

Officially supported export credits: application of certain guidelines

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The Commission presented its annual report on the Commission's negotiations on export credits within the meaning of Regulation (EU) No 1233/2011. The period extends from July 2015 to August 2016.

1. Main developments in 2014: the Commission recalls that, over the past decades, the OECD arrangement on officially supported export credits has effectively ensured a level playing field between the export credit programmes of its nine participants (European Union, United States, Canada, Japan, Korea, Norway, Switzerland, New Zealand and Australia).

However, it has not been possible to convince some of the new major players (**notably China**) to implement the Arrangement.

This explains why the International Working Group on Export Credits (IWG) was established in 2012 on the basis of an initiative taken by the United States and China. Its objective is to establish a new set of international rules on export credits, which would be approved by more participants than under the OECD Arrangement.

Although the work of the IWG has great strategic potential, it will take time to achieve tangible results. In the meantime, the work of the OECD on export credits will continue to be useful. It is therefore at these **two different levels** that the European Commission has had to represent the European Union in international discussions.

2. The International Working Group on Export Credits (IWG): during the reporting period, the IWG held three formal meetings:

- **the ninth official meeting, held in Washington (14-16 October 2015)**, marked the beginning of discussions on horizontal general rules applicable to all export credit operations after an initial phase which involved interviews on medical equipment and ships only. Since then, discussions on medical equipment have stopped gradually, while those relating to the naval sector have continued;
- **discussions on horizontal rules - both in Washington and at the tenth official meeting (held from 23 to 25 February 2016 in Beijing)** were marked by strong differences in the best way to define the general provisions “scope” and “objective” of a future set of horizontal rules. Another problem is the inconsistencies between formal meetings, which are due to the permanent rotation of chairpersons, resulting in different agendas from one meeting to the next;
- when it organised the eleventh official meeting (held from 6 to 8 July 2016 in Berlin), the Union decided to consider the “constituent elements” of the horizontal text and chose less controversial subjects (such as maximum repayment deadlines, maximum public support, processing of local expenses and repayment terms), which allowed discussions on the horizontal text to resume.

Regarding the **naval sector**, the IWG members had constructive discussions at the three meetings.

3. Developments within the OECD: the greatest achievement was the adoption of the **sectoral agreement on export credits for coal-fired power generation projects**, on 18 November 2015.

Under the new sectoral agreement, it will now be possible to grant export credits for coal-fired power plants only if it is clearly demonstrated that no other low-carbon energy solution can be used for the

project concerned and that this solution is compatible with host country policies and strategies for energy and climate change mitigation.

Only the export of the most efficient technology can be financed and support for plants based on less advanced technologies will be possible only under strict funding conditions.

According to the Commission, the new sectoral agreement (which will enter into force on 1 January 2017) should serve as a springboard for defining even more ambitious limits on the financing of coal-fired power plants in the near future.