

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

Italy

## ITALY

### 1. ORGANISATION AND STRUCTURE

#### 1.1 Insurance and guarantee

##### 1.1.1 *Representative organisation*

Servizi Assicurativi del Commercio Estero (SACE S.p.A.)  
Casella Postale 253 Roma Centro  
Piazza Poli, 37/42  
00187 Rome  
Telephone: (39) 06 67 36 1  
Telefax: (39) 06 67 36 835

##### 1.1.1.1 *Function*

SACE S.p.A. is a limited liability joint stock company whose shares are attributed to and entirely owned by the Ministry of Economy and Finance. It was established by Article 6 of Decree No. 269 of 30 September 2003 (converted into law by Law No. 326 of November 2003) and has taken over from the *Istituto per I Servizi Assicurativi del Commercio Estero*. SACE S.p.A.'s main mission is to support the internationalisation of the Italian economy through the insurance, reinsurance and guarantee of the political, catastrophic, economic, commercial and exchange rate risks to which Italian companies are directly or indirectly exposed in their export activities. It may conclude reinsurance and co-insurance agreements with Italian entities and enterprises, with foreign entities and enterprises and international organisations.

### *1.1.1.2 Summary of organisation*

The governing bodies of SACE S.p.A. are the Chairman, the Board of Directors, the Executive Committee, the Audit Committee, the Advisory Committee, the Chief Executive Officer and the General Manager.

### *1.1.1.3 Resources*

Law No. 326 provides for the initial share capital of SACE S.p.A. Every time insurance cover or a guarantee is issued, an amount is set aside on the basis of the size of the commitment, the average duration of the transaction and the risk coefficient previously attributed to each country by the Board of Directors.

### *1.1.1.4 Other organisations involved*

The Treasury is the authority responsible for SACE S.p.A. Decisions concerning its general guidelines and extraordinary business are taken by the Board of Directors, which is composed of the chairman, the deputy chairman and eight members, two of which are nominated by the Minister of the Economy and Finance, one by the Minister for Foreign Affairs, three by the Minister for Industry, Commerce and Crafts, one by the Minister for Agricultural Policy and one jointly by the Minister of the economy and Finance and the Minister of Industry, Commerce and Crafts. The chief executive officer is chosen by the Board of Directors while the general manager is nominated by the Board of Directors under chief executive officer's proposal. The Executive Committee is composed of the chairman of the Board of Directors, of the deputy chairman, the chief executive officer and two members of the Board of Directors chosen by the Board itself. It approves the issue of insurance cover, the payment of claims and all other measures related to SACE S.p.A.'s current activity.

### *1.1.1.5 Relations with the state*

The insurance liabilities of SACE S.p.A. are guaranteed by the state within the limits established yearly by law.

#### *1.1.1.6 Relations with SIMEST*

A SACE S.p.A. guarantee or insurance is not required in order to qualify for SIMEST S.p.A. support (see 1.2). In practice, however, a large proportion of transactions receiving interest support are insured by SACE S.p.A.

### **1.2 Export finance**

#### ***1.2.1 Representative organisation***

Società Italiana per le Imprese all'Estero S.p.A. (SIMEST S.p.A.)  
Corso Vittorio Emanuele II°, 323  
00186 Rome  
Telephone: (39) 06 68 635 1  
Telefax: (39) 06 68 635 220

Italy has no provision for direct credit financing and refinancing. The Italian export financing system is based on private funding of transactions. All export credit finance is provided by commercial banks. Public funds for Italian exports are provided for interest rate support only.

Starting from 1 January 1999, pursuant to Law 143/98, SIMEST S.p.A. manages funds for Italian exports on behalf of the Italian government, according to a concession agreement between SIMEST S.p.A. and the Ministry of Foreign Trade.

The administration of the funds, which come from the government budget, is entrusted to a special deliberating committee appointed by the Minister of Foreign Trade.

### **1.3 Aid finance**

#### ***1.3.1 Representative organisation***

Directorate General for Development Co-operation  
Ministry of Foreign Affairs  
Piazzale della Farnesina 1  
00100 Rome  
Telephone: (39 6) 323 58 85  
Telex: 614066 DIPCSI  
Telefax: (39 6) 323 59 22

#### *1.3.1.1 Function*

The Directorate General negotiates with recipient countries, prepares projects, proposes them for approval by the Steering Committee or by the Inter-ministerial Committee, and implements, controls and monitors co-operation projects.

#### *1.3.1.2 Summary of organisation*

The Directorate General, headed by the director-general, is divided into a Central Technical Unit and 20 departments, of which six are geographical and three administrative. Others deal with legal matters, co-operation through the EC, co-operation through multilateral agencies, non-governmental organisations, soft loans and emergency projects. The Central Technical Unit is responsible for the technical and economic evaluation of projects.

#### *1.3.1.3 Resources*

ODA bilateral funds are mainly composed of grants (budget of the Ministry of Foreign Affairs) and soft loans (budget of the Ministry of the Treasury). Each year the State Budget Law determines, for the following three years, the amount of the allocations for grants and soft loans. Contributions to multilateral agencies are allocated to various parts of the state budget.

#### *1.3.1.4 Other organisations involved*

Also involved in aid finance are the Ministry of the Treasury, the Ministry for Foreign Trade, the Ministry of the Budget, the Steering Committee and the Interministerial Committee.

#### *1.3.1.5 Relations with the state*

The Directorate General was set up within the Ministry of Foreign Affairs and is an integral part of it.

### *1.3.1.6 Relations with the private sector*

Private enterprises or state-owned enterprises may act as executing agencies for co-operation projects financed through grants and soft loans, under the control and monitoring of the Directorate General. Control in the field is assured through technical units located in the countries that receive Italian co-operation assistance.

The law favours the constitution of joint ventures between enterprises of the donor and the recipient countries, by means of contributions granted to the Italian enterprises.

## **2. INSURANCE AND GUARANTEE PROGRAMMES**

### **2.1 Cover for exporters**

SACE S.p.A. is authorised by law to provide guarantees and insurance cover for political, catastrophic, economic, commercial and exchange rate risks to which Italian companies are directly or indirectly exposed in their export activities.

#### **2.1.1 Policies available**

Types of policies presently available are:

- Exports of goods and services, goods for sale stocked abroad, feasibility studies, design, bonds, leasing.
- Short-term comprehensive policies for exports of goods and services.
- Short-term comprehensive policies, including pre-shipment, credit and bond risks (RCF policies).
- Documentary credit and revolving short-term lines of credit.
- Civil works policies.
- Investments abroad.

The percentage insured against pre-shipment and credit risks may be up to 95%.

The percentage guaranteed for risks generated by default of a private debtor for whatever reason is established on a case-by-case basis in light of the

information available on the buyer or guarantor. Political risks and (since 1979) commercial risks for short-term credits (under 24 months) may be covered by either comprehensive or individual policies. Cover is provided on the conditions set out in the Arrangement.

## **2.1.2 Eligibility**

### **2.1.2.1 Criteria for accepting cover**

Account is generally taken of the nature and volume of exports as well as the solvency of the buyer and the buyer country. A government or bank guarantee may be required. There are, generally speaking, no predetermined ceilings for individual countries, apart from the annual global ceiling. In the event of a claim, an exporter must supply documentary proof of the initial transaction.

### **2.1.2.2 Nationality requirements**

Between EC member states, Community subcontracts are included in the 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**

Levels of medium- and long-term insurance premiums are calculated on a basis which varies according to the repayment terms of the credit and the type of cover offered (political or commercial risk, comprehensive or individual policy). For short-term as well as medium- and long-term credits, the cost and scope of commercial risk cover vary mainly according to the creditworthiness of the debtor/guarantor (corporate or bank). SACE S.p.A.'s premium system complies with the Arrangement where applicable.

For supplier credits, all premiums are normally payable in advance. For buyer credits, 15% of the premium is payable in advance and 85% at each drawdown or at first disbursement.

## **2.2 Guarantees for banks**

### **2.2.1 *Policies available***

The following policies are available:

- Medium- and long-term buyer credits.
- Documentary credit and credit lines that can be renewed at short notice.
- Direct guarantees to banks (short-term only).
- Buyer credits granted by foreign banks for the financing of Italian exports (triangular transactions).

SACE S.p.A. may guarantee short-term credit lines extended to foreign banks by Italian commercial banks.

### **2.2.2 *Eligibility***

The percentage insured against credit risks may be up to 95%. SACE S.p.A. may accept liabilities and pay out claims in foreign currencies.

### **2.2.3 *Cost of cover***

See 2.1.3.

## **3. EXPORT FINANCE PROGRAMMES**

### **3.1 Direct credits**

There are no public funds available for direct credit/financing and refinancing. All export credit is provided by commercial banks.

### **3.2 Refinancing**

Not applicable.



### **3.3 Interest rate support**

#### **3.3.1 *Types of contract available***

Interest rate support is provided for export credits in compliance with the Arrangement.

This activity is performed by SIMEST S.p.A. on behalf of the Italian government, according to a concession agreement between SIMEST S.p.A. and the Ministry of Foreign Trade.

Interest rate support is equivalent to the difference (positive or negative) between the market rate applied by the lending bank and the rate charged to the buyer, which must not be lower than the minimum interest rates of the Arrangement. Throughout the life of the loan, at each maturity, Simest S.p.A. will pay the difference to the bank when it is positive and will receive the difference from the Bank when it is negative.

#### **3.3.2 *Eligibility***

Interest rate support is granted on supplier or buyer credit of two years or more for export transactions involving capital goods, plants and related services, financed in major international currencies by an Italian or foreign bank.

#### **3.3.3 *Resulting interest rates***

Interest rate support grants exporters and overseas borrowers a fixed rate of interest, determined in accordance with the terms of the Arrangement.

## **4. AID FINANCE PROGRAMMES**

### **4.1 Associated financing**

#### **4.1.1 *Funds available***

Aid credit can be associated with export credit if a project requires additional finance or, occasionally, in support of Italian exporters in matching situations. Each year a part (up to a maximum of 25%) of the funds available for aid credits can be allocated for mixed credits.

### **4.1.2 Eligibility**

With few exceptions, only developing countries with a per capita gross national product of USD 2 500 or less are eligible for this kind of mixed credit. Projects proposed for associated financing are screened by the Directorate General. If development criteria are satisfied and the soft loan component is approved by the relevant bodies (Steering Committee and Inter-ministerial Committee), the request is passed on to the Ministry of Treasury for the necessary authorisation. Associated financing is tied to procurement in Italy, except for some local-cost financing for projects in poor countries. Whenever possible, Italian suppliers of goods and services are selected by international competitive bidding or projects are co-financed with international development finance institutions.

## **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                                |

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## ***NON-MEMBER ECONOMIES***

Chinese Taipei  
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- I. The Arrangement on Officially Supported Export Credits (2005)
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- III. Export Credits and the Environment: Work Plan (formerly Annex IV)  
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- 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.