

The background is a collage of images. On the left, there's a city skyline with several tall skyscrapers. In the foreground, a large cargo ship with red and blue containers is sailing on the water. A globe is visible behind the city. Two seagulls are flying in the sky. The entire scene is framed by a large, stylized 'K' shape in blue and orange. There are also some decorative circular patterns in the top left corner.

Export Credit Insurance in Korea

KOREA TRADE INSURANCE CORPORATION

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<Experience>

Director, Korea Trade Insurance Corporation
Professor, Sungkyunkwan University(SKKU)
U.S. Certified Public Accountant

<Education>

Ph.D. in Economics, SKKU
Master degree in Business Administration, Yale University
Bachelor degree in English Literature, Korea University

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- 01 Export Credit
- 02 K-SURE in Brief
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1 Export Credit

- 1.1 Officially Supported Export Credit
- 1.2 Export Credit Agency

1.1 Officially Supported Export Credit

Governments provide officially supported export credits through Export Credit Agencies (ECAs) in support of national exporters competing for overseas sales.

ECAs can be government institutions or private companies operating on behalf of governments.

Export Credit Insurance & Guarantee

- ❖ ECAs protect exporters from losses resulting from bankruptcy of overseas buyers
- ❖ ECAs cover commercial banks by guaranteeing the repayment of borrowers

Export Credit Loan

- ❖ ECAs provide export loans directly to buyers or borrowers



1.2 Export Credit Agency

I Role and Responsibility

Facilitate trade and investment

Prevent the market failures

- ❖ Cover payment and repayment risks which commercial banks or insurers cannot take
- ❖ Support mega-scale projects of low credit sponsors with high risks
- ❖ Make projects more attractive to commercial lenders by credit enhancement

Provide a counter-cyclical buffer in economic crisis

Enhance the competitiveness against global rivals

- ❖ Create a level playing field



1.2 Export Credit Agency

Global Export Credit Competition



<Long-term Export Credit Volume>

<Short-term Export Credit Volume>

Country	Billion USD '19
1 China	33.5
2 Italy	11.1
3 Germany	10.5
4 India	7.0
5 United Kingdom	6.6
6 France	6.2
7 Korea	5.8
8 United States	5.3
9 Finland	4.1
10 Sweden	4.0
11 Japan	3.6
12 Belgium	3.2

ECA (Country)	Billion USD 2018
SINOSURE (China)*	481.40
K-SURE (Korea)	121.99
EDC (Canada)	43.64
NEXI (Japan)*	49.84
ECGC (India)*	30.90
EXIAR (Russia)	15.43
EULER HERMES (Germany)	11.06
U.S. EXIM (United States)	2.39
SACE (Italy)	1.05
UKEF (United Kingdom)	0.05
ABGF (Brazil)*	0.00
BPIFRANCE (France)	0.00

* Source : US Exim

1.2 Export Credit Agency

Global MLT Export Credit in 2019

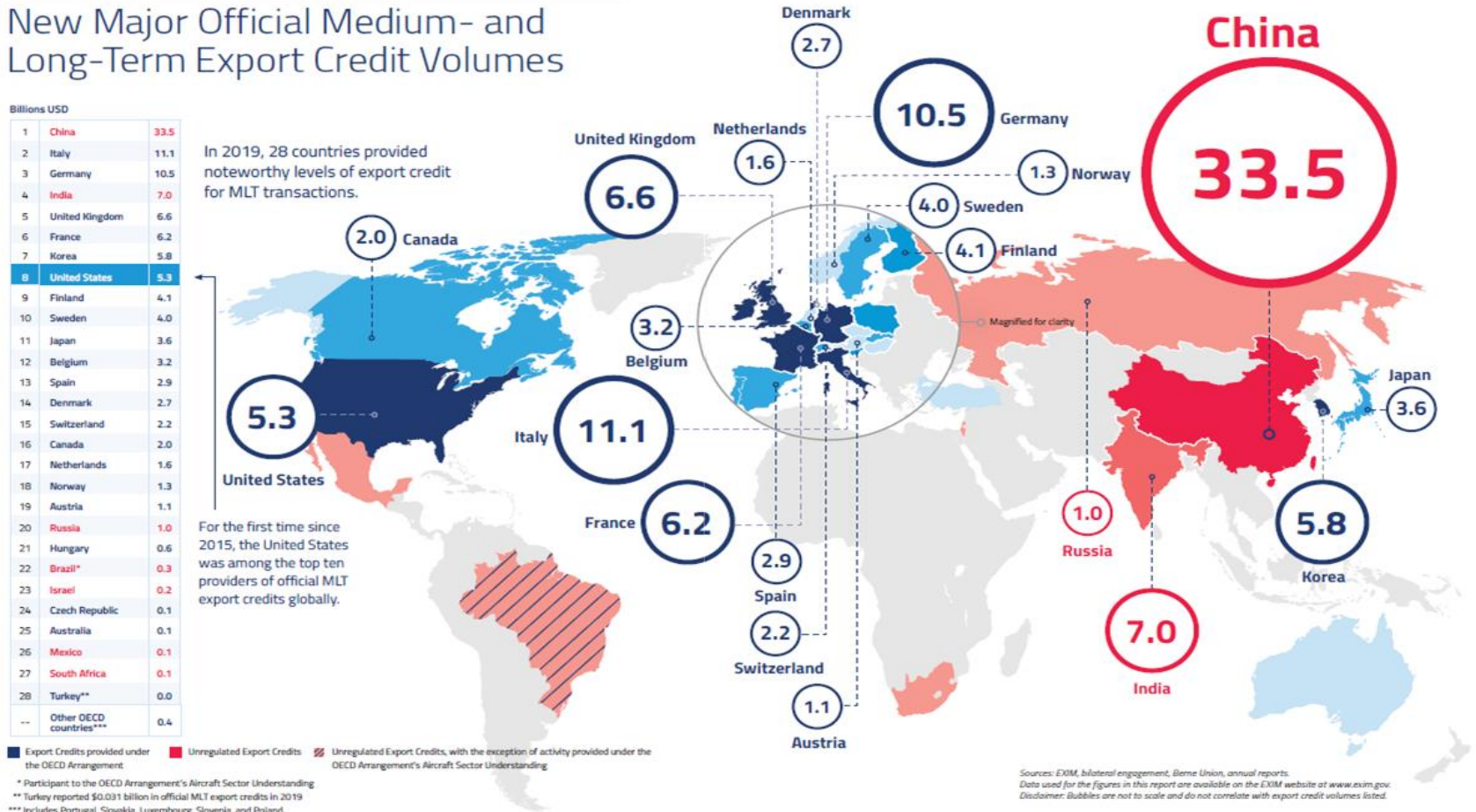
New Major Official Medium- and Long-Term Export Credit Volumes

Billions USD

1	China	33.5
2	Italy	11.1
3	Germany	10.5
4	India	7.0
5	United Kingdom	6.6
6	France	6.2
7	Korea	5.8
8	United States	5.3
9	Finland	4.1
10	Sweden	4.0
11	Japan	3.6
12	Belgium	3.2
13	Spain	2.9
14	Denmark	2.7
15	Switzerland	2.2
16	Canada	2.0
17	Netherlands	1.6
18	Norway	1.3
19	Austria	1.1
20	Russia	1.0
21	Hungary	0.6
22	Brazil*	0.3
23	Israel	0.2
24	Czech Republic	0.1
25	Australia	0.1
26	Mexico	0.1
27	South Africa	0.1
28	Turkey**	0.0
--	Other OECD countries***	0.4

In 2019, 28 countries provided noteworthy levels of export credit for MLT transactions.

For the first time since 2015, the United States was among the top ten providers of official MLT export credits globally.



1.2 Export Credit Agency

Operational Mandates

Maintain the long-term financial balance under WTO rules

Comply with the OECD Arrangement on Officially Supported Export Credits

2 K-SURE in Brief

- 2.1 Export Credit Insurance Act
- 2.2 K-SURE's Governance
- 2.3 Organization

2.1 Export Credit Insurance Act

01 Export Credit Insurance Act enacted in 1968

- ❖ (Article 1) The purpose of this Act is to promote trade and overseas investment, and contribute to the enhancement of the Korean national economy by efficiently operating trade insurance programs that protect the Korean trade from risks of international trade and transactions.

02 Korea Trade Insurance Company (K-SURE) is the official ECA in Korea


- ❖ (Article 37) K-SURE shall be established for the purpose of engaging in the trade insurance business pursuant to the Trade Insurance Act

2.2 K-SURE's Governance

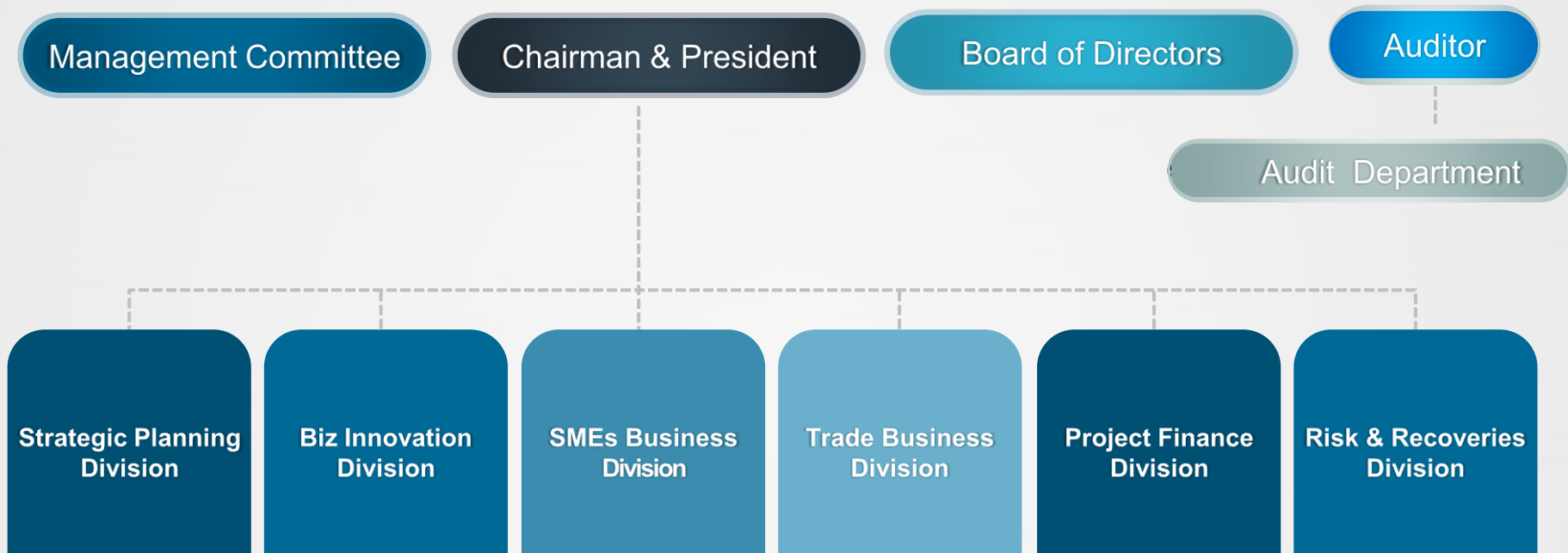
The National Assembly

- Set the underwriting limits including reserve limit
- Decide the government contribution amount to the Trade Insurance Fund
- Perform the budgeting for and overall inspection on K-SURE's operation

The Ministry of Trade, Industry and Energy

- Authorize K-SURE's insurance programs
 - Authorize the insurance premium rate
- 

2.3 K-SURE Organization



3 Business Trends

- 3.1 Trade Volume of Korea
- 3.2 Growth of Business Volume
- 3.3 New Commitments
- 3.4 Commitments Outstanding

3.1 Trade Volume of Korea

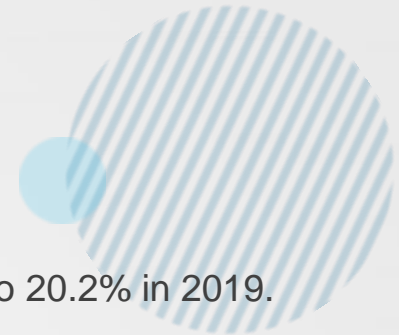
Unit : US Million



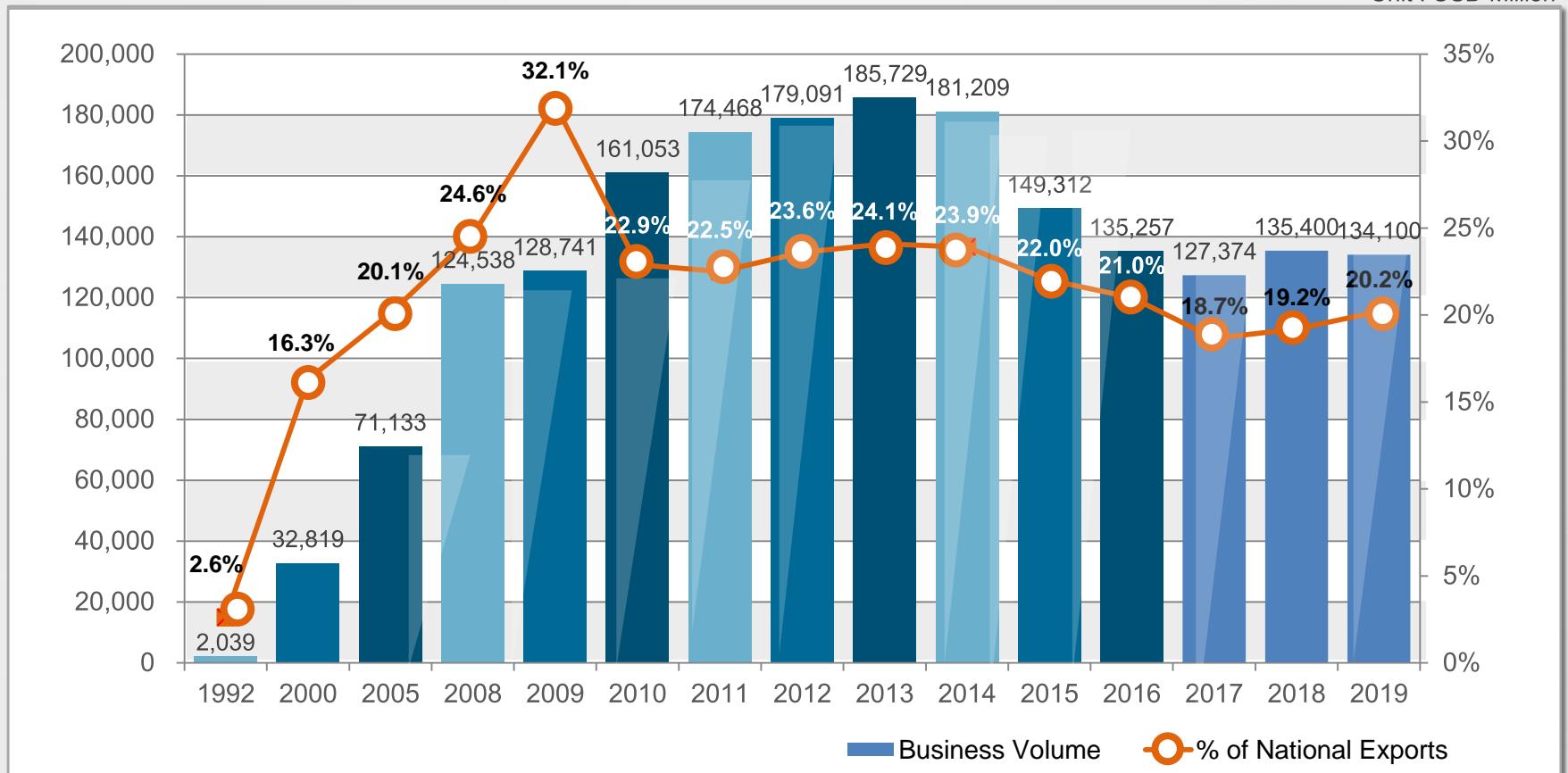
Trade volume of Korea has constantly increased both in export and import since the early 1970s. Korean export amounts to USD 542 billion in 2019.

3.2 Growth of Business Volume

- 1992 : USD 2 billion → 2019 : USD 134 billion
- The portion of insured transaction in the total export jumped from 2.6% in 1992 to 20.2% in 2019.



Unit : USD Million



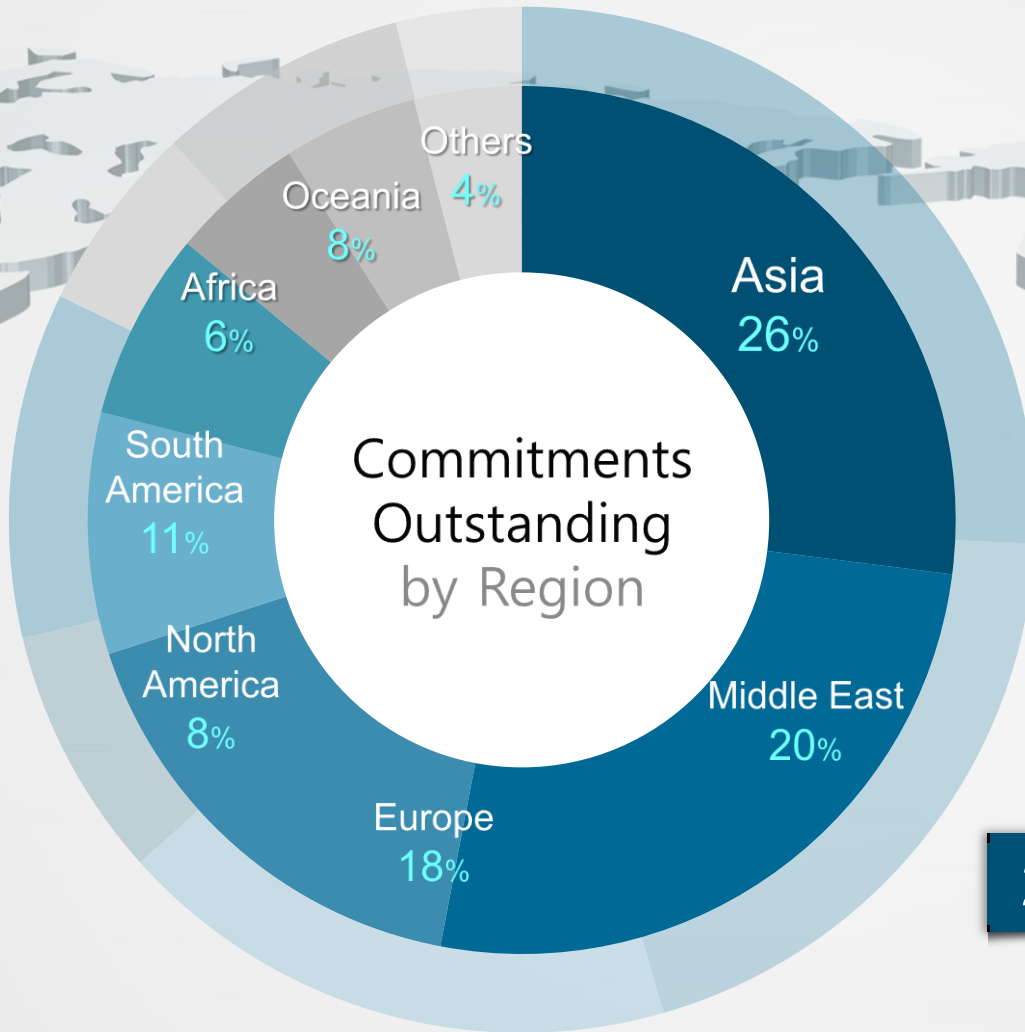
3.3 New Commitments

- Year 2019 : USD 134 billion



Region		Country		Insurance Type	
Asia	39%	United States	14%	ST Insurance	90%
North America	14%	China	11%	MLT Insurance	7%
Europe	14%	India	6%	Others	3%
Middle East	8%	Japan	5%		
South America	5%	UAE	4%		
Africa	3%	Hong Kong	3%		
Oceania	1%	Taiwan	3%		
N.A.	15%	Others	54%		

3.4 Commitments Outstanding by Region



2019 Year-end

4 Major Programs

4.1 Short-term Programs

4.2 Medium and Long-term Programs

4.1 Insurance Programs

01 ST Export Credit Insurance For repayment terms of less than two years

- ❖ Pre-Shipment & Post-Shipment Export Insurance
- ❖ Agro-fishery Export Insurance



02 MLT Export Credit Insurance For repayment terms of two years or more

- ❖ MLT Export Insurance
- ❖ Overseas Construction Work Insurance



03 Investment Insurance

- ❖ Overseas Investment Insurance
- ❖ Overseas Business Financing Insurance



04 Export Bond Insurance

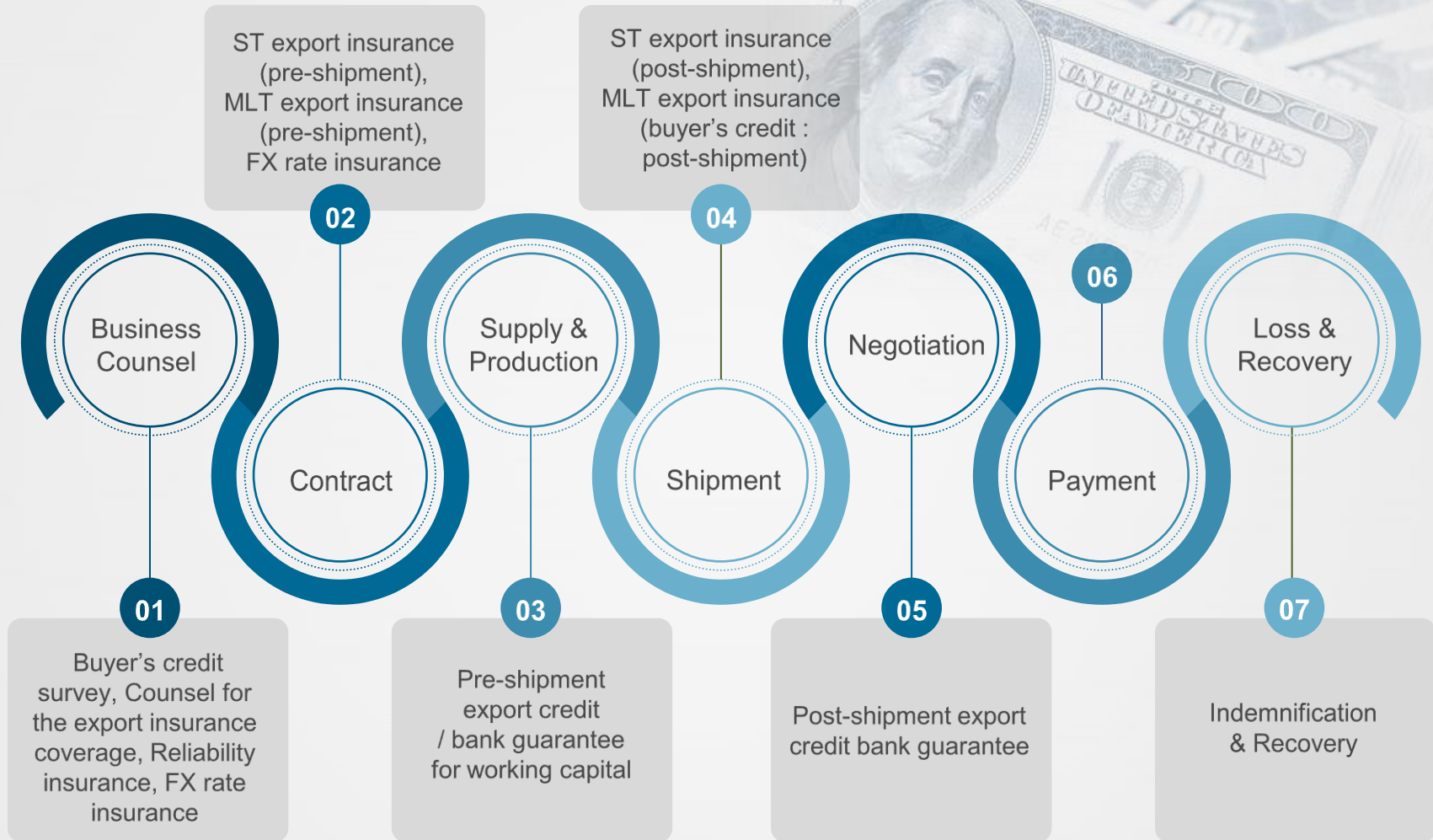
- ❖ Bid Bond, Performance Bond, Advance Payment Bond



05 Other Business

- ❖ Buyer's Credit Research & Information Service
- ❖ Debt Collection Service

4.2 Insurance Programs Available by Export Stage



4.3 ST Programs Short-term Export Insurance

Short-term Export Insurance



Covers non-payment risks of transactions with the payment period of less than two years Covered Risks

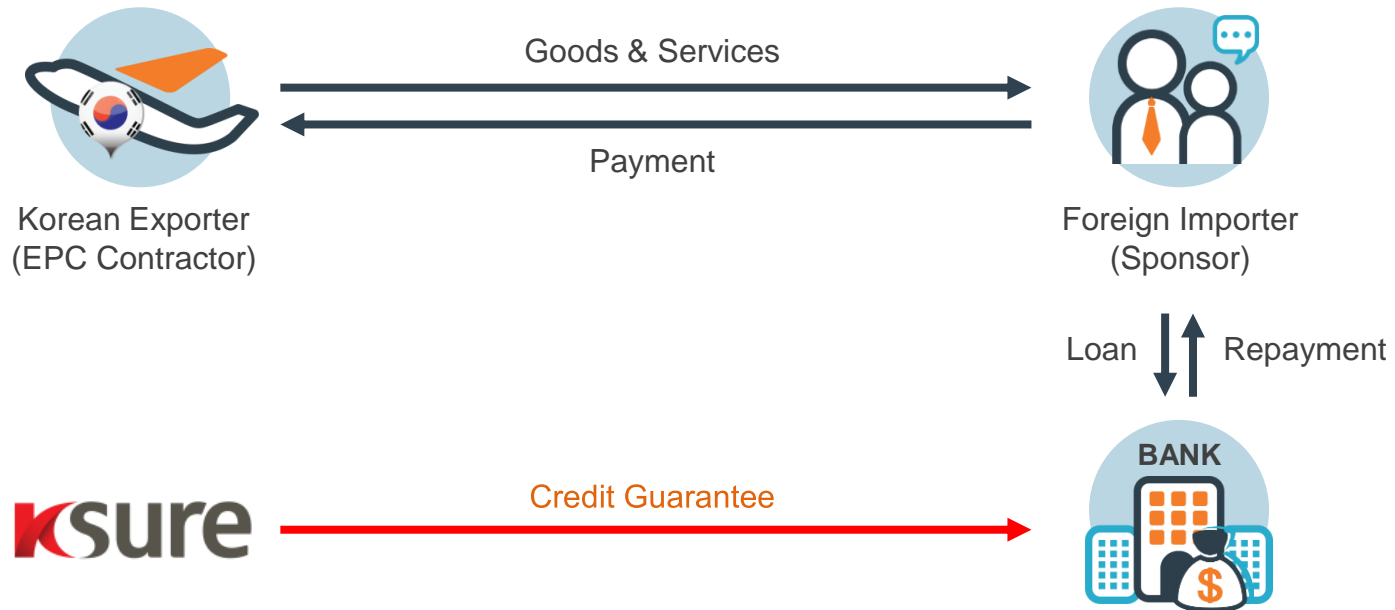
- ❖ Commercial risks: buyer's bankruptcy, payment delays, refusal to accept shipment, etc.
- ❖ Political risks: Currency Inconvertibility, Expropriation, War, etc.

Revolving basis in principle, Case by Case basis according to the level of risks

4.4 MLT Programs

- ❖ **Medium and Long-Term Export Insurance(Buyer's Credit)**
 - ➔ For foreign buyers having a business with Korean EPC contractors
- ❖ Covers the importer's non-repayment risk triggered by political and/or commercial risks

MLT Export Insurance (Buyer's Credit)

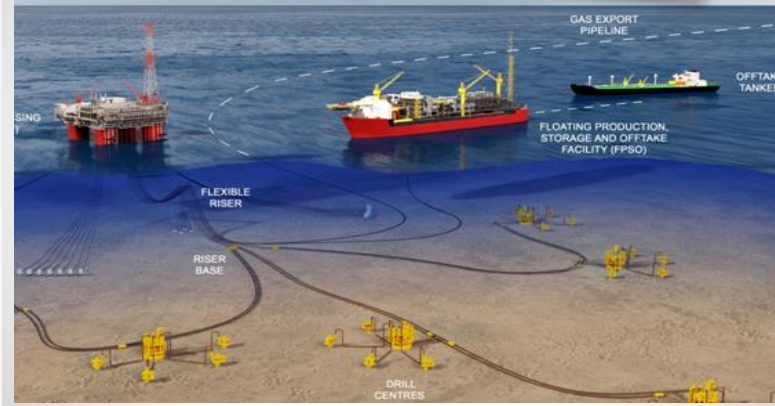


4.4 MLT Programs

1. Infrastructure projects



2. Natural resources development projects



3. Power plant & refinery projects



4. Shipbuilding projects



MLT Awards and Track records

KIPIC



LNG Import
Terminals

Mozambique



Gas FLNG

Turkmengas



Refinery

Uzbekistan



GTL Plant

Turkey



Canakkale Bridge

Reliance



LTE Network

Turkey



Metro

USA



Power Plant

KIA



Automobile
Factory

LG Electronics



Washing
Machine Factory

Thank you

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