

EKN's comments on Swedwatch's report no 99

EKN welcomes Swedwatch's report no 99, which discusses the roles of three countries' export credit agencies in the global coal value chain and highlights the importance of international agreements and regulations. The research from South Africa also provides additional and direct insights into the coal sector's impact on local communities, vulnerable groups and the environment.

EKN and the Paris Agreement

EKN's goal is to also contribute to the realisation of the Paris Agreement. On-going climate efforts aim to both contribute to stimulating low carbon investments and to avoid lock-in effects in fossil energy in countries that import Swedish services and equipment.

In September 2020, EKN published a report on how the Swedish and international export finance systems can contribute to a climate transition in line with the Paris Agreement:

<https://bit.ly/33Nua0u>

EKN and coal

In February 2020, EKN decided to phase out export credit guarantees to coal mining and coal transportation. New guarantees to these types of transactions will not be allowed after 31 December 2020. EKN's decision is communicated through its Sustainability Policy, publicly available at www.ekn.se

As noted in the report, the joint efforts of EKN and other export credit agencies, resulted in the OECD sector understanding on coal-fired power plants in 2015, which stipulates that governmental export credits shall not be used to finance new coal-fired power plants. EKN's ambition in international negotiation and cooperation has been that similar rules should be agreed for mining and transportation of coal. EKN will continue to use its leverage to try to change international regulations so that more countries follow the example of Sweden and France and stop export credits to the coal sector.

For a number of years, EKN has shared information on guarantees to the coal sector in its annual report. The information includes guarantee volume and number of transactions where the end-user is active in coal mining or coal transportation. In these transactions it is often the exporter that has applied for a guarantee to insure them against the risk of non-payment by their customer (a supplier credit guarantee). In such cases, the end-user, for example a mine or transporting company, is often a third party and not a contractual party to either EKN or the exporter.

EKN's public information covers both short-term and long-term transactions, where short-term transactions may have a large guarantee volume but short risk period. For example, 80% of EKN's guarantee volume to the coal sector in 2019 had a risk period shorter than one year.

About EKN

EKN's mission is to promote Swedish exports. EKN receives no government grants. The activities are financed entirely by the guarantee holders' premium payments. EKN is governed by ordinances and annual letters of appropriation. Within this framework, EKN is an independent government authority.

When EKN insures a lending bank against the risk of non-payment (issues a buyer credit guarantee), it can facilitate and reduce the cost of financing for the buyer of Swedish equipment. The effect is a promotion of exports as it becomes more attractive to buy Swedish goods and services.

When EKN insures exporting companies against the risk of non-payment (issues a supplier credit guarantee), export is promoted as the exporting company can carry out more and financially secure export transactions.

Stockholm, 23 September 2020