

# Etihad Credit Insurance highlights increasing role of government-backed ECAs in filling in trade financing gaps

DUBAI, UNITED ARAB EMIRATES, March 17, 2022 /EINPresswire.com/ -- The increasing role of government-backed export credit agencies in filling in the financing gaps in trade and export businesses – especially in meeting the short-term working capital needs – was highlighted by Etihad Credit Insurance (ECI) in the TXF Middle East & Africa: Export and Project Finance 2022.

Delivering the keynote address at the event, Massimo Falcioni, CEO of Etihad Credit Insurance (ECI), the UAE Federal export credit company, said that at the onset of COVID-19, the OECD predicted that governments would look to their export credit agencies (ECAs) to fill any financing gaps left by the private

market. They have forecasted that ECAs would have to mitigate the impact of the crisis by engaging in both short-term and medium- and long-term trade finance.

“True enough, we have seen trade and export-related businesses experiencing trade finance problems due to increased costs of short-term financing for SMEs and higher rates of rejected applications. In response to this, government-backed ECAs have responded timely by increasing their trade finance support to businesses. At ECI, our support to UAE exporters in the non-oil sector increased by 260 per cent in 2021 to AED 18 billion compared to AED 5 billion in the previous year,” Falcioni said.

He added that in the recently concluded and ECI-hosted meeting of the Berne Union’s Prague Club Committee here in Dubai, it was revealed that government-backed ECAs have responded timely by increasing their trade finance support to businesses.



Massimo Falcioni, CEO of ECI, delivering the keynote address at the event

“Short term export credit is indeed now the biggest business among PCC member countries in 2021. It is the only segment of export credit that witnessed a significant upward trend, with a 7 per cent year-on-year increase in the first half of 2021 compared to the same period in 2020,” he said.

Boosting MENA and Sub-Saharan Africa region ties

Falcioni also stressed the significance of unlocking the untapped business potentials between the Middle East and North Africa (MENA) and Sub-Saharan Africa (SSA) regions.



(Second from left) Abdalla AlHosani, Director of Commercial, Distribution & Strategic Partnerships at ECI during the panel discussion

“The expanding trade and infrastructure projects development in renewable energy and healthcare between the Middle East and African regions highlights new avenues of economic cooperation and prospects for forming mutually beneficial partnerships between the ECAs in the respective countries,” he added.

The enormous success of Expo 2020 Dubai has become a great stimulus in boosting the ties between the regions as it stresses the importance of driving economic growth for communities through sustainable development. With climate change and sustainability taking centre stage at the event, the summit underscored the need for the MENA and SSA countries to join forces to tackle the climate challenges through a transition to renewable energy.

Deemed as one of the most important gatherings of export credit agencies and project finance in the world, the TXF Middle East & Africa: Export and Project Finance 2022 took place on March 15-16 at Grand Habtoor Resort, Dubai. ECI is the main Host Partner.

With active participation and in-depth discussions among the important actors of export and project finance, this event was capped off on a positive note, forecasting a positive future of trade and economic prosperity in the regions.

The conference took place at a time when cooperation between Africa and the Middle East has arguably never been greater, with several key players trying to reap the benefits of a promising trade corridor between the two regions. Also, newly formed Middle Eastern ECAs now join forces due to their common interest to strengthen exports from the region and by their trust in Africa as a key reciprocal trading market.

Falcioni said that halal trade is a critical area where these regions can record dramatic growth. Leveraging Sharia-compliant finance solutions, they can advance substantially in the UN's SDG goals by creating resilient infrastructures, promoting sustainable industrialisation, and fostering innovation.

"Two years ago, we launched ECI Islamic at TXF Middle East & African 2020. At that time, we had to deliver speeches and panel discussions over video calls. We boldly launched ECI Islamic, a suite of Shariah-compliant products, during the peak of the COVID-19 crisis as part of our positive and proactive initiative to narrow the trade finance gap and leverage the potential of the halal market globally," he said.

Meanwhile, in a roundtable titled 'Celebrating collaboration: Local ECAs facilitating growth in the Middle East & Africa', Abdalla AlHosani, Director of Commercial, Distribution & Strategic Partnerships at ECI, said: "Leading countries in the region now intensify their efforts to transform their existing economic system by strengthening the non-oil industry. As a result, export finance is becoming more influential in shaping the region's future economy, with improved trade relations between the countries backed by the active collaboration of state-supported ECAs and financial institutions."

In another panel discussion at the event— 'It's not that easy being green: Sustainable export finance in the Middle East & Africa'—Zishan Iqbal, Director of Murabaha Solutions & Medium/Long Term Projects at ECI stated that self-sufficiency and independence from oil emerge as an important goal for the countries in the regions. He also underscored the critical role of ECI in achieving the UAE's vision to achieve sustainable development goals, which emphasise the nation's leadership role in shaping the post-oil future of the Middle Eastern countries.

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