKETABLE RISK COUNTRIES

All Member States with the exception of Greece

Australia

Canada

⁵ For example: S&P and Fitch: B- from CCC in July 2012; Moody's rating remained stable at C

Iceland

Japan

New Zealand

Norway

Switzerland

United States of America"