EXPORT CREDIT FINANCING SYSTEMS IN OECD MEMBER COUNTRIES AND NON-MEMBER ECONOMIES

Greece

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GREECE

1. ORGANISATION AND STRUCTURE

1.1 Insurance and guarantees

1.1.1 Representative organisation

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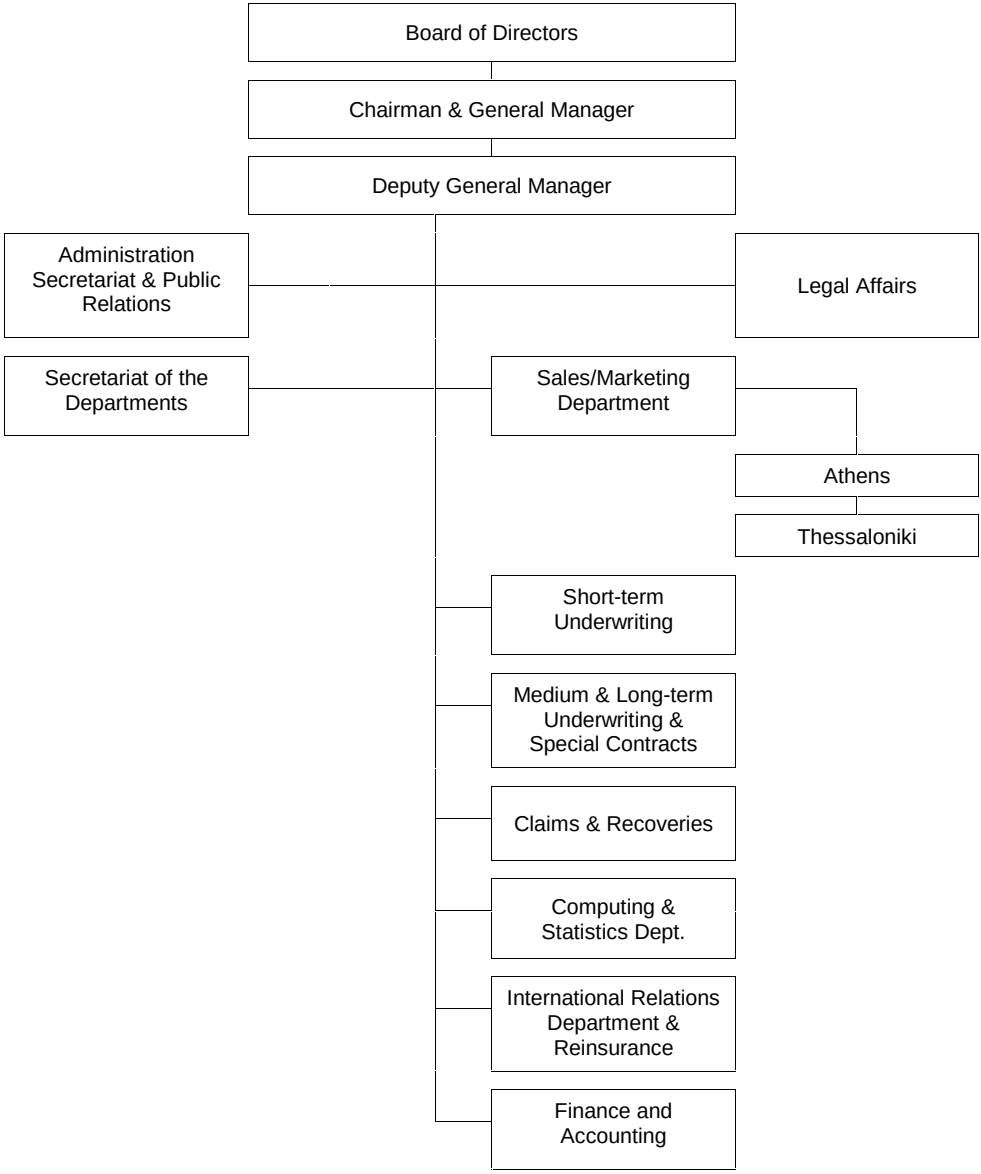
1.1.1.1 Function

The Export Credit Insurance Organisation (ECIO), a legal entity in private law, was established under Law 1796/88. Although it functions as a private corporation, it neither seeks nor distributes profits. Premiums are calculated so as to compensate for possible losses and cover administrative expenses.

The Board of Directors is appointed by the Minister of National Economy. It is composed of nine members. The members of the Board of Directors and the General and the Deputy General Manager are persons with special knowledge and experience in ECIO activities.

1.1.1.2 Summary of organisation



1.1.1.3 Resources

The ECIO does not have share capital of its own, but its liabilities are guaranteed by the state. The guarantee capital for meeting ECIO liabilities from its insurance or reinsurance activities amounted to approximately USD 1.3 billion in December 1995. ECIO reserves are composed of premiums, government or third-party grants and income from property. In December 1995, these reserves totalled approximately USD 75 million.

1.1.1.4 Other organisations involved

None.

1.1.1.5 Relations with the state

The ECIO's insurance liabilities are guaranteed by the state. The maximum amount of liabilities guaranteed is revised from time to time by a presidential decree issued on the recommendation of the Minister of National Economy. According to Law 1796/88, the ECIO operates as an autonomous organisation.

1.1.1.6 Relations with the private sector

Private insurance companies may provide export credit insurance.

1.2 Export finance

There is no official export credit agency or other institution providing official finance or refinancing facilities for export credits. Export financing is provided by commercial banks or other credit institutions.

2. INSURANCE AND GUARANTEE PROGRAMMES

2.1 Cover for exporters

2.1.1 Policies available

The ECIO offers insurance against political and commercial risks and natural disasters and reinsures commercial risks. In the latter case, private insurance companies extend insurance against commercial risks and may then reinsure these risks with the ECIO.

The ECIO offers its customers the choice of covering all their exports or specific contracts, regardless of the duration of credit. An exporter can be covered for all exports under a global insurance policy for short-term and long-term credits or be covered on a case-by-case basis for specific transactions under specific insurance policies.

There are no rules for the proportion of export turnover that must be covered. A ceiling is set at the outset of a policy, but it can be changed in the course of the insured period if ECIO agrees. Cover is given for supplier credit only. Coverage takes effect either from the date of the sales contract or the date of shipment.

2.1.2 Eligibility

At least 25% of the export value must be of Greek origin. The granting of insurance coverage depends on the terms of the sales contract, the buyer's credit standing, the conditions prevailing in the country of destination and the credit standing of the insured.

Credit terms insured or guaranteed are:

- For consumer goods, up to three months (or according to market practice).
- For consumer durables, up to 24 months.
- For investment goods, generally up to three years and exceptionally up to five years if justified by the nature of the contract.
- For investments made by Greek companies abroad, according to the nature of the project.

Between EU member states, Community subcontracts are to be included in credit insurance and guaranteed financing up to 30% of the contract value (40% for small contracts) regardless of whether interest rate support is involved or not.

2.1.3 Cost of cover

Premiums are payable in advance and are calculated on the basis of the invoice value of the exports. Rates range between 0.3% and 3.5%. The actual level of the premium depends on the status of the importing country, the risks covered, the terms of payment, the creditworthiness of the buyer and whether the cover is global or specific.

2.2 Guarantees for banks

ECIO insurance policies encourage commercial banks to finance exporters.

2.2.1 Policies available

Although banks are not given guarantees directly, insurance with the ECIO facilitates the provision of export credit to exporters. Insurance or reinsurance (see 2.1) can cover up to 90% of the invoice value of exports. The rights under an insurance policy can be assigned to a credit institution, subject to the consent of the ECIO's Board of Directors. This is done on a case-by-case basis. Commercial banks grant export credits directly. The interest rate is freely negotiable.

2.2.2 Eligibility

See 2.2.1.

2.2.3 Cost of cover

If export credit has been insured, the burden of the insurance premium must be added to the cost of financing. Premiums range from 0.3% to 3% of the invoice value of exports for credit terms of up to nine months, and from 0.6%

to 3.5% of the invoice value for credit terms of up to three years. Premiums for longer credit, of up to five years, are determined on a case-by-case basis. Premiums are generally flat-rate.

2.3 Other insurance programmes

2.3.1 Foreign exchange insurance

The ECIO operates an insurance facility that gives a form of cover against devaluation of a foreign currency. Revaluation is not covered.

Premiums and claims are calculated in the currency of the contract, but actual receipts and payments are in drachmas. For example, premiums payable in dollars will be collected in drachmas, applying the rate of exchange at the date on which the insurance policy was signed by the ECIO. If a claim arises, it is paid in drachmas, applying the rate of exchange at the same date.

The ECIO offers exporters the choice of cover for one or more of a number of political and commercial risks or natural disasters, as listed in its insurance policy. Thus, under its insurance policies (global or specific), the ECIO offers cover for one or more risks at premium rates that fluctuate within a range of 0.3% to 3.5%. Ceilings on liability may or may not be imposed depending upon the view taken of a particular application. This procedure is used very little. So far, there has been no cost to public funds.

2.3.2 Bond insurance

The ECIO can issue insurance policies to commercial banks (or insurance companies) covering risks arising from bonds issued by them to overseas employers on behalf of Greek contractors undertaking construction works abroad. The types of bonds insured are bid bonds, performance bonds, bonds covering advance payments, and bonds covering exemption of customs duty on machinery imported into an employer's country.

The ECIO can cover up to 90% of the issuer's loss where forfeiture of a bond is due to political reasons or "acts of God", and up to 50% of the loss where the forfeiture is due to a fault of the Greek contractor. The ECIO and the banks retain the right of recourse to both exporter and buyer.

2.3.3 Foreign currency transactions

Export financing may be obtained either in the national currency or in foreign currency. Neither exporters nor banks are authorised to refinance export credits in international markets. The ECIO can assume liabilities and pay out claims only in domestic currency. Export contracts may, however, be concluded in a foreign currency, and repayments may be received in that currency. The exporter can cover the exposed foreign exchange risk with the ECIO or the central bank. There is no domestic forward exchange market. Exporters are obliged to repatriate the value of exported goods and services within a period not exceeding six months from the time credit is granted.

3. EXPORT FINANCE PROGRAMMES

3.1 Direct credits

Funding for export sales requiring short- or longer-term credits must be obtained from commercial banks. The public sector does not provide direct export credits.

4. AID FINANCE PROGRAMMES

Greece has no programme for associated financing.

ABBREVIATIONS

Arrangement	Arrangement on Officially Supported Export Credits
CIRR	Commercial Interest Reference Rate
DAC	Development Assistance Committee
EC	European Communities
ECA	Export Credit Agency
HIPC	Highly indebted poor country
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
L/C	Letter of Credit
LDC	Less Developed Countries
LIBOR	London Interbank Offered Rate
LLDC	Least Less Developed Countries
ODA	Official Development Aid
SDR	Special Drawing Rights

TABLE OF CONTENTS

Introduction

OECD MEMBER COUNTRIES

Australia
Austria
Belgium
Canada
Czech Republic
Denmark
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Japan
Korea
Luxembourg
Mexico
Netherlands
New Zealand
Norway
Poland
Portugal
Slovak Republic
Spain
Sweden
Switzerland
Turkey
United Kingdom
United States

NON-MEMBER ECONOMIES

Chinese Taipei
Hong Kong, China
Romania
Singapore
Slovenia

ANNEXES[*]

I. The Arrangement on Officially Supported Export Credits (2005)

II. European Community Procedures Concerning Export Credits (formerly Annex III)

III. Export Credits and the Environment: Work Plan (formerly Annex IV)

Action Statement on the Environment (2000)

Agreement on Environmental Information Exchange for Larger Projects (1999)

Statement of Intent on Officially Supported Export Credits and the Environment (1998)

IV. Action Statement on Bribery and Officially Supported Export Credits (2000) (formerly Annex V)

V. OECD Recommendation on Common Approaches on Environment and Officially Supported Export Credits (formerly Annex VI)

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* Annex II in earlier publications, *i.e.* Terms and Conditions Applicable to Project Finance Transactions, is now incorporated in Annex I; accordingly all annexes herein have been renumbered.