EUROPEAN
COMMISSION

Brussels, 3.12.2025
COM(2025) 688 final

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on negotiations undertaken by the Commission in the field of export credits, in the sense of Regulation (EU) No 1233/2011

1. Introduction

Regulation (EU) No 1233/2011 of the European Parliament and of the Council of 16 November 2011 on the application of certain guidelines in the field of officially supported export credits and repealing Council Decisions 2001/76 EC and 2001/77/EC[1] foresees in its Annex I that the European Commission shall report to the European Parliament on negotiations on officially supported export credits. The present report covers the main developments in international rules on export credits that occurred during the year 2024 (from January 1st to December 31st).

Since the late 1970s, the **OECD Arrangement on Officially Supported Export Credits** ("Arrangement") is the main forum for international rules on export credits[2]. In addition to general rules on export credit transactions, the Arrangement also contains "sector understandings" covering special financing rules for specific industrial sectors and types of activity, including the Climate Change Sector Understanding (CCSU), the Ships Sector Understanding (SSU), and the Aircraft Sector Understanding (ASU).

2. Developments in the OECD during the reporting period

The most notable developments during the reporting period concerned: the review of Article 6 of the Arrangement to expand the ban on coal-fired power plants projects to all fossil fuel projects; the launch of discussions on specific financing terms and conditions for social infrastructure and for supporting developing countries; the review of different project classes in the CCSU; the launch of discussions to amend the SSU, in particular to consider zero and low-emission ships, with the first meeting of the Informal Expert Group (IEG) of the Shipbuilding Committee on 15 March 2024; and the creation of an Experts Group tasked with the review of the ASU Cape Town Convention list ('CTC Experts Group') on 18 November 2024. A number of other noteworthy developments are mentioned below.

Fossil fuel support

Following a proposal presented by the EU to Participants in July 2022 on the revision of Article 6 of the Arrangement with a view to expanding the ban on coal-fired power plant projects to all fossil fuels (including activities of mining and transportation of thermal coal, activities of exploration, production, transportation, storage, refining, distribution of crude oil and natural gas for the energy sector and unabated power generation) as well as a renewed proposal in November 2023 providing more information on its approach, the EU presented a new proposal on Article 6 review in March 2024. This proposal suggested that Participants should not provide officially supported export credits or tied aid for fossil fuel energy sector except in limited and clearly defined circumstances that are consistent with a 1.5C warming limit and the goals of the Paris Agreement.

Following other proposals and suggestions from Participants, a new joint proposal was presented on 24 November 2024, and Participants were invited to provide comments by mid-

[1] OJ L 326, 8.12.2011, p. 45.

[2] There are 11 Participants to the Arrangement today: Australia, Canada, the EU, Japan, Korea, New Zealand, Norway, Switzerland, Türkiye, the United Kingdom and the United States.

December. While an agreement amongst Participants could not be reached by the end of the year, discussions continued into 2025.

Down payment disciplines in the Arrangement

As the flexibility agreed by Participants in December 2023 to temporarily reduce the down payment requirements from 15% to 5% for transactions in Category II countries was set to expire on 13 December 2024, discussions emerged on whether to make the flexibility permanent, including whether those flexibilities could be focused on social infrastructure. In this context, the EU presented a paper which called for a fact-based analysis of the needs and objectives of the different stakeholders of the Arrangement to ensure that any decision-making on potential changes in down payment disciplines were in line with the OECD core principles such as crowding in private capital, sustainable lending practices and a fair level playing field.

Following a discussion among Participants, it was concluded that there was no appetite from Participants to make the down payment flexibilities permanent at that time, and that the flexibility would expire on 13 December 2024. Still, Participants noted that discussions on reducing the down payment and those relating to social infrastructure were tied to the broader issue of increasing support for the developing countries and agreed to continue discussions on how to best address this wider issue.

Trade-related aid issues

Towards the end of 2024 a proposal from the OECD Secretariat suggested to include the reporting requirements and the commitment to apply international competitive bidding when providing untied official development assistance (ODA) credits, contained in the Agreement on untied ODA credits, into the Arrangement. Participants invited the OECD Secretariat to work on a draft text for the March 2025 meeting.

Moreover, discussions were also launched on revising the methodology established in the Arrangement for calculating the concessionality level of tied aid transactions. This methodology, developed in the 1990s, may need updating to reflect today's realities.

Sector Understandings

Climate Change Sector Understanding (CCSU)

The work on the CCSU in 2024 focused on four groups of sectors:

- Group 1: The sectors with placeholders (that have no definitions or standards) - Project Class H type 4 (low emissions water transport) and Project Class J (production of clean liquid and gaseous fuels). As regards Project Class H, Participants agreed to wait until the work of the Informal Expert Group (IEG) of the Shipbuilding Committee was concluded before deciding on the way forward for this project class. As regards Project class J, no decision was taken on removing the placeholder contained in Annex I, and discussions continue.

- Group 2: The sectors subject to a sunset clause and which were to expire by 30 June 2024 - Project Class G (low emissions manufacturing) and Project Class I (clean energy minerals and ores). Participants agreed to maintain the project classes in the Arrangement and to undertake, no later than 30 June 2026, a review of international standards developed by then and decide whether they would incorporate them in the entries.

- Group 3: The legacy sectors - Project Class B (remediation projects in fossil fuel plants, fossil fuel substitution) and Project Class C (energy efficiency). These sectors were discussed jointly with the review of Article 6 (see above).

- Group 4: Other sectors – Project Class D (carbon capture, utilisation and storage), Project class E (transmission, distribution and storage of energy) and Project Class F (clean hydrogen and ammonia), Questions were raised regarding the interpretation of these project classes and discussions started on potentially changing the text of Appendix I of the CCSU.

Ship Sector Understanding (SSU)

The first meeting of the Informal Expert Group (IEG) of the Shipbuilding Committee took place on 15 March 2024, and the group subsequently met on 21 June 2024 and 22 November 2024. Discussions focused on defining zero and low-emission ships and establishing specific financing terms and conditions for these ships.

To help frame and guide discussions, experts were invited to provide presentations on a variety of topics including on the International Maritime Organisation's strategy and indexes on shipping decarbonisation and on existing taxonomies for sustainable finance for shipping. Delegations were also invited to present their ship financing practices with the aim to better understand and map different ECA practices.

Building on the discussions, the EU presented in November 2024 a proposal to incorporate the Arrangement Commercial Interest Reference Rate (CIRR) regime into the SSU, as there seemed to be no clear reason why CIRR regimes for standard Arrangement transactions or ship transactions under the SSU needed to differ.

Discussions on shipping decarbonisation and SSU CIRR reform continued into 2025.

Aircraft Sector Understanding (ASU)

At their 73rd Meeting on 18 November 2022, Participants started reflecting on how to review the list of states which qualified for the reduction of the minimum premium rates ('Cape Town Convention List' or 'CTC List') seeing as the CTC List had only been updated to include one new state and no state had ever been removed or even reviewed after being added. These discussions led to the creation of a CTC Experts Group at the 75th Meeting of Participants to the ASU on 18 November 2024 to assist Participants in reviewing the CTC List. Discussions are still ongoing on how to best approach this revision.

On 18 November 2024, the EU presented a proposal to ASU Participants to adapt the terms and conditions within the ASU for helicopters, especially regarding the practices in providing

support before the starting point of credit. Discussions also covered the potential for changes to the ASU for Maintenance Repair and Overhaul (MRO) contracts, as well as sustainable aviation and export credit incentives for aviation decarbonisation.

Other developments

CIRR reform

Following the discontinuation of LIBOR in 2021, Participants had agreed during their 159th Meeting in November 2023 to extend the temporary 100 basis points margin of the CIRR rate, which was set to expire on 14 July 2024, by one year (i.e., until 14 July 2025) in order to have time to reflect on a more permanent solution that would provide predictability for exporters, buyers and stakeholders. In 2024, no alternative proposals were tabled by Participants, and the issue was kept on the agenda for the March 2025 meeting.

Common Lines

In 2024, only one common line was proposed by Participants. The common line, proposed on 19 December 2024 and subsequently accepted by Participants, aimed at increasing the local cost support to cover resettlement costs for the Yaoundé Nsimalen urban highway in Cameroon. The common line entered into force on 31 January 2025 and will expire on 30 January 2027.

The Commission will keep the European Parliament duly informed of new developments.