



Greener and geo-economically smarter? – The reform of the OECD standards for export credits

Marion Jansen
Director, Trade and Agriculture Directorate (TAD)
OECD
21 June 2023



New Agreement on Export Credits



Participants to the Arrangement agreed to modernise the Arrangement



Implementation expected





New Agreement on Export Credits – The purpose

Making the Arrangement financing flexible enough to:

Align with the economic and financial needs of projects

Face the increasingly competitive landscape

Further incentivise support for green projects



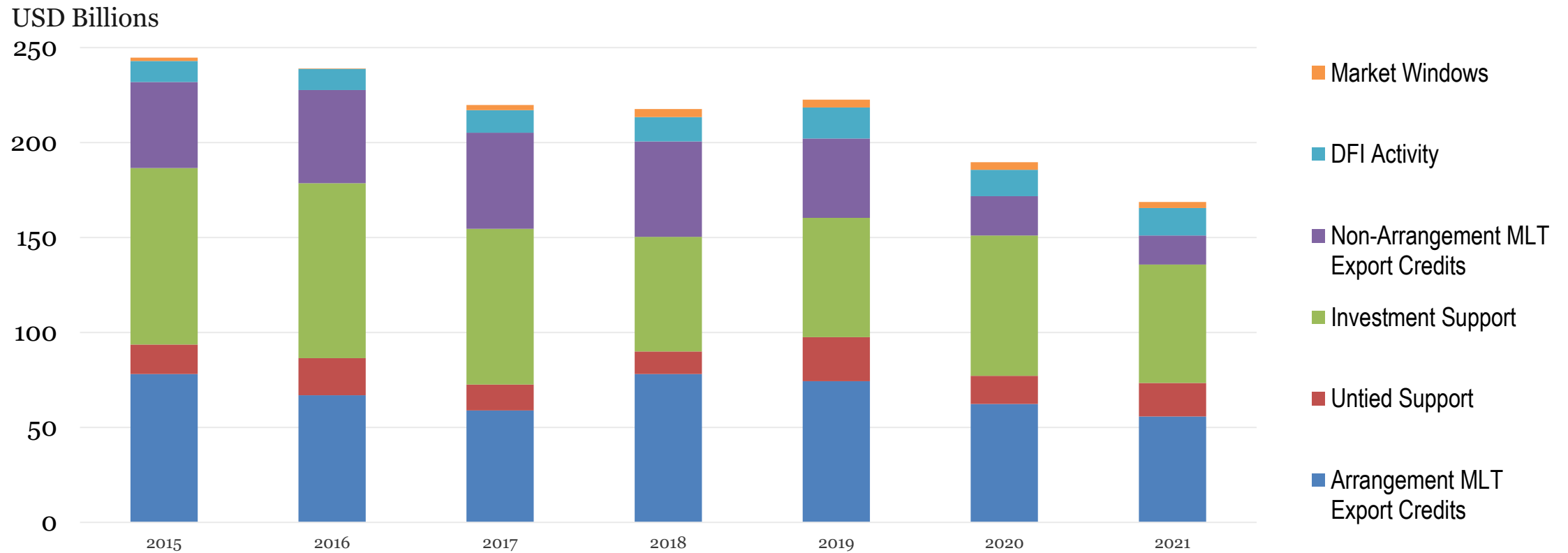
What competitive landscape? (1)

- Export support from countries not party to the Arrangement, mostly China
- Non-Arrangement export support programs provided by countries that are a party to the Arrangement :
 - Market Windows
 - Overseas Investment Loans and Insurance
 - Untied Export Credits...
- Development Programs not subject to the Arrangement : provided mostly by Development Finance Institutions (DFIs)



What competitive landscape? (2)

Official MLT Export and Trade-related activity from OECD and non-OECD countries
(2021 US EXIM Competitiveness report)





What will change with the new rules? (1)

Longer repayment terms

Max. 22 years for green and nuclear transactions

Max. 15 years for all other projects

More flexibility for financial structuring

Frequency, size and pattern of repayment of principal and interest

Lower premium rates

for transactions with long repayment terms & non-investment grade obligors



What will change with the new rules? (2)

Expansion of the scope of green transactions to include:



Environmentally sustainable energy production



CO² capture, storage, and transportation



Transmission, distribution and storage of energy



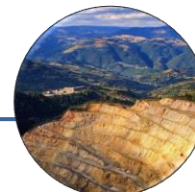
Clean hydrogen and ammonia



Low emissions manufacturing



Zero and low emissions transport



Clean energy minerals and ores



Will the new rules maintain a level playing field?

- Time will tell if Participants have gone far enough or whether other changes need to be made.
- The Arrangement disciplines have worked so far because they are comprehensive, transparent and have evolved over time.
- The modernisation reform is proof that the Arrangement is a living document and can be updated to fit the latest needs.



What's next?

- Participants will decide what they would like to take up next and if further reforms are needed.
- Participants have committed to review most of the newly agreed disciplines, to ensure that they accurately reflect the needs of exporters and buyers.
 - Review the green sectors that benefit from additional financing flexibilities, their definitions and standards.
 - Other sectors could be added to the scope, such as:
 - Low emissions water transport
 - Production of clean liquid and gaseous fuels
- Several ECAs and countries are taking individual initiatives to restrict support for certain sectors (such as coal mining and transportation and fossil-fuel projects) which could lead to discussions at an international level.