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*(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**(Text with EEA relevance)**

(2012/C 398/02)

I. INTRODUCTION

- (1) The new 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⁽¹⁾ (the Communication) stipulates in point 13 that State insurers⁽²⁾ having certain advantages compared to private credit insurers cannot provide short-term export-credit insurance for marketable risks. Marketable risks are defined in point 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 2011. This led the Commission to amend the Communication of the Commission to the Member States pursuant to Article 93(1) of the EC Treaty applying Articles 92 and 93 of the Treaty to short-term export-credit insurance, which was in force at the time, by temporarily removing Greece from the list of marketable risks countries⁽³⁾. This modification expires on 31 December 2012. As a consequence, as from 1 January 2013, Greece would in principle be considered as marketable, since all EU Member States are included in the list of marketable countries listed in the Annex to the new Communication, which enters into force on 1 January 2013.
- (3) However, Section 5.2 of the Communication providing for a specific procedure for the possible modification of the list

of marketable risk countries is applicable from the date of the adoption of the Communication, i.e. from 6 December 2012. In view of the difficult situation in Greece, the Commission has decided to make use of this procedure in order to determine whether the current market situation justifies the expiry of Greece's removal from the list of marketable risk countries in 2013, or whether 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 6 November 2012⁽⁴⁾. Deadline for replies expired on 23 November 2012. Twenty-five replies were received from Member States, private insurers and exporters.
- (5) Information submitted to the Commission clearly indicates that the private export-credit insurance capacity for Greece continues to be insufficient and that no new capacity is forecast to become available in near future. The total insured turnover for Greek risks has decreased significantly in 2011/12. New credit insurance limits on Greek risks are hardly available and existing limits have been reduced or cancelled. At the same time, State insurers registered

⁽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 C 117, 21.4.2012, p. 1.

⁽⁴⁾ http://ec.europa.eu/competition/consultations/2012_export_greece/index_en.html

growing demand for credit insurance for exports to Greece as a result of the lack of availability of private insurance.

- (6) Since the Commission decision to temporarily remove Greece from the list of marketable countries in April 2012 ⁽⁵⁾, private capacity has been restricted further. None of the submissions considered that sufficient private capacity would be available in 2013. The analysis of the Commission concerning 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 continuously been revised downwards since last April. According to the 'European Economic Forecast — Autumn 2012', the Greek economy remains in deep recession. The contraction of economic growth is expected to extend into 2013 ⁽⁶⁾. The further deteriorating economic environment is reflected in sovereign risk ratings ⁽⁷⁾. Impact on Greek businesses is severe and business insolvencies are significant ⁽⁸⁾. This situation is expected to continue in 2013.
- (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 Articles 107 and 108 of the Treaty on the Functioning of the European Union to short-term export-credit insurance will apply from 1 January 2013 until 31 December 2013:

— the Annex is replaced by the following:

'List of marketable risk countries

All Member States with the exception of Greece

Australia

Canada

Iceland

Japan

New Zealand

Norway

Switzerland

United States of America'

⁽⁵⁾ See footnote 3.

⁽⁶⁾ European Commission, 'European Economic Forecast — Autumn 2012', *European Economy* 7/2012, p. 66.

⁽⁷⁾ For example, Moody's: C (an obligor has failed to pay one or more of its financial obligations (rated or unrated) when it became due), S&P: CCC, Fitch: CCC (an obligor is currently vulnerable and dependent on favourable economic conditions to meet its commitments).

⁽⁸⁾ Business insolvencies increased 30 % year-on-year in 2010 and 2011 (*Atradius country risk update*, Greece, 10 July 2012) and are expected to increase further in 2012 and 2013 (*Euler Hermes Economic Outlook* No. 1186).