

The Geopolitics of Industrial Policy: Evidence from Export Credits *

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Abstract

Tariffs and sanctions dominate debates over geoeconomic fragmentation, yet governments shape trade just as actively through a large and understudied export-side instrument: officially supported export credits, one of the most widely used tools of modern industrial policy. We construct the first datasets to characterize this market globally, and we provide the following evidence that geopolitical factors play an important role for understanding global financial and trade flows: (i) export credits account for over 60% of developing countries' external debt and often over half of their imports; (ii) geopolitical alignment is a strong predictor of export credit allocation, both within bilateral relationships over time and in response to country risk shocks; (iii) quasi-random rotation into the UN Security Council, which temporarily increases countries' geopolitical importance, leads to an inflow of export credits from permanent members; (iv) in recent years, China has provided more export credits than all OECD countries combined; and (v) the importance of geopolitical factors in export credits among OECD economies has increased over time and is now comparable to that of geopolitical competitors, particularly China. Taken together, these findings establish export credits as a central but overlooked instrument of trade policy, industrial policy, and economic statecraft.

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1. INTRODUCTION

Industrial policy is typically analyzed through an economic lens, and its effectiveness is judged by whether it contributes to growth or innovation. Even when industrial policy is discussed as a tool of international competition, it is typically justified in economic terms as leveling an unfair playing field or countering foreign subsidies, such as in the United States’ and European Union’s recent responses to China’s extensive state support (Office of the United States Trade Representative, 2025; European Commission, 2024). This framing, however, omits the fact that geopolitical and strategic objectives are a crucial motivation behind modern industrial policy (Evenett, Jakubik, Martín and Ruta, 2024; Evenett et al., 2025).

In this paper, we study the role of geopolitical factors in shaping industrial policy through the tool of government-backed trade financing, also known as officially-supported export credits (or simply “export credits”). Export credits are particularly well-suited to studying the geopolitics of industrial policy for two reasons. First, they constitute one of the most frequently deployed industrial policy tools around the globe (Juhász, Lane, Oehlsen and Pérez, 2022; Evenett, Jakubik, Martín and Ruta, 2024). The scale of this market is substantial: in recent years, total outstanding trade financing stood at over \$3.3 trillion, accounting for approximately 14% of the overall value of world merchandise trade and 11% of outstanding cross-border bank loans.¹ Second, export credits are inherently bilateral: they are targeted financing instruments extended by one government to support transactions with specific recipient countries. This structure naturally embeds an international dimension, making export credits a direct channel through which governments can project economic influence abroad and pursue geopolitical objectives.

Moreover, unlike many other industrial policies whose magnitudes are difficult to quantify, export credits can be measured in dollar terms, enabling a systematic analysis of their distribution across countries and over time. Despite their importance, however, there is no comprehensive data source on export credits—indeed, even the OECD’s long-running *External Debt Statistics* stopped reporting them after 2002.

We address this fundamental data gap by assembling several new datasets that allow us to provide the first comprehensive characterization of this market. We collect and digitize information from eight distinct sources: the OECD Development Assistance Committee (DAC), Joint External Debt Hub, historical Berne Union Yearbooks, historical OECD reports on external debt, the International Credit Insurance and Surety Association, AidData’s datasets on Chinese and Indian development finance, the U.S. Export-Import Bank, and various national Export Credit Agency (ECA) reports. The resulting data provide unprecedented coverage of export credit stocks and flows, including from major non-OECD creditors such as China and India, spanning the period from 1956 to 2024. To the best of our knowledge, this paper presents the first systematic measures of the global export credit market.

¹The numbers on outstanding trade financing and cross-border bank loans are both drawn from the Joint External Debt Hub (JEDH) for 2022; see Figure 1a. World merchandise trade is from the World Trade Organization.

In the first part of the paper, we document several new facts about the global export credit market. Trade financing constitutes a major component of international trade and global capital flows, particularly for developing economies. Outstanding trade credit backs over 15% of imports in low-income countries, with some countries receiving well above 50%. Trade financing accounts for approximately 70% of outstanding cross-border loan debt in low-income countries and roughly 40% in middle-income countries. For low-income countries, this exposure is driven almost entirely by medium- and long-term (MLT) credits—the segment dominated by government-backed ECAs. These magnitudes imply that export credits play a crucial role for understanding both cross-border financial and trade flows.

The importance of export credits for developing countries is closely linked to the rise of China as the dominant provider in this market. By the mid-2010s, China alone was extending more MLT export credits than all OECD members combined, and it accounts for nearly all MLT export credit to the world’s poorest economies. Export credits are sufficiently large that countries facing Western sanctions, such as Russia, Iran, and Pakistan, rank among the top twenty recipients globally. Importantly, China’s expansion in this market is not simply a product of the Belt and Road Initiative: Chinese ECA flows grew rapidly throughout the mid-2000s and reached historically elevated levels well before the BRI’s launch in 2013. When we compare the allocation of Chinese and Western ECAs, we find that their portfolios are strikingly different. Chinese lending is far more concentrated across fewer recipient countries, and the overlap between China’s and Western ECAs’ top recipients is minimal.

In the second part of the paper, we analyze the extent to which the patterns of funding reflect geopolitical objectives in addition to commercial considerations. Doing so requires annual bilateral data, which are confidential and withheld from the OECD’s DAC dataset, the OECD’s official system for tracking both aid and other financial flows. We overcome this by reconstructing the suppressed flows from the OECD’s own public data: the DAC reports bilateral official totals that *include* export credits, while the Creditor Reporting System (CRS) reports every subcomponent *except* export credits. Their difference isolates bilateral export credits for each creditor-recipient pair, which we then validate against the OECD’s aggregates. For non-OECD creditors, we use information from AidData, which offers the best available coverage of Chinese and Indian lending.

Using these data, we relate bilateral export credit flows to geopolitical alignment between creditor and recipient countries, measured using UN General Assembly voting data. In all specifications, we control for the bilateral trade flows predicted by a gravity model, which accounts for the commercial reasons two countries trade and isolates the role of geopolitical alignment. When we study how export credit volumes change over time within a given bilateral relationship, we find that stronger geopolitical alignment predicts higher export credit provision, indicating that creditor countries “reward” a trend towards friendlier relations.

We also propose a leave-one-out instrument to identify the causal role of geopolitics. Specifically, we predict a country pair’s alignment with a “leave-one-out” measure built from the cred-

itor’s alignment with other countries in the recipient’s income group and region, excluding the recipient itself. This measure isolates variation that does not reflect shocks specific to the pair, but which still captures broader changes in alignment. The instrumented estimates remain positive and significant. We then trace the timing of flows with local projection difference-in-differences and find that export credits rise only after recipients become more aligned, with no pre-existing trends beforehand.

To provide additional causal evidence, we use quasi-random variation in geopolitical influence generated by rotation onto the United Nations Security Council. The Council has five permanent members with veto power and ten rotating members elected for two-year terms. Because rotating members vote on resolutions of direct interest to permanent members, election to the Council temporarily increases a country’s diplomatic value. We use this variation in a difference-in-differences event-study design, comparing export credit flows from permanent members to elected countries before, during, and after their temporary terms. We find that export credits from permanent members rise during temporary membership and dissipate immediately after the term ends, consistent with a causal effect of geopolitical importance on export credit allocation.

Given this evidence that geopolitical considerations matters for export credit allocation, we ask whether multilateral agreements designed to limit the usage of export credits to purely commercial justifications constrain this behavior. We study the OECD’s Arrangement on Officially Supported Export Credits (or simply “Arrangement”), the key multilateral framework that establishes rules for the allocation and pricing of export credits according to counterparty risk, with the aim of preventing a race to the bottom in the credit terms that ECAs provide. Using local projection difference-in-differences, we show that changes in a recipient country’s OECD risk scores are associated with a decrease in export credits, but only for OECD members participating in the Arrangement. Non-Arrangement creditors if anything “crowd in” when risk scores increase and Arrangement countries reduce financing. Importantly, even this multilateral cooperation has limits: when OECD creditors are closely aligned with the recipient country, changes in risk assessment do not predict export credit flows, suggesting that geopolitical alignment undermines multilateral agreements on industrial policy.

Finally, we ask whether the role of geopolitics in export credit allocation has intensified over time, fragmenting global flows along geopolitical lines. Recent research has raised concerns about the fragmentation of global trade and capital flows along geopolitical lines (e.g., [Ahn et al., 2023](#); [Gopinath, Gourinchas, Presbitero and Topalova, 2025](#)). We show that export credits—which, unlike private trade flows, reflect explicit government decisions—exhibit a clear trend in this direction. Non-Western creditors have consistently directed the majority of their ECA financing to geopolitical allies. More strikingly, Western creditors have converged toward this pattern: the share of their ECA financing allocated to closely aligned countries has risen substantially over the past several decades, accelerating after 2000. Because ECAs represent deliberate policy choices rather than market-driven reallocation, this trend indicates that governments are actively channeling cross-border financial flows toward geopolitical allies.

Taken together, our paper highlights a critical role for geopolitically-motivated industrial policy in global financial and trade flows. Export credits are not only major contributors to cross-border financing, but are also clearly influenced by political alignment across countries. As such, our paper opens many potentially important questions in international finance, trade, and political economy, which could further build on the new dataset we have constructed.

Related literature Our paper sits at the intersection of the literature on geoeconomics, international finance, and industrial policy. Most closely related is recent work on the geopolitics of industrial and trade policy, with a small literature focusing specifically on the causal effects of export agencies (e.g., Zia, 2008; Agarwal et al., 2023; Matray, Müller, Xu and Kabir, 2024). Theoretical work has examined how countries should set tariffs to shore up political alliances or in anticipation of future conflict (Becko and O’Connor, 2024; Becko, Grossman and Helpman, 2025). Fetzer and Schwarz (2021) provide evidence that China’s and the European Union’s retaliation to recent U.S. tariffs were motivated by geopolitical concerns, in that they were carefully targeted to hurt Trump politically. To the best of our knowledge, we are the first to empirically investigate the link between geopolitical factors and industrial policy in a cross-country setting.

More generally, we build on a rapidly growing literature in geoeconomics (e.g., Clayton, Maggiori and Schreger, 2023, 2024; Mohr and Trebesch, 2024; Broner, Martin, Meyer and Trebesch, 2025), which Clayton, Maggiori and Schreger (2025a) define as “the use of a country’s economic strength to exert influence on foreign entities to achieve geopolitical or economic goals.” This literature has mostly focused on three aspects: (i) how to measure geoeconomic pressure, with a particular attention devoted to sanctions,² the signing of specific treaties (e.g., Broner, Martin, Meyer and Trebesch, 2025), and a more recent usage of LLM techniques (Clayton, Coppola, Maggiori and Schreger, 2025); (ii) how governments are able to project geoeconomic power abroad,³ (iii) how geopolitical alignment affects trade and capital flows (e.g., Kempf, Luo, Schäfer and Tsoutsoura, 2023; Ayyagari, Gao and Ma, 2024; Gopinath, Gourinchas, Presbitero and Topalova, 2025),⁴ as well as which countries become the issuers of global reserve currencies.⁵

We make three main contributions to this literature. First, we provide the most comprehensive empirical documentation to date of the global export credit market, including its size, growth,

²Recent contributions include, among others, van Bergeijk (2021), Itskhoki and Mukhin (2022), Morgan, Syropoulos and Yotov (2023), Bianchi and Sosa-Padilla (2024), Becko (2024), Ottonello, Perez and Witheridge (2024), de Souza, Hu, Li and Mei (2024), Goldberg, Juhász, Lane, Lo Forte and Thurk (2024), Barwick, Kwon, Li, Wang and Zahur (2024), Berg, Keil, Martini and Puri (2024), Korovkin, Makarin and Miyauchi (2025), Liu, Rotemberg and Traiberman (2024), Gerarden, Reguant and Xu (2025), and Corsetti, Demir and Javorcik (2025).

³These studies have focused on policy levers such as asymmetric import dependence (Liu and Yang, 2025), domestic political economy forces (Clayton, Maggiori and Schreger, 2025b), as well as tariffs and trade agreements (Fajgelbaum, Goldberg, Kennedy and Khandelwal, 2020; Khandelwal and Fajgelbaum, 2022; Miravete and Moral, 2025).

⁴For additional evidence on the empirical link between geopolitical alignment and trade, see, among others, Las-tauskas, Proškute and Žaldokas (2025), and Qiu, Xia and Yetman (2025).

⁵See, for example, Farhi and Maggiori (2018), Gopinath et al. (2020), Boz et al. (2022), Coppola, Krishnamurthy and Xu (2023), Clayton, Santos, Maggiori and Schreger (2024), and Abadi, Fernández-Villaverde and Sanches (2025). Relatedly, Eichengreen, Mehl and Chițu (2019) show that geopolitical alignment predicts currency choice in the pre-World War I era.

geographic distribution, and the rising dominance of non-OECD creditors, particularly China. While export credits represent a major instrument of industrial policy, they have received limited attention in the economics literature relative to their economic significance. Our newly assembled dataset spans multiple decades and draws on diverse sources to overcome the fragmentation and opacity that has long characterized this market. We document new facts about its importance in capital flows, in particular that export credits constitute almost 70% of cross-border lending for low-income countries that have difficulty accessing other types of cross-border financing.

Second, we provide causal evidence that geopolitical alignment shapes the allocation of export credits across countries. Our findings that industrial policy tools are deployed not only for economic efficiency or domestic political economy reasons but also as instruments of geoeconomic statecraft establish export credits as a quantitatively important lever through which countries project economic power abroad—alongside the previously documented channels of sanctions, aid, tariffs, and asymmetric trade dependencies.

Third, we provide evidence on the limits of multilateral coordination in constraining industrial policy competition when major economic actors operate outside agreed frameworks. By examining compliance with the OECD Arrangement, we show that while these rules impact member countries' export credit terms, geopolitical alignment weakens this discipline even among member states. More fundamentally, the rise of China—now the world's largest export credit provider—and other non-OECD creditors operating outside the Arrangement has created a two-tier system that undermines the cooperative equilibrium, with potential implications for understanding when and how international agreements can prevent a race to the bottom in terms of industrial policy.

We also speak to the literature on the rise of China as an important creditor and its role in government bailouts (Horn, Reinhart and Trebesch, 2021b; Horn, Parks, Reinhart and Trebesch, 2023; Horn, Reinhart and Trebesch, 2025a). Equipped with our newly constructed datasets, we believe to be the first to document systematically that trade financing plays a major role for understanding cross-border capital and trade flows, with a dominant role for state-backed export credits in developing countries. These findings raise important questions about the role of governments in global capital allocation. Indeed, Gourinchas and Jeanne (2013) show that the “allocation puzzle” of capital flowing to countries with lower productivity growth is explained by public rather than private flows. Our findings suggest that, at least in part, this pattern is due to the inherently geopolitical nature of export credits, which account for a large part of cross-border loans.

Finally, we contribute to the broader literature on the economic effects of industrial policy (e.g., Juhász, 2018; Itskhoki and Moll, 2019; Kim, Lee and Shin, 2021; Garin and Rothbaum, 2022; Lane, 2025; Choi and Levchenko, 2021; Juhász, Lane, Oehlsen and Pérez, 2022; Alfaro, Fadinger, Schymik and Virananda, 2025).⁶ While this literature has mostly focused on the economic *consequences* of industrial policies, our work studies the *determinants* of a specific industrial policy, namely export credits, with a focus on geopolitical drivers. Because we study the role of the

⁶See Harrison and Rodriguez-Clare (2010), Lane (2020), and Juhász, Lane and Rodrik (2024) for surveys.

OECD Arrangement that governs export credits, our work also speaks to the usefulness and limitations of multilateral agreements in preventing a “race to the bottom” in industrial policy, in which countries outbid each other in subsidizing domestic exporters. A related paper by [Cesari, Bianchi, Ferrero, Fornaro and Wolf \(2026\)](#) provides a framework in which one country’s industrial policy leads to trade deficits and lower competitiveness of the tradable sector abroad, which could rationalize such an arms’ race in industrial policy.

The paper proceeds as follows. Section 2 provides institutional background on export credits. Section 3 describes the data and the construction of the bilateral export credit panel. Section 4 presents the main stylized facts, including the importance of export credits for developing economies and the rise of China as a major provider. Section 5 studies how geopolitics shapes export credit allocation and the limits of multilateral discipline. Section 6 concludes.

2. INSTITUTIONAL CONTEXT

This section provides institutional background on export credits. We begin by defining export credits and discussing the objectives that motivate government participation in this market. We then describe the agencies and instruments that supply them, and the multilateral agreements that govern their terms.

2.1 Export Credits: Definition and Objectives

We use the term “trade finance” to refer broadly to loans, guarantees, and insurance instruments that facilitate the sale of domestic goods and services abroad. Trade finance comprises instruments of all tenors provided by both public and private sector institutions. By “officially-supported export credits” or simply “export credits,” we mean the component of trade financing that involves explicit or implicit state backing.

Governments provide backing through export credits for several reasons: (i) to address market failures, particularly uninsurable risks and financial frictions in cross-border transactions; (ii) to counter market power that allows private lenders to ration credit; and (iii) to advance broader industrial, national security, or foreign policy goals. We discuss each of these objectives in turn.

2.1.1 Political and commercial risk mitigation

Export transactions, especially those involving large capital goods or long repayment periods, expose exporters and their financiers to two broad categories of risk: political and commercial risks (e.g., [Matray, Müller, Xu and Kabir, 2024](#)). These are particularly salient in cross-border transactions where legal frictions raise the losses incurred during default.

Political risks. Political risks present a fundamental challenge for private markets. These risks

include expropriation or nationalization of assets, war or civil unrest, currency inconvertibility or changes to capital controls, the sudden imposition of trade barriers, and other government actions that prevent contract fulfillment.⁷

Fundamental insurability frictions make it particularly difficult for private markets to address political risks. First, events such as coups, wars, or expropriations are rare and context-dependent, making them difficult to predict and price. Second, these events tend to generate highly correlated losses, because political shocks often affect entire countries or regions simultaneously. Third, individual private actors may lack sufficient scale to pool political risks across enough transactions or destinations such that diversification is impossible.

Information asymmetries are particularly acute for political risks. Assessing the likelihood of political instability, policy shifts, or government actions requires country expertise, intelligence about political dynamics, and often privileged information that private actors cannot easily obtain (e.g., [Tomz and Wright, 2013](#)). Governments, through their diplomatic networks and intelligence services, have substantial information advantages in evaluating political risks. For example, the US EXIM is required by statutory mandate to cooperate with the Departments of State, Treasury, and Commerce through regular meetings to assess country risk.

Enforcement frictions are also highly binding in the context of political risks. Sovereign immunity limits the private sector's ability to pursue legal remedies against governments that expropriate assets or impose currency controls ([Eaton and Gersovitz, 1981](#)). International arbitration mechanisms exist but are slow, expensive, and their judgments are not always enforceable. As a result, when political events cause losses, there is often no recourse for private creditors.

Many of the same frictions affect commercial risks, though generally to a lesser degree.

Commercial risks. Commercial risks encompass the standard credit risks associated with any lending relationship: buyer default, payment delays, insolvency, or disputes over contract terms. While private insurance markets and banks can often price and manage these risks for domestic transactions, cross-border trade faces elevated asymmetric information and enforcement frictions.

Information asymmetries are particularly severe in cross-border transactions, making it difficult to accurately assess credit risk. Credit histories may be incomplete or unavailable, financial reporting standards differ across countries, and the ability to conduct due diligence is limited by distance and lack of familiarity with local business practices. These information frictions are especially acute for transactions with buyers in developing countries, where credit bureaus may be nascent and financial transparency limited and exporters must slowly learn about importers' credit risk ([Antràs and Foley, 2015](#); [Benguria, Garcia-Marin and Schmidt-Eisenlohr, 2024](#)).

Enforcement frictions compound these information problems. While domestic credit markets benefit from established legal systems and bankruptcy procedures, cross-border commercial dis-

⁷See [Appendix D](#) and [Matray, Müller, Xu and Kabir \(2024\)](#) for evidence on the empirical relevance of political risks in ECA operations.

putes require navigating multiple jurisdictions, creating barriers to trade (e.g., [Anderson and Marcouiller, 2002](#); [Berkowitz, Moenius and Pistor, 2006](#); [Nunn, 2007](#); [Antràs and Foley, 2015](#)). Even when legal rights are clear, enforcing them across borders is costly, time-consuming, and uncertain. The threat of legal action is therefore considerably weaker in international transactions.

2.1.2 Market power and credit rationing in trade finance

Due to the frictions discussed above, private lenders may fail to provide trade financing even in a competitive market ([Stiglitz and Weiss, 1981](#)). In addition, they may exercise market power due to the specialized nature of trade financing. Establishing international operations requires substantial fixed costs, including developing correspondent banking networks, acquiring country-specific expertise, and implementing complex cross-border compliance systems. These barriers to entry allow existing lenders to charge markups, contracting supply below the competitive level (e.g., [Cetorelli and Strahan, 2006](#)).

By contrast, a government agency that places positive weight on domestic objectives such as employment and export competitiveness will charge lower markups than profit-maximizing private lenders, expanding credit supply to transactions that are otherwise rationed.

These frictions suggest an efficiency-based rationale for government support of export credits. However, because ECAs explicitly evaluate and price political risk, assessments of bilateral political relationships become central to the allocation of export credit support. This creates a natural channel for geopolitical considerations to influence ECAs' financing decisions.

2.1.3 Geopolitical and strategic objectives

In practice, many countries explicitly incorporate geopolitical and strategic considerations into their ECA mandates (see Appendix Section [C.1](#)).

United States. The US EXIM Bank's 2019 reauthorization provides a particularly clear contemporary example of geopolitical motives. The legislation created the China and Transformational Exports Program (CTEP), which was explicitly designed to "directly neutralize export subsidies for competing goods and services" offered by China ([US Congress, 2019](#)). The program's stated purpose is to counter Chinese economic influence by matching or exceeding the financing terms that China offers to strategic sectors and countries.

The choice of early CTEP transactions underscores this strategic intent. Among the program's first and largest deals were multiple transactions to Angola including a \$900 million direct loan for solar energy projects in 2023, a \$363 million loan guarantee for bridge infrastructure, and a \$1.6 billion direct loan for rural solar and water infrastructure approved in 2024. These transactions are particularly significant given that Angola has been the largest recipient of Chinese financing in Africa, receiving an estimated \$28 billion in loans from China since 2002.

China’s Belt and Road Initiative. China’s Belt and Road Initiative (BRI), launched in 2013, represents perhaps the most explicit contemporary example of export credits serving geopolitical objectives. BRI financing concentrates on infrastructure projects—ports, railways, telecommunications networks—in countries of strategic importance to China, particularly those providing access to critical resources, maritime routes, or regional influence. The initiative’s geographic focus on Central Asia, Southeast Asia, Africa, and parts of Europe reflects China’s broader strategic priorities: securing energy and commodity supplies, establishing transportation corridors that bypass potential chokepoints, and, according to some observers, building economic dependencies that translate into diplomatic leverage. For existing work on Chinese overseas lending see, among others, [Horn, Reinhart and Trebesch \(2021b\)](#), [Horn, Parks, Reinhart and Trebesch \(2023\)](#), and [Horn, Reinhart and Trebesch \(2025b\)](#).

By extending export credits on terms more favorable than Arrangement rules permit or are outside the framework, China has also become the largest player in global export credits. This rapid expansion, which we document in more detail in Section 4, has prompted responses from established powers, including the OECD’s 2023–24 Modernisation Package, which relaxed Arrangement discipline to compete with Chinese financing terms.

2.2 Export Credit Agencies

Export Credit Agencies (ECAs) are public or publicly backed institutions that provide officially-supported export credits. ECAs take several organizational forms that differ in legal structure, governance, and balance sheet treatment, but perform similar economic functions. [Appendix C](#) provides more details on the different institutional forms. [Table C.1](#) provides a list of all active ECAs, their years of founding, as well as whether they are part of the OECD Arrangement, discussed below. ECAs are nearly universal among exporting economies: [Figure C.3](#) shows that the roughly 90 countries with an agency together account for 92% of world exports. Although a few date to the early twentieth century, most were established after the Bretton Woods era ([Figure C.4](#)).

2.2.1 Instruments of export credit support

Most ECAs use a broadly similar set of instruments, which can be grouped into two broad categories: (i) risk-transfer instruments and (ii) financing instruments.

Risk-transfer instruments: insurance and guarantees.

- **Export credit insurance.** ECAs provide insurance to exporters against non-payment by foreign buyers. This typically covers both *political risks* (e.g., expropriation, transfer restrictions, war, or government default) and *commercial risks* (e.g., buyer insolvency or non-payment). Coverage rates usually approach 100% for political risks and 85–95% for commercial risks. Insurance may apply to short-, medium-, or long-term credits depending on the transaction.

- **Loan and bond guarantees.** ECAs also issue guarantees to commercial banks or financial institutions that finance foreign buyers. These guarantees reduce credit risk and regulatory capital requirements for private lenders, thereby expanding access to private trade financing.

Financing instruments: direct lending and refinancing.

- **Direct loans.** ECAs provide loans to foreign buyers for the purchase of national exports. These are typically medium- to long-term and may be structured in accordance with international rules on repayment periods, interest rates, and maximum financing shares.
- **Refinancing and rediscount facilities.** Commercial banks originate export loans, which are then refinanced by a state export finance institution.
- **Interest rate support mechanisms.** Several countries operate interest rate equalization schemes that allow exporters or banks to offer fixed-rate financing at below-market interest rates, while compensating the lending institution for the difference between market funding costs and the administered rate.

The dominance of risk-transfer. Although ECAs employ both categories, the market is overwhelmingly weighted toward risk-transfer rather than direct lending. Berne Union data, which cover most major public and private providers, show that insurance and guarantees accounted for roughly 90% of medium- and long-term (MLT) export credit exposure over 2017–2020, with direct lending making up only 8–9%. Our transaction-level records for the U.S. Export–Import Bank exhibit the same pattern: guarantees and insurance represent about 93% of authorizations by number and roughly three-quarters by value, with direct loans—though individually large—accounting for the remainder. A notable exception is China, whose overseas financing relies heavily on direct lending through China EXIM and the China Development Bank and which lies largely outside the Berne Union reporting framework; the global share of direct lending is therefore likely somewhat higher than these figures alone suggest.

2.2.2 Default, subrogation, and external debt classification

The instruments described above can be structured along two basic contractual forms. In a *buyer credit* arrangement, the ECA lends to—or guarantees a loan extended to—the foreign importer, who uses the proceeds to pay the domestic exporter. In a *supplier credit* arrangement, the ECA instead insures or guarantees the domestic exporter (or its commercial bank) against non-payment by the foreign buyer, and the exporter extends trade credit to the buyer directly.⁸

⁸See Stephens (1999) for a comprehensive treatment, and Wang, Mansilla, Kikuchi and Choudhury (2005) for a discussion of the shift from supplier to buyer credit structures over time.

Regardless of contractual form, these transactions create external repayment obligations for the foreign buyer. Moreover, the financing is *tied*: disbursements are conditional on purchases from the exporting country and are typically paid directly to the exporter, so export credits are both external debt and instruments of trade promotion. While buyer and supplier credits differ in structure, in practice two standard legal mechanisms ensure that the foreign buyer remains the ultimate obligor.

The first mechanism is *subrogation*. When an ECA pays out under an insurance policy or guarantee—compensating the domestic exporter or its commercial bank for the foreign buyer’s non-payment—the ECA acquires the exporter’s claim against the foreign buyer (Gianturco, 2001; Clifford Chance, 2011). The foreign buyer’s obligation does not disappear; only the identity of the creditor changes, from a private firm (the original exporter) to a sovereign agency (the ECA). ECAs can then leverage diplomatic channels, coordinate through the Paris Club, and invoke cross-default clauses on other sovereign obligations to enforce repayment.

The second mechanism is the *assignment of receivables*. ECAs typically require the exporter to assign the buyer’s payment obligation to the ECA or the lender guaranteed by the ECA (Clifford Chance, 2011; OECD, 2008). This ensures that the ECA holds a direct claim on the foreign buyer from the outset, not only after default.

These mechanisms have two implications. First, the distinction between buyer and supplier credit structures is largely one of *contractual routing* rather than *economic exposure*. In both cases, the foreign buyer bears the repayment obligation, and sovereign default leads to intergovernmental negotiation regardless of structure.⁹ The choice between different contractual forms instead reflects factors such as the government’s willingness to hold direct obligations, the parties’ creditworthiness, and the ECA’s preference for retaining recourse to both the exporter and the foreign buyer (Stephens, 1999; Wang, Mansilla, Kikuchi and Choudhury, 2005). Accordingly, export credit claims feature prominently in Paris Club restructurings alongside bilateral loans: Rieffel (2003) documents that close to 80 percent of such obligations are owed to ECAs.¹⁰

Second, and more directly relevant for our data, these mechanisms imply that officially supported export credits are *de facto* external obligations of recipient countries, even when the formal counterparty is a domestic exporter. This classification is codified in international statistical standards: the IMF’s *External Debt Statistics Guide* lists trade credits and advances as external debt instruments (Inter-Agency Task Force on Finance Statistics, 2014), and the *Balance of Payments Manual* records them as external liabilities under “other investment” (International Monetary Fund, 2009). Thus, the magnitudes we document reflect genuine sovereign exposure rather than contingent or indirect claims. More broadly, because these liabilities are tied to procurement from specific creditor countries, they provide a natural channel for geoeconomic competition.

⁹In most large transactions, especially in infrastructure and energy, the borrower is a sovereign entity or is explicitly sovereign-guaranteed, making the obligation effectively public from inception.

¹⁰The Paris Club’s own principles confirm that eligible claims include “credits granted or guaranteed or insured by the public sector (principally export credit agencies).” See also Blackmon (2017).

2.3 Multilateral Frameworks

The contemporary system of export credits is governed by two key multilateral frameworks that structure both the *ex ante* disciplining of export credit terms and the *ex post* resolution of sovereign distress arising from export credit exposures.

The OECD Arrangement on Officially Supported Export Credits. The OECD Arrangement is a non-binding but highly institutionalized “gentleman’s agreement” among major creditor countries including both OECD and non-OECD members.¹¹ Its primary purpose is to set common parameters for the financial terms of export credit support based on assessments of recipient risk. [Appendix C](#) provides additional details. We empirically assess compliance with the OECD Arrangement in [Section 5.3](#).

The Paris Club and the restructuring of ECA-related sovereign debt. The Paris Club is an informal grouping of official bilateral creditors that coordinates the restructuring of sovereign debt when debtor countries encounter repayment difficulties. Because export credits extended or guaranteed by national export credit agencies ultimately become intergovernmental obligations, their default or distress typically triggers negotiations at the creditor–state level rather than through private bankruptcy or litigation channels. The Paris Club therefore plays a central role in resolving sovereign distress that arises from those credits *ex post*.

3. DATA

Our empirical analysis draws on a diverse set of sources that we combine to construct a comprehensive picture of the global export credit market. We organize these into four groups: (1) data on global trade financing stocks from the Berne Union and JEDH, which underpin the stylized facts in [section 4](#); (2) creditor-side flow data from the OECD DAC, AidData, and the U.S. EXIM Competitiveness Reports, which are used to characterize the rise of China and the landscape of major providers; (3) a novel bilateral export credit dataset that we construct and that forms the basis of our empirical analysis in [section 5](#); and (4) external finance and macroeconomic data used throughout for normalization and as controls. Full details on sources, variable construction, and validation are in [Appendix A](#).

3.1 Global Trade Financing Stocks

To characterize the overall size and composition of the global trade financing market, we use data from the Berne Union, an industry association that represents all trade finance providers

¹¹The Arrangement applies to officially supported export credits with repayment terms of two years or more, covering exports of goods and services as well as financial leases. It explicitly does not apply to military equipment and agricultural commodities.

worldwide, both public and private. These data report global outstanding exposure broken down by maturity—short-term (ST) versus medium- and long-term (MLT)—and provider type.

From 2005 onward, Berne Union aggregates are available through the Joint External Debt Hub (JEDH), a collaborative initiative of the BIS, IMF, OECD, and World Bank. For earlier years (1982–2004), we manually digitize data from historical print editions of the Berne Union Yearbook. Because these data are subject to minor revisions across editions, we prioritize newer versions when constructing time series; [Appendix A](#) documents this splicing procedure and validates the resulting series against alternative sources.¹²

The JEDH also reports country-level outstanding trade financing liabilities, compiled from Berne Union submissions. These country-level stocks cover both ST and MLT credits and are used in [subsection 4.2](#) to construct ratios of trade financing to imports and to cross-border loan debt. Since MLT credits are almost entirely officially-supported, our MLT-based measures represent a lower bound on ECA exposure; ECAs also provide a portion of ST financing that these figures do not capture.

3.2 Creditor-Side Flow Data

To study which countries provide export credits, how volumes have evolved, and how China’s rise compares to OECD creditors, we draw on three complementary sources. Each covers a different slice of the creditor universe and comes with distinct strengths and limitations.

OECD Development Assistance Committee (DAC). The OECD DAC collects data on official financial flows from its member countries, including export credits classified as Other Official Flows (OOF). We use the DAC’s official flows dataset, which reports newly disbursed MLT export credits at the creditor-country level, spanning 1960–2023. We supplement these with historical estimates from an IMF staff paper ([International Monetary Fund, 1970](#)) that covers 1956–1968.

An important limitation of the DAC data is that they cover only flows to developing-country recipients, as classified by the OECD’s DAC list.¹³ This is a feature of the data by design, not a sample restriction we impose; it means that, for example, export credits from Germany to France would not appear. We return to this point when discussing the bilateral dataset below.

AidData. The OECD DAC does not collect data from China or India, which do not participate in the OECD Arrangement. To measure their export credit activity, we use project-level data from

¹²Between 2002 and 2005, Berne Union reporting of outstanding stocks has a gap; for 1982–1991, only new commitments (gross flows) are available, from which we splice outstanding stocks. We validate our aggregate series against data from the ICISA, a parallel industry association whose membership largely overlaps with the Berne Union.

¹³The DAC list of ODA-eligible recipients covers all low- and middle-income economies as classified by the World Bank, plus selected territories and small island developing states; approximately 140 countries in total. Flows between high-income countries are excluded by construction.

AidData’s China’s Global Loans and Grants Dataset (CGLG, Version 1.0) and the Indian Development Finance Dataset (Version 1.0). We classify a transaction as an export credit if the respective ECA—the Export-Import Bank of China, Sinosure, or the Export-Import Bank of India—appears in the financing structure, and we restrict to loans with a maturity greater than two years to match the OECD’s MLT definition. The Chinese data covers 2000–2023 across 217 recipient countries; the Indian data covers 169 countries for 2007–2014. For years outside these ranges, we supplement with estimates from the U.S. EXIM Competitiveness Reports (described below). A limitation of both the OECD DAC and AidData sources is that they do not capture short-term trade financing; some ECAs, especially the Korean KSURE and Chinese Sinosure, predominantly insure short-term accounts payable and will not be fully represented in our bilateral flows.

U.S. EXIM Competitiveness Report. The U.S. Export-Import Bank’s annual Competitiveness Report provides estimates of MLT export credits extended by all major ECAs worldwide, compiled primarily through surveys of OECD Arrangement participants and independent estimates for non-participants. Because it applies a consistent methodology across both OECD and non-OECD providers, it is particularly useful for cross-country comparisons of creditor size. We obtain a time series of these estimates for 2000–2024 from successive report editions. For China, which does not submit data directly, the U.S. EXIM constructs estimates from industry publications and the annual reports of the Export-Import Bank of China and Sinosure.¹⁴

3.3 Bilateral Export Credits: A New Dataset

A central data contribution of this paper is a panel of *bilateral* export credit flows—who lent to whom, and how much—constructed from OECD DAC sources. This dataset is the basis for the empirical analysis in [section 5](#).

The challenge is that the OECD treats bilateral export credit data as confidential.¹⁵ While the DAC Creditor Reporting System (CRS) provides granular project-level data for ODA and most OOF categories, export credits (Flow Code 22) are suppressed in the public release. Aggregate export credit volumes are available only in regionally aggregated form through the DAC2B dataset—e.g., the total extended by the United States to “South of Sahara,” but not to individual countries.

We recover bilateral export credits by exploiting an accounting identity that governs OECD reporting. Because the DAC’s Official Flows dataset reports total bilateral flows—which by construction include export credits—while the CRS reports bilateral flows explicitly excluding them, the difference between the two identifies bilateral export credit flows for each creditor-recipient

¹⁴We manually cross-checked the values reported in the U.S. EXIM’s Competitiveness Report with values from the individual ECAs’ annual reports and found them to be closely aligned.

¹⁵The OECD did not respond to our requests for access to their underlying bilateral export credit data.

pair. Formally, total gross official flows from creditor i to recipient j in year t are defined as:

$$F_{ijt} \equiv \text{ODA}_{ijt} + \text{OOF}_{ijt}^{\text{non-EC}} + \text{EC}_{ijt} + \text{PSI}_{ijt}$$

where ODA is Official Development Assistance, $\text{OOF}^{\text{non-EC}}$ is Other Official Flows excluding export credits, EC is officially-supported export credits, and PSI is Private Sector Instruments. Because bilateral totals (F_{ijt}) and the non-export-credit components are publicly available, export credits can be derived as:

$$\widehat{\text{EC}}_{ijt} = F_{ijt} - \text{ODA}_{ijt} - \text{OOF}_{ijt}^{\text{non-EC}} - \text{PSI}_{ijt}$$

A key methodological challenge is that CRS reporting was incomplete before 2009, when the OECD implemented its Converged Statistical Reporting Directives and made comprehensive item-level reporting mandatory. Using incomplete CRS subcomponents to subtract from comprehensive aggregate totals would overstate export credits in earlier years. We address this by substituting CRS-derived ODA with the fully disclosed bilateral ODA series from DAC2A, which was collected through the comprehensive Aggregate Stream throughout the sample. [Appendix A](#) provides full details on the construction procedure and validates the resulting series against published DAC2B regional aggregates; our estimates track the official figures closely across the full 1960–2023 sample.¹⁶

The resulting dataset covers bilateral export credit flows from OECD creditors to developing-country recipients, following the DAC’s coverage conventions.

3.4 External Finance and Macroeconomic Data

To normalize export credit volumes and construct control variables, we draw on several additional sources. Cross-border loan debt is measured using the BIS Locational Banking Statistics, which report outstanding claims by internationally active banks on over 200 countries; we use this as the relevant benchmark external debt measure, following [Bruno and Shin \(2015\)](#), [Cetorelli and Goldberg \(2012\)](#), and [Horn, Reinhart and Trebesch \(2021a\)](#).¹⁷ Data on imports, exports, and GDP per capita are from the Global Macro Database ([Müller, Xu, Lehib and Chen, 2025](#)). Income group classifications are from the World Bank’s World Development Indicators.

¹⁶Our approach involves some immaterial approximations because the underlying datasets are not compiled in a perfectly consistent manner; we thus write $\widehat{\text{EC}}_{ijt}$ instead of EC_{ijt} . As a result, our estimated bilateral export credit series does not sum exactly to the aggregate export credit flows reported at the creditor group-to-recipient or creditor-to-recipient group level in the DAC data (see [Figure B.1](#)). However, when we aggregate the estimated bilateral flows to the recipient or creditor level, the values are highly correlated with the corresponding totals reported in the OECD’s DAC database (see [Figure B.2](#)).

¹⁷Because the BIS only captures lending by the globally-active banks it surveys, which may not always report export credits to which they are exposed, the ratios of trade financing to BIS external debt can exceed 100%.

3.5 Geopolitical Alignment

Our main measure of geopolitical alignment is constructed from roll-call voting records in the United Nations General Assembly (UNGA), compiled by Voeten, Strezhnev and Bailey (2009) for sessions 1–78 (1946–2023). We use two summary measures. The first is the **S score** (Signorino and Ritter, 1999), a Euclidean distance measure of bilateral voting similarity that ranges from -1 (complete disagreement) to 1 (perfect agreement). The second is the **ideal point distance** based on the spatial estimates of Bailey, Strezhnev and Voeten (2017), constructed as the absolute difference between countries’ estimated ideal points on a liberal international order dimension. Both measures are described in detail in Appendix A.

Because a substantial share of UNGA roll-call votes concern the Israel–Palestine conflict, which may not reflect broader geopolitical positioning, we also construct an alternative version of both measures that excludes all votes classified as related to the Israel–Palestine issue. All results that use geopolitical alignment are robust to this alternative measure.

Bilateral trade data used as a control in the empirical analysis are from UN Comtrade.

4. STYLIZED FACTS ABOUT EXPORT CREDITS

There is little empirical evidence on the size, role, and operation of the global export credit market. We thus begin by documenting several stylized facts that, to the best of our knowledge, are new to the literature. Unless otherwise noted, all figures in this section draw on the Berne Union and JEDH data described in subsection 3.1; full details on construction are in Appendix A.

4.1 Global Size and Trends

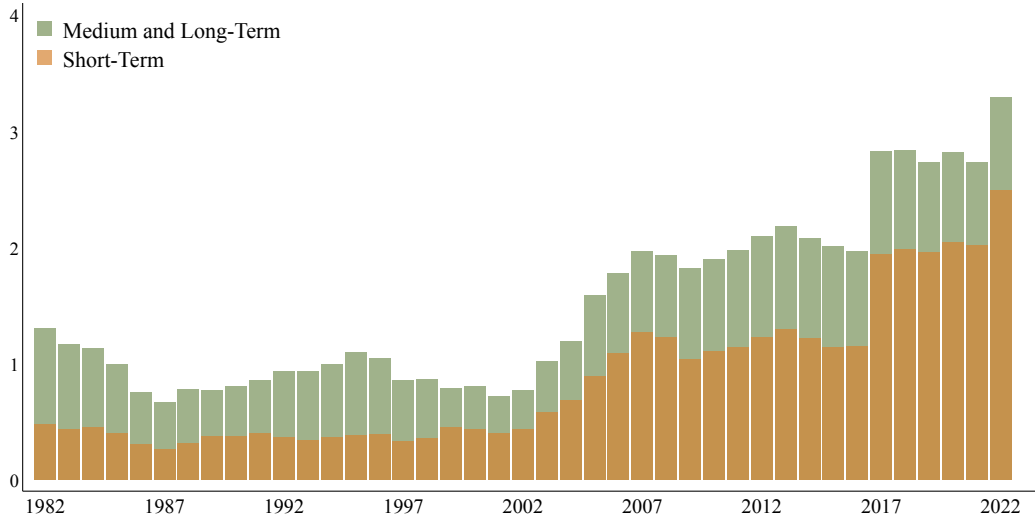
Global Outstanding Trade Financing Exposure. Figure 1a examines total outstanding trade financing exposure worldwide, including short-term financing that is mostly provided by the private sector. We measure outstanding trade financing using data from the Berne Union, an industry association of both public and private trade financing providers. We differentiate between short-term (ST) and medium- and long-term (MLT) credits and express all values in constant 2022 dollars. From 2005 onwards, these data are available from the Joint External Debt Hub (JEDH); prior to that, we digitize them from various print editions of the Berne Union Yearbook.¹⁸

Figure 1a shows several notable patterns. First, the global trade financing market is substantial, reaching approximately \$3.3 trillion in outstanding exposure by 2022. Second, while short-

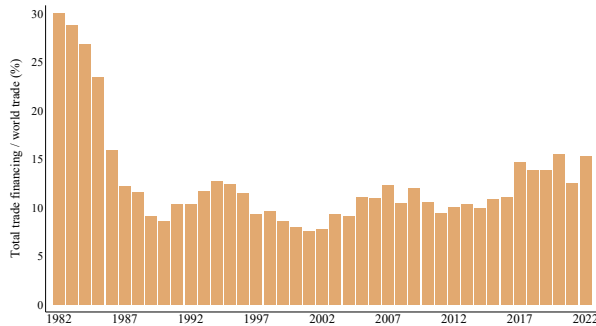
¹⁸As described in Appendix A, some of the values we report are estimated rather than directly observed. Between 2002 and 2005, there is a gap in the reporting of outstanding amounts. For 1982–1991, the Berne Union reports only new commitments (gross flows) rather than stocks; we splice outstanding values based on these flows. We believe this approach is plausible because trade finance flows and stocks are highly correlated, partly because most have a maturity under one year. Because of changes in the members of the Berne Union, these aggregates can contain statistical breaks, but are the best available source on the size of global trade financing.

FIGURE 1: Global Trade Financing Exposure

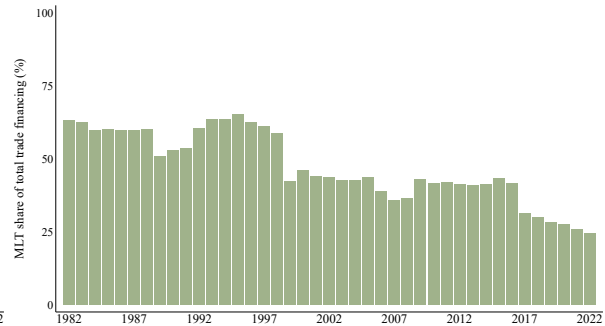
(A) Global Outstanding Exposure, By Maturity



(B) Total Trade Financing as a Share of World Trade



(C) MLT Share of Total Trade Financing



Note: Panel A plots the total global outstanding exposure, broken down by short-term versus medium- and long-term maturities from 1982 to 2022, based on data from the Berne Union. Panel B plots the ratio of total outstanding trade financing to world trade over the same period. Panel C plots the share of total trade financing accounted for by medium- and long-term (MLT) credits, which are predominantly provided by officially-supported ECAs. See [Appendix A](#) for details.

term credit (shown in pink) dominates the market, MLT credit (shown in blue) constitutes a sizeable share, reaching roughly \$0.8 trillion by 2022. Within the MLT segment, officially-supported export credits dominate, with negligible private participation: in the Berne Union data, official (public) providers account for roughly 90% of MLT exposure in recent years, whereas the short-term segment is predominantly private, with private insurers providing around 70% of cover.¹⁹ ECAs nonetheless also support a share of short-term financing, so the figures based on MLT alone understate total officially-supported exposure. As a result, our MLT-based measures should be interpreted as a lower bound on ECA importance. Third, the overall trajectory shows steady growth over the last several decades, consistent with the broader expansion of global trade.

Panels B and C place these levels in context. [Figure 1b](#) plots total outstanding trade financing as a share of world trade, capturing the overall footprint of the market relative to the global economy. Outside of the early 1980s—when outstanding exposures were elevated relative to trade in the wake of the developing-country debt crisis—the series is remarkably stable, fluctuating between roughly 8% and 13% of world trade for three decades before rising to around 15% in recent years, its highest sustained level since the mid-1980s. [Figure 1c](#) shifts focus to the composition of the market itself, plotting the share of total trade financing accounted for by MLT credits. Since the MLT segment is almost entirely officially-supported, this series traces the role of governments—relative to private providers—in underwriting global trade finance over time. The MLT share has declined markedly over the sample period: it stood at around 60% from the 1980s through the mid-1990s, fell to roughly 40–45% in the 2000s, and has fallen further since the mid-2010s, to about 25% by 2022. Officially-supported credits have thus expanded in absolute terms but grown more slowly than the short-term, largely private segment of the market.

4.2 Importance for Cross-Border Finance and Trade

The aggregate picture in [Figure 1](#) establishes that trade financing is large both in absolute terms and relative to world trade. But which countries rely most heavily on export credits, and does that dependence vary systematically with income levels? For this analysis, we rely on country-level data from the JEDH, covering outstanding stocks of both ST and MLT trade financing.

We construct two sets of ratios to assess the importance of trade financing. First, we compare outstanding ECA financing to the volume of a recipient country’s total imports, which measures the role of ECA financing in facilitating trade. Second, we compare it to outstanding cross-border loan debt, which measures its importance for capital flows. We take data on imports from the Global Macro Database ([Müller, Xu, Lehibib and Chen, 2025](#)), and cross-border loan data from the Bank for International Settlements’ Locational Banking Statistics. For each country, we calculate these ratios and average them over 2015–2023.

Share in Trade Volumes. [Figure 2a](#) plots the ratio of trade financing to imports by income group,

¹⁹These longer maturities are typically required for capital goods, infrastructure projects, and other large-scale transactions that ECAs are designed to support.

distinguishing between ST and MLT financing. Two facts stand out. First, trade financing accounts for a substantial share of imports across the income distribution—from 16% for low-income countries to 10% for high-income countries—but its importance is considerably greater for poorer economies. Second, the *composition* of this financing varies sharply with income. For low-income countries, MLT financing—supplied almost entirely by ECAs—is the dominant form, with ST financing playing a limited role. As income rises, ST financing becomes increasingly prevalent, accounting for the majority of trade financing in high-income countries. Emerging economies are thus not only dependent on trade financing to facilitate trade, but particularly on official creditors that provide MLT credits.

To understand which countries are most exposed, [Figure 2b](#) plots the 20 recipient countries with the highest share of imports covered by MLT (ECA) financing specifically. All are developing economies, and the magnitudes are striking: in Angola, Cuba, Ethiopia, and Sudan, more than 50% of imports are financed through ECAs. These patterns imply that a large share of trade with low- and middle-income countries would simply not happen without the backing or guarantees of foreign governments.

Share in external debt. [Figure 3](#) shows the importance of trade financing relative to external debt. This measure draws on the BIS International Banking Statistics and captures cross-border claims by internationally active banks, covering both loans and debt securities held by foreign creditors. It includes both private and government credits. This measure is standard in the international finance literature to capture a country’s stock of foreign debt (e.g., [Bruno and Shin, 2015](#); [Cetorelli and Goldberg, 2012](#); [Horn, Reinhart and Trebesch, 2021a](#)). The ratios can exceed 100% because of creditors other than the globally-active banks surveyed by the BIS (e.g., direct lending by ECAs).

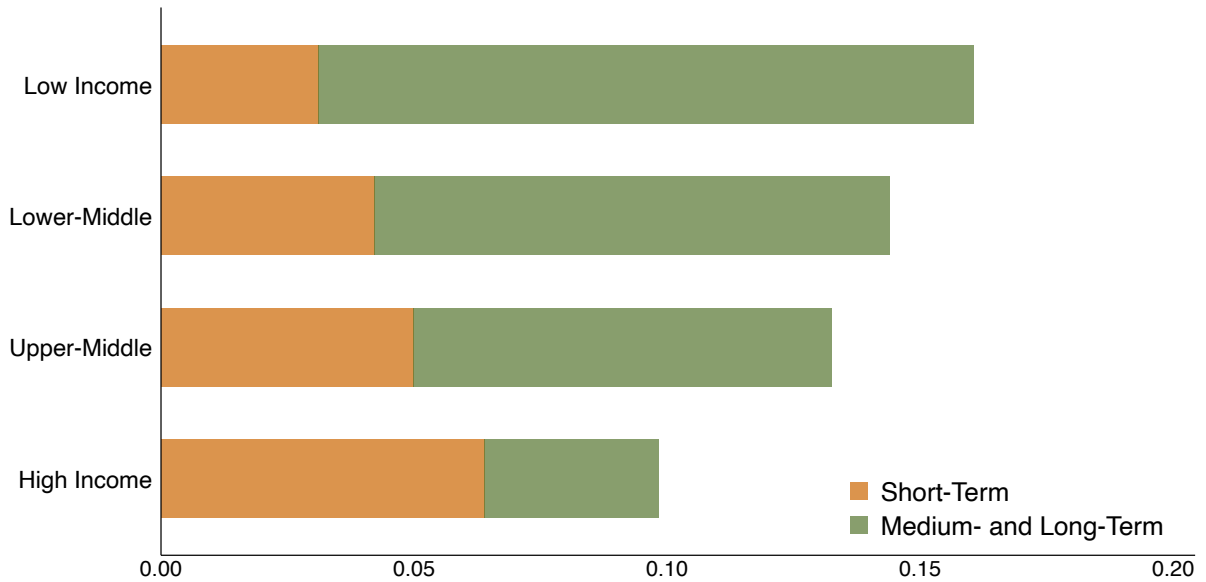
[Figure 3a](#) aggregates these patterns by income group. In low-income countries, 82% of external debt takes the form of trade financing, driven almost entirely by MLT credit. This share declines with income but remains substantial even for middle-income countries. As with the import ratios, the income gradient becomes even more pronounced when focusing on the MLT segment alone, again reflecting the outsized dependence of poorer economies on official creditors.

To see which countries drive these patterns, [Figure 3b](#) plots the 20 countries with the highest ratio of MLT credits to external debt; as with [Figure 2b](#), all are developing countries. For Algeria, Congo, Ethiopia, Guinea-Bissau, Iraq, North Korea, Papua New Guinea, and South Sudan, MLT trade financing exceeds total reported external debt. For Botswana, Congo DRC, Cuba, Equatorial Guinea, Myanmar, Rwanda, Somalia, Sudan, Suriname, Tajikistan, and Turkmenistan, it exceeds 50%, while even for the bottom five countries in this group (Algeria, Ethiopia, Guinea-Bissau, North Korea, and South Sudan), the ratio still exceeds 436%. In summary, the vast majority of developing countries’ external debt ultimately depends on decisions by major creditor governments rather than the private market.

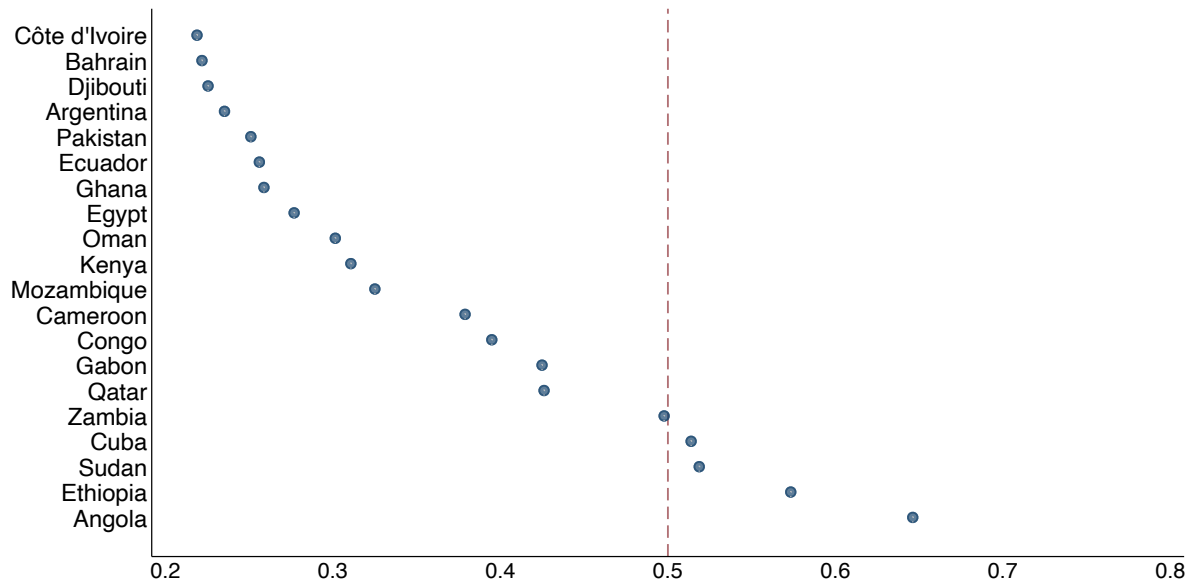
Taken together, these facts point to a striking feature of the global financial architecture. For most developing countries, ECA financing does not merely supplement access to private capital

FIGURE 2: Share of Imports Backed by Trade Financing

(A) Income Group Recipients by Maturity



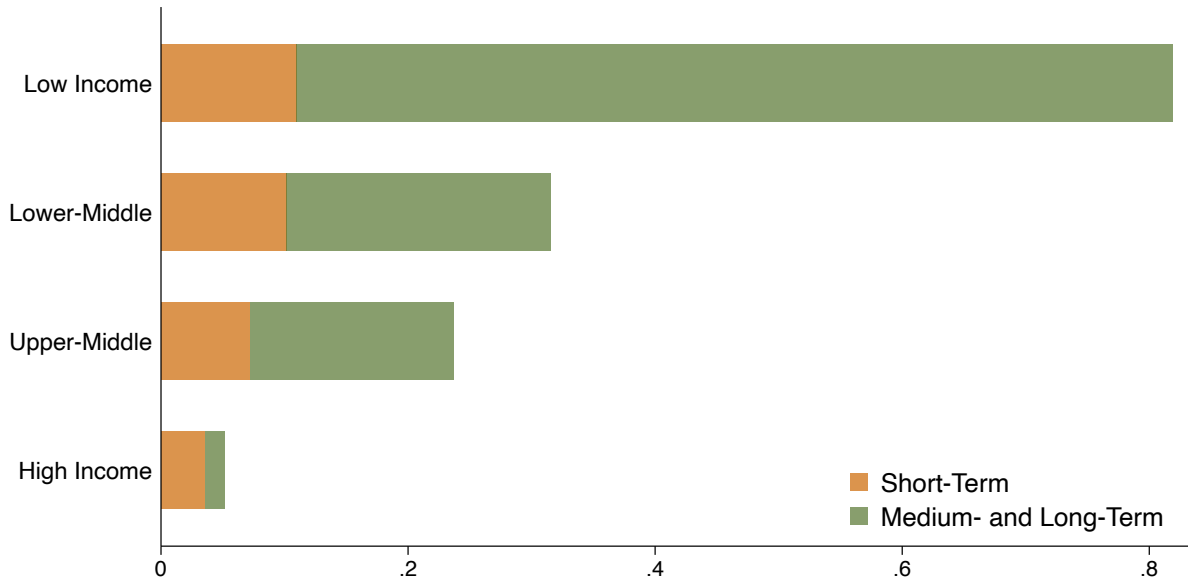
(B) Top Recipients of MLT Credits



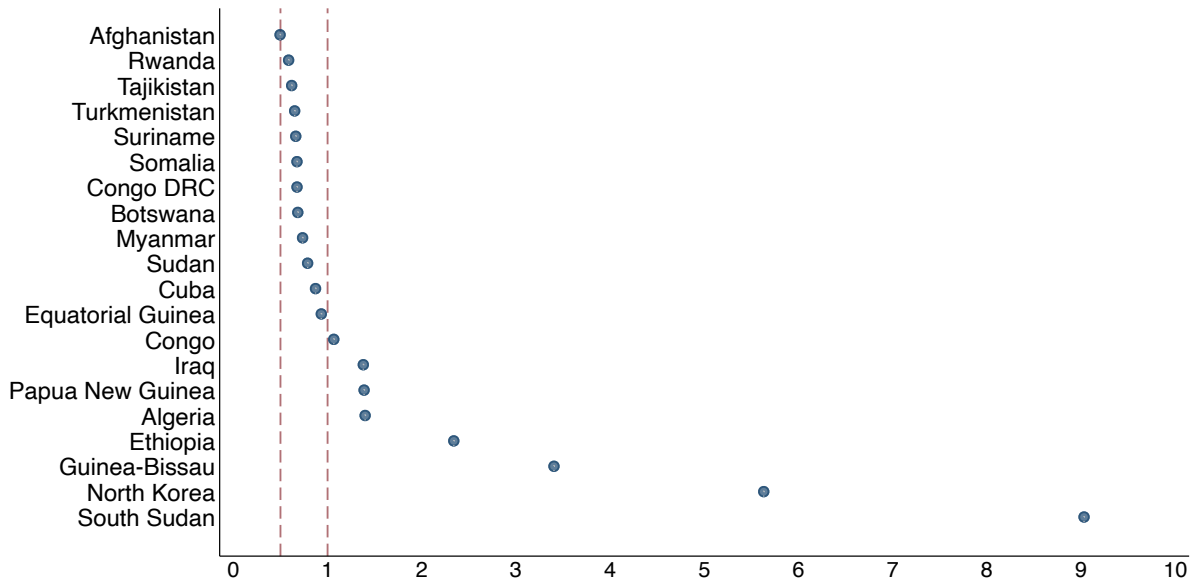
Note: Panel A plots the average ratio of trade financing to imports by income group, distinguishing between short-term (pink) and medium- and long-term (blue) maturities, averaged over the 2015–2023 period. Panel B plots the 20 recipient countries with the highest ratio of total outstanding trade financing to imports over the same period. The data on trade finance exposures are from the Joint External Debt Hub (JEDH), while import data are from the Global Macro Database (Müller, Xu, Lehib and Chen, 2025). Income groups are classified using World Bank data. See Appendix A for more details on data construction.

FIGURE 3: Share of Export Credits in External Debt

(A) Income Group Recipients by Maturity



(B) Top Recipients of MLT Credits



Note: Panel A plots the average ratio of trade financing to cross-border loans by income group, distinguishing between short-term (pink) and medium- and long-term (blue) maturities, averaged over the 2015–2023 period. Panel B plots the 20 recipient countries with the highest ratio of total trade financing to cross-border loans over the same period. The data on trade finance exposures are from the Joint External Debt Hub (JEDH), and external debt is defined as cross-border owed to globally-active banks taken from the Bank for International Settlements (BIS) Locational Banking Statistics. Income groups are classified using World Bank data. Ratios may exceed one because BIS statistics only cover loans from reporting institutions. See [Appendix A](#) for more details on data construction.

markets—for many, it is more or less the *only* way. ECA-backed credits determine which imports can be financed, dominate the composition of external debt, and in the most extreme cases account for the near-entirety of cross-border borrowing. But ECAs are not neutral profit-maximizing intermediaries. They are part of national governments, designed from the outset to advance a mix of commercial, industrial, and diplomatic objectives. Unlike private lenders, they face no market discipline requiring them to price risk uniformly or treat all borrowers alike; their lending decisions are ultimately made by governments with foreign policy agendas of their own.

This combination—deep financial dependence on the part of recipients and considerable discretion on the part of creditor governments—makes ECA financing a natural instrument of geopolitical influence. Whether governments actually take such geopolitical considerations into account is the question we turn to next.

4.3 The Role of China

An important stylized fact is that China has become a dominant force in the global export credit market. This subsection documents two descriptive patterns: China’s export credit volume has recently exceeded that of the OECD combined, and its recipient portfolio is markedly different from those of Western ECAs.

China as the World’s Largest Export Credit Provider To place China’s export credit activity in global context, we begin by examining the evolution of officially-supported export credits across the major creditor countries. [Figure 4](#) documents China’s rise along two complementary dimensions.

Panel A plots the flow of newly disbursed export credits since 1955, aggregating creditors into three groups: OECD countries (blue), China (pink), and India (green). We combine data from the OECD DAC database (supplemented with historical values from [International Monetary Fund, 1970](#)) with project-level data from AidData for China and India, defining export credits as Other Official Flows (OOF) involving their respective ECAs. In the early 2000s, OECD countries accounted for almost all export credit activity. Beginning around 2005, Chinese disbursements grew rapidly and, by the mid-2010s, China alone was providing more export credit than all OECD countries combined. India’s role has also grown substantially, though it remains smaller in magnitude. Because China and India are not part of the OECD Arrangement and do not share comparable data on their export credits, focusing only on OECD records omits a major part of the market.

Panel B places these trends in a country-level perspective, drawing on the US EXIM Competitiveness Report (see [subsection 3.2](#)), which applies a consistent methodology across both OECD and non-OECD providers.²⁰ It plots cumulative export credits in absolute USD terms from 2000–

²⁰For 2015–2019, the US EXIM bank was almost fully shut down, during which time its lending activity collapsed by approximately 80% ([Matray, Müller, Xu and Kabir, 2024](#)). The relative size of the US is therefore understated relative to its previous levels of activity.

2020, with countries colored by OECD Arrangement membership (blue) or non-membership (red). China ranks first by a substantial margin; it is by far the world’s largest player in officially-supported export credits. Restricting attention to Arrangement members thus omits some of the largest players in the global market. The rankings are broadly similar when scaling by each country’s own exports (see [Figure E.1](#)), with China and India still among the top providers even relative to the size of their export bases. China’s role is thus outsized not only in absolute terms but even when conditioning on the fact it is the world’s largest exporter.

China versus OECD Recipient Portfolios The preceding figures characterize creditor activity in aggregate. We now turn to the recipient side, asking not just how much China lends, but to whom—and how that compares to OECD creditors. Unlike previous work constrained to analyzing China’s allocation of overseas lending across countries in isolation ([Horn, Reinhart and Trebesch, 2025b](#)), we are able to directly contrast Chinese and Western ECA strategies. Answering this requires bilateral data linking specific creditors to specific recipients. For OECD creditors, we use the bilateral export credit flows constructed from the OECD DAC database (see [subsection 3.3](#)); for China, we use the AidData project-level records. Given that the OECD DAC data only reports medium- to long-term credits, we filter the AidData database to exclude short-term credits, defined as those with a maturity of less than a year (in line with OECD definitions). Together, these sources allow us to decompose each recipient country’s total export credit debt by creditor, covering cumulative flows between 2000 and 2021.

[Figure 5](#) plots the top 20 countries receiving the most medium- to long-term (MLT) export credits between 2000 and 2021, differentiating between OECD creditors (blue) and China (red). Several patterns are apparent.

First, all major recipients are developing countries. The five largest recipients—India, Indonesia, Iran, Russia, and Turkey—received an average of 69.7 billion in export credits since 2000. The next five—Angola, Brazil, Mexico, Pakistan, and Vietnam—all received an average of 50.3 billion.

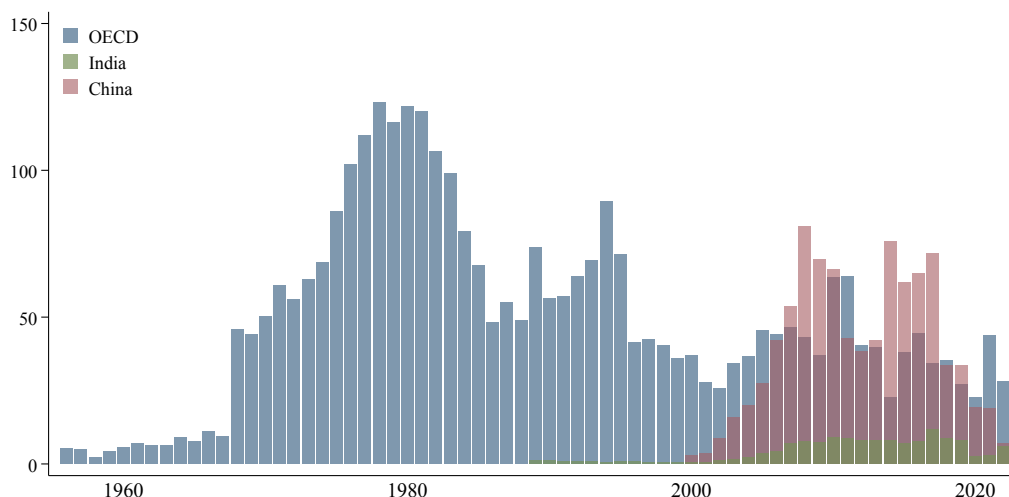
Second, most of the top recipients also receive substantial Chinese support. Large recipients such as Russia, Iran, and Pakistan obtain the majority of their export credits from China, while recipients like Belarus receive more from China than from the OECD combined. Among the top 20 recipients, only China, Egypt, Mexico, and Turkey receive a clear majority—more than three-quarters—of their export credit from the OECD. China is the only country that is both one of the top twenty creditors ([Figure E.7a](#)) and top twenty borrowers ([Figure 5](#)).

Third, the creditor-recipient match appears quite different for China than for the OECD. Mexico mainly receives support from OECD countries; Russia mainly from China. Geopolitical “swing countries” such as India, Brazil, Indonesia, and Vietnam receive meaningful amounts of credit from both.²¹ These descriptive patterns suggest that the two creditor groups are not simply fi-

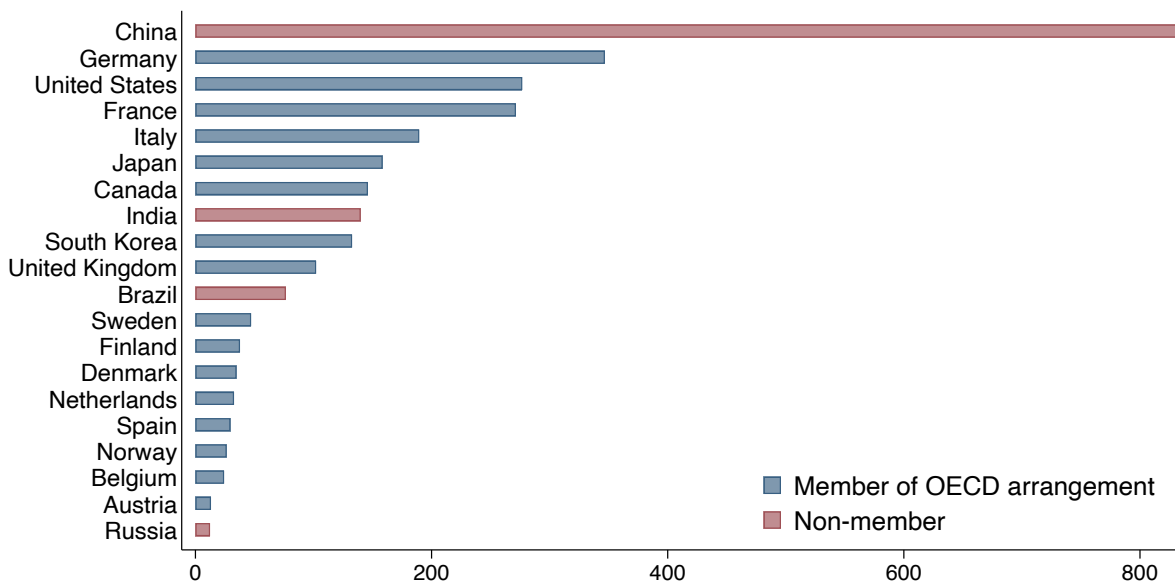
²¹Classifying the top 20 recipients in [Figure 5](#) by China’s share of their cumulative export credit debt, China, Egypt, Mexico, and Turkey receive less than a quarter of their credit from China; Bangladesh, Brazil, India, Indonesia, Iran,

FIGURE 4: **China as the World’s Largest Export Credit Provider**

(A) Newly Disbursed Export Credits, By Creditor Group



(B) Cumulative Export Credits, By Creditor Country (in USD billions)



Note: Panel A plots the flow of newly disbursed officially-supported export credits from 1955 to 2022. OECD data are from the DAC database and [International Monetary Fund \(1970\)](#); China data cover 2000–2022 and combine the US EXIM Competitiveness Report (2000–2009) and AidData’s China’s Global Loans and Grants Dataset (2001 and 2010–2022); India data are from the US EXIM Competitiveness reports and the Export-Import Bank of India’s annual reports (1998–2022). Panel B plots cumulative export credits by creditor country from 2000 to 2020, based on the US EXIM Bank’s Competitiveness Report. Countries are colored by OECD Arrangement membership (blue) or non-membership (red); figures for China are estimated by US EXIM based on industry analysis and China Exim Bank and Sinosure annual reports. See [Appendix A](#) for details.

nancing the same set of borrowers in proportionate amounts.

Figure E.4 examines these patterns more closely by focusing on countries that receive support from *both* creditor groups, ranking the top 10 recipients by each creditor’s portfolio share. Even within this common-support sample, the two creditors concentrate their financing in largely different sets of countries. Russia, Iran, and Angola rank among the top destinations for Chinese ECA, while Turkey, Indonesia, and China lead the Western ranking. Among the top recipients, only a few countries simultaneously account for a large share of both Chinese and OECD portfolios.

The country-level patterns in Figure 5 and Figure E.4 reflect a broader asymmetry in how Chinese and Western ECAs allocate export credits.²² Of the 181 countries for which we observe at least one bilateral ECA flow over 2000–2020, 61 received support exclusively from Western ECAs, while every country that received Chinese ECA support also received at least some Western support. Chinese ECA thus appears more selective: it funds a narrower group of recipients, all of whom also attract Western financing. Even within this overlapping group, however, most countries account for only a modest share of either creditor’s total portfolio. Regressing Western on Chinese ECA allocation—measured by a country’s share in the total ECA portfolio, external debt, or bilateral trade—yields an R^2 of only around 10% across specifications (see Figures E.3, E.6, E.7, and E.5).²³ Countries receiving large shares of Chinese ECA rarely receive large shares of Western ECA, and vice versa.

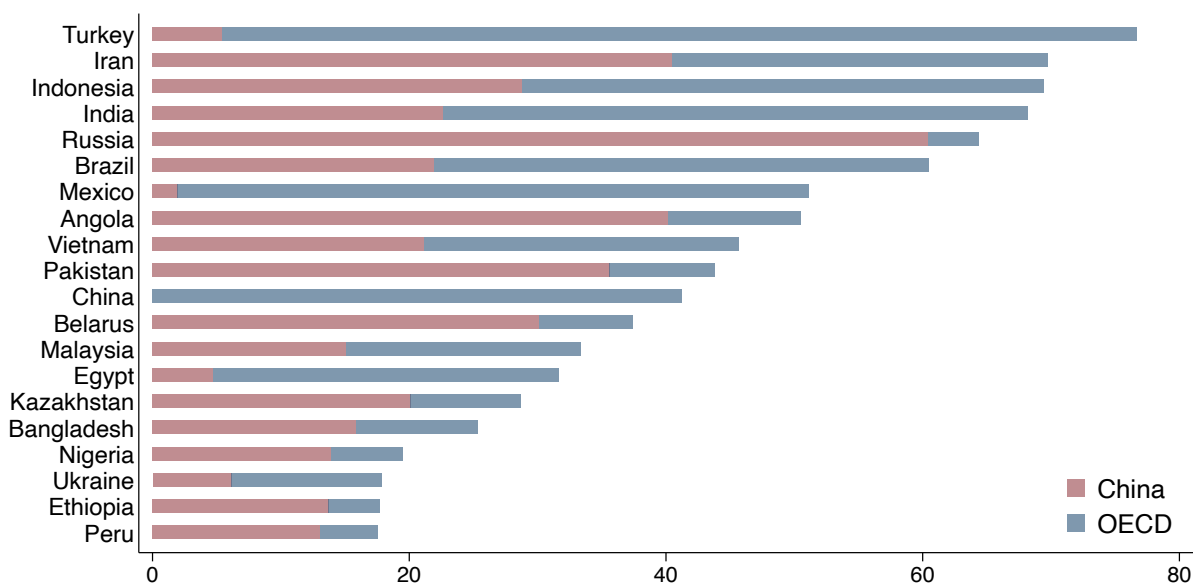
Aggregating by income group (see Figure E.2), the vast majority of export credits flow to middle-income countries, with lower-middle and upper-middle income groups receiving 622 billion and 575 billion over this period, respectively. High-income countries receive relatively less, consistent with the greater availability of private financing for developed economies. Chinese lending is important across all income groups, but particularly so for low-income countries, where China accounts for almost the entirety of export credit flows.

Kazakhstan, Malaysia, Nigeria, Peru, Ukraine, and Vietnam receive between 25% and 75%; and Angola, Belarus, Ethiopia, Pakistan, and Russia receive more than 75%.

²²The Western ECAs we consider are the OECD Arrangement members excluding Turkey: Australia, Austria, Belgium, Canada, Czechia, Denmark, Finland, France, Germany, Greece, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and United States .

²³The only exception is when ECA allocation is measured as ECA over creditor external debt, which is entirely driven by a single outlier (Marshall Islands); dropping it reduces the R^2 to 1.5%.

FIGURE 5: Recipients of Export Credits, by Creditor Country



Note: This figure plots the 20 recipient countries of officially-supported export credits, based on cumulative volumes between 2000 and 2021. We differentiate between credits by OECD members (based on the OECD DAC database) and China (constructed using AidData). See [Figure E.2](#) for the breakdown by income group and [Appendix A](#) for more details on data construction.

5. THE GEOPOLITICS OF GLOBAL EXPORT CREDITS

The evidence presented thus far indicates that ECA-backed export credits constitute a substantial component of global financial flows, with particular importance for developing economies. China has emerged as the dominant creditor, at one point surpassing all OECD countries combined. These patterns raise a natural question: to what extent do geopolitical considerations, rather than purely economic or risk-based factors, drive the global allocation of export credit financing?

In this section, we provide systematic empirical evidence on the role of geopolitical factors in export credit allocation. The empirical analysis draws on the bilateral export credit panel and geopolitical alignment measures described in [section 3](#). We first document the relationship between geopolitical alignment, measured using UN voting similarity, and ECA flows, both across creditor-recipient pairs and within pairs over time. We then use quasi-random rotation onto the UN Security Council to provide causal evidence that geopolitical considerations drive ECA allocation. We also examine the OECD Arrangement on Officially Supported Export Credits as a case study in the limits of multilateral cooperation: while the Arrangement effectively disciplines member behavior on average, its constraints break down when bilateral geopolitical ties are strong. Finally, we ask whether the role of geopolitics has grown over time, documenting rising fragmentation of global ECA flows along geopolitical lines.

5.1 Political Alignment and Export Credit Allocation

We begin by relating geopolitical considerations to the allocation of export credits. We first characterize how creditor countries differ in their geopolitical positioning, distinguishing between Western and non-Western creditors. We then show that geopolitical alignment with recipient countries predicts ECA flows—both in the cross-section and, importantly, within creditor-recipient pairs over time.

5.1.1 Creditor Geopolitical Positioning

A key insight from the UN voting data is that countries differ systematically in their geopolitical positioning relative to a US-led order. The UN Voting Dataset includes a time-varying, one-dimensional measure referred to as “ideal points” that captures each country’s preference position. [Bailey, Strezhnev and Voeten \(2017\)](#) demonstrate that these ideal points consistently reflect the position of states relative to the US. When we compute the average of this measure at the creditor level, we find that countries at the bottom of the distribution with ideal point score below 1.1—those most distant from US and EU positions—include China, India, Kuwait, Qatar, Saudi Arabia, Turkey, and the United Arab Emirates.

We divide creditors into a “Western” group aligned with the US and the European Union, and a “non-Western” group of more geopolitically distant countries. This distinction proves central to understanding how geopolitical motives shape ECA allocation, as the two groups pursue markedly different strategies.

5.1.2 Rewarding Alignment

To estimate the role of geopolitical motives in export credit flows, we estimate regressions of the following form:

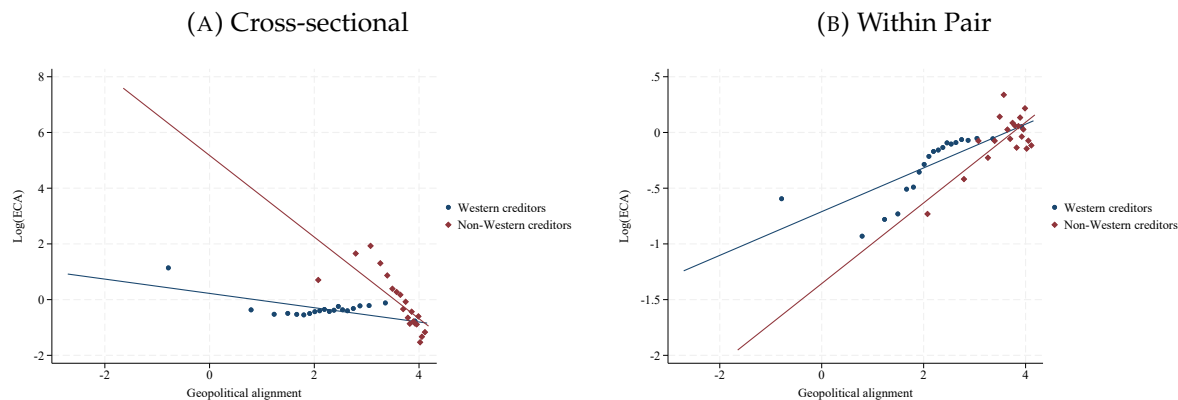
$$(1) \quad ECA \text{ financing}_{o,d,t} = \beta \text{ Geopolitical Alignment}_{o,d,t-1} + \mathbb{X}_{o,d,t} + \alpha_{o,d} + \delta_t + \epsilon_{o,d,t}$$

in which $ECA \text{ financing}_{o,d,t}$ is the (log) value of ECA financing originating from creditor country o to recipient destination country d in time t . $\text{Geopolitical Alignment}_{o,d,t-1}$ is the UN voting similarity index, where higher values imply stronger alignment. To ease interpretation, we standardize the variables such that β can be directly interpreted as the implied magnitude of a one standard deviation change in geopolitical alignment. Standard errors are clustered at the country-pair level.

For β to capture the link between geopolitical alignment and export credits beyond what natural changes in trade patterns would predict, we would like to control for trade flows between country pairs. However, trade flows are themselves potentially driven by the amount of ECA financing supplied. As a result, controlling for trade might produce a mechanical downward bias, akin to what [Angrist and Pischke \(2009\)](#) call a “bad control.” We therefore control for the *predicted*

value of trade flows in $\mathbb{X}_{o,d,t}$ which we estimate using a standard gravity model.²⁴

FIGURE 6: ECA Funding and Geopolitical Alignment



Notes: This figure shows the relationship between bilateral geopolitical alignment and ECA financing from creditor o to recipient d over 1962–2022. Panel (a) plots the unconditional relationship. Panel (b) residualizes both variables with respect to creditor–recipient fixed effects, illustrating how geopolitical alignment relates to ECA financing *within* country pairs over time. The binscatter is based on estimates from: $ECA\ financing_{o,d,t} = \beta\ Geopolitical\ Alignment_{o,d,t-1} + \widehat{Trade}_{o,d,t} + \delta_t + \epsilon_{o,d,t}$. $\widehat{Trade}_{(o,d,t-1)}$ is the predicted yearly trade flow between origin country o and destination country d using the gravity dataset from [Martin, Mayer and Thoenig \(2008\)](#). ECA suppliers are split between “Western” and “non-Western,” where “Western” countries are the ones with a UN ideal point score that reflect countries sharing positions close to a U.S.-led liberal order ([Bailey et al., 2017](#)). “Non-Western” countries include China, India, Kuwait, Qatar, Saudi Arabia, Turkey and United Arab Emirates.

Cross-sectional patterns. Because geopolitical alignment is a slow-moving variable that mostly reflects historical cross-sectional differences, we first estimate the regression including only time fixed effects. We thus compare the relationship between geopolitical alignment and export credit flows in the cross-section of countries at a particular point in time.

[Figure 6a](#) shows binscatter plots with the results. Specifically, we correlate ECA flows with geopolitical alignment between creditor and recipient countries where we split the flows by Western and non-Western creditor countries in blue and red, respectively. For both groups, the cross-sectional relationship is negative: less-geopolitically aligned recipients receive more financing. The relationship is shallow for Western creditors (blue) and considerably steeper for non-Western creditors (red), for whom the most geopolitically distant recipients receive the largest flows.

This negative relationship also holds after controlling for predicted trade flows that reflect contractual and financing frictions between each country pair. The pattern cannot be explained by ECAs simply financing trade wherever it occurs due to comparative advantage or proximity along gravity lines. Instead, it suggests that creditors in both groups direct ECA financing toward geopolitically distant recipients, either to pull them closer or to maintain economic ties despite political differences. The steeper slope for non-Western creditors reflects the concentration of their

²⁴Formally, we use the gravity variables assembled by [Martin, Mayer and Thoenig \(2008\)](#), [Martin, Mayer and Thoenig \(2013\)](#), and those available in the GRAVITY datasets from CEPII ([Conte, Cotterlaz and Mayer, 2022](#)). For every year, we then estimate the following bilateral trade flow equation: $Trade_{o,d,t} = \beta\mathbb{X}_{o,d}^1 + \beta\mathbb{X}_{o,d,t}^2$, where $\mathbb{X}_{o,d}^1$ is a vector of time invariant bilateral characteristics (such as distance) that we allow to take different values of the years, and $\mathbb{X}_{o,d,t}^2$ is a vector of time-varying bilateral measures.

lending among distant resource-rich and strategically important recipients, while Western creditors spread financing more evenly across the alignment spectrum.

Table 1 presents these results in a regression framework. Column 1 shows a negative and statistically significant relationship for Western creditors (coefficient of -0.26 , significant at the 1% level). Column 3 shows that the cross-sectional relationship is also negative and significant for non-Western creditors, and substantially larger in magnitude (coefficient of -1.46 , significant at the 1% level).

Dynamics. While most variation in geopolitical distance is cross-sectional, geopolitical alignment within country pairs does vary over time.²⁵ We re-estimate the regression including country-pair fixed effects, which absorb any time-invariant unobserved characteristics between creditors and recipients (for instance, their geographical distance or average level of trade flows), to study the dynamics of ECA financing within a given creditor-recipient pair.

Figure 6b shows the binscatter plots estimated with creditor-recipient country pair fixed effects for both groups of countries. Western creditors display “friend-funding” behavior within pairs: as a recipient becomes more geopolitically aligned over time, it receives more ECA financing, reversing the negative cross-sectional pattern. The point estimate for non-Western creditors carries the same positive sign and is somewhat larger, though less precisely estimated.

We further analyze the dynamics of within-pair financing over time with local projections of the following form:

$$(2) \quad \log(ECA_{o,d,t+h}) - \log(ECA_{o,d,t}) = \beta^h \Delta \text{Geopolitical Alignment}_{o,d,t} + \mathbb{X}_{o,d,t} + \alpha_{o,d} + \delta_{d,t} + \epsilon_{o,d,t}$$

where $\Delta \text{Geopolitical Alignment}_{o,d,t}$ is the first difference between $\text{Geopolitical Alignment}_{o,d,t}$ and $\text{Geopolitical Alignment}_{o,d,t-2}$. This specification allows us to study the evolution of ECA financing at different horizons h after a change in geopolitical alignment. Importantly, it also allows us to test for parallel pre-trends by estimating the regression for $h \in [-2, \dots, -1]$.

Figure 7 plots the estimated coefficients β^h with 95% confidence intervals at different horizons h . Two facts are noteworthy. First, our estimates show that prior to changes in geopolitical alignment, country pairs exhibit relatively similar patterns of ECA financing as the coefficients at negative horizons are statistically indistinguishable from zero. This lack of pre-trends indicates that geopolitical alignment is not responding to ex-ante changes in ECA financing, which supports a causal interpretation of this relationship.

Second, the increase in ECA financing starts gradually after creditor and debtor countries become more geopolitically aligned. This growth in export credits emerges one to two years after the

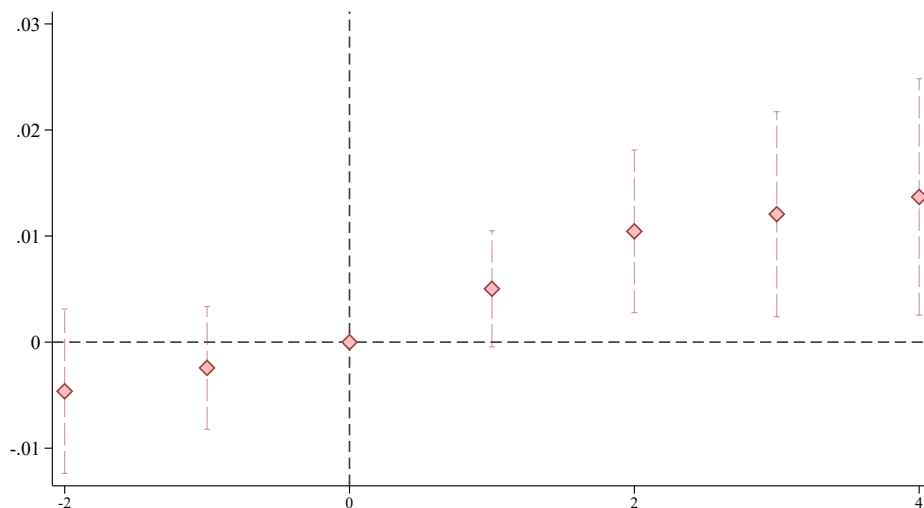
²⁵A variance decomposition of $\text{Geopolitical Alignment}_{o,d,t}$ into a within and between country-pair shows that the between component is two to three times bigger.

shift in alignment, and grows larger at longer horizons. One interpretation of these patterns is that ECA financing is partially used as a tool to reward and reinforce closer geopolitical relationships.

Table 1 reports the results in regression form, with columns 2 and 4 showing the within-pair estimates for Western and non-Western creditors. For Western creditors, the relationship is positive and significant at the 1% level (coefficient of 0.20). For non-Western creditors, the point estimate is positive and somewhat larger (coefficient of 0.36) but only marginally significant (at the 10% level), partly reflecting the much smaller sample of non-Western creditor-recipient pairs ($N = 4,049$). Column 5 pools all creditors and yields a coefficient of 0.23, significant at the 1% level.

A clear concern with interpreting these results is that unobserved shocks might simultaneously cause country pairs to become more geopolitically aligned and to exchange more ECA financing. This complicates the interpretation of the β coefficient. To address this concern, we construct a predicted bilateral geopolitical alignment measure using a “leave-one-out” methodology. We measure geopolitical alignment between countries o and d by taking the average geopolitical alignment between o and all countries k that share the same income group and geographic region as the focal recipient country d . Importantly, while k captures countries similar to the focal country d , it does not include the country d itself. We use the World Bank’s definitions of income groups and partition countries into four brackets: high, upper middle, lower middle, and low income. Geographic regions include East Asia and Pacific, Europe and Central Asia, Latin America and

FIGURE 7: ECAs and Geopolitical Alignment: Dynamics



Notes: This figure plots the dynamic relationship between ECA financing and changes in bilateral geopolitical alignment over 1962–2022. The coefficients are obtained from local projections of the form: $\log(ECA_{o,d,t+h}) - \log(ECA_{o,d,t}) = \beta^h \Delta \text{Geopolitical Alignment}_{o,d,t} + \mathbb{X}_{o,d,t} + \alpha_{o,d} + \delta_{d,t} + \epsilon_{o,d,t}$, estimated for horizons $h \in [-2, \dots, +4]$. We report the 95% confidence intervals for the responses. Standard errors are clustered by country pairs, and ECA is the cumulative amount of ECA financing up to t .

Caribbean, Middle East and North Africa, North America, South Asia, and Sub-Saharan Africa.²⁶

In column 6 of [Table 1](#), we use this predicted measure of geopolitical alignment, which is a strong predictor of actual alignment. The relationship between geopolitical alignment and ECA financing remains positive and significant at the 1% level (coefficient of 0.27), and is, if anything, somewhat larger than the baseline pooled estimate of 0.23 in column 5. That the result survives this instrument-style approach indicates the baseline estimates are not driven by bilateral shocks that simultaneously affect both alignment and ECA flows, but rather reflect systematic creditor responses to recipient countries’ geopolitical positioning.

TABLE 1: ECAs and Geopolitical Alignment

Dependent variable	Log(ECA _{<i>o,d,t</i>})					
	Western creditors		Non-western creditors		All	
	(1)	(2)	(3)	(4)	(5)	(6)
Political alignment _(<i>o,d,t-1</i>)	-0.26*** (0.054)	0.20*** (0.045)	-1.46*** (0.27)	0.36* (0.21)	0.23*** (0.044)	
Geopolitical alignment _(<i>o,k-d,t-1</i>)						0.27*** (0.096)
<i>Fixed Effects</i>						
Year	✓	✓	✓	✓	✓	✓
Creditor _{<i>o</i>} × Recipient _{<i>d</i>}	—	✓	—	✓	✓	✓
<i>Controls</i>						
Log($\widehat{Trade}_{(o,d,t-1)}$)	✓	✓	✓	✓	✓	✓
Observations	39,178	39,178	4,049	4,049	43,227	45,628

Notes: This table reports regressions examining the relationship between bilateral geopolitical alignment and ECA financing from creditor *o* to recipient *d* during 1962–2022. Columns 2 and 4 report separate estimates for Western and non-Western creditors. Column 5 pools all creditors and presents the combined effect. Column 6 uses predicted geopolitical alignment, which mitigates concerns about unobserved bilateral shocks; the estimated coefficient remains positive and statistically significant. $\widehat{Geopolitical\ alignment}_{(o,k-d,t-1)}$ denotes the average geopolitical alignment between creditor *o* and countries *k* that share the recipient’s income group and geographic region (excluding *d*). ECA suppliers are split between “Western” and “non-Western,” where “Western” countries are the ones with a UN ideal point score that reflect countries sharing positions close to a U.S.-led liberal order (Bailey et al., 2017). “Non-Western” countries are: China, India, Kuwait, Qatar, Saudi Arabia, Turkey and United Arab Emirates. “Western” countries are: Australia, Austria, Belgium, Canada, Czechia, Denmark, Finland, France, Germany, Greece, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Slovenia, Spain, Switzerland, United Kingdom and the United States. Standard errors are clustered at the country pair level and are reported in the line below the point estimate in parenthesis. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

5.2 Evidence from UN Security Council Elections

The evidence presented thus far demonstrates a robust relationship between geopolitical alignment and ECA financing. To establish that this relationship reflects a causal channel—that geopolitical considerations directly drive ECA allocation decisions—we use quasi-random variation

²⁶To ease comparability with the original measure of *Geopolitical Alignment*_{*o,d,t-1*}, we rescale this predicted measure by the coefficient from a regression of *Geopolitical Alignment*_{*o,d,t-1*} on *Geopolitical Alignment*_(*o,k≠d,t-1*).

generated by elections to the United Nations Security Council (UNSC).

The UNSC has five permanent members: China, France, Russia, the United Kingdom, and the United States. The ten additional seats rotate among other countries for two-year terms. These rotating seats are allocated across geographic regions, with elections typically held the year before a country joins the Council. The timing of when specific countries within a region are elected involves considerable quasi-random variation, as it depends on intra-regional geopolitical dynamics, strategic considerations about which countries should represent the region at particular moments, and implicit rotation agreements that are imperfectly enforced.

Crucially for our purposes, temporary UNSC membership substantially increases a country's geopolitical value to the permanent members. The UNSC is the only UN body with the authority to make binding decisions on matters of international peace and security, including authorizing military interventions, imposing sanctions, and deploying peacekeeping operations. Each of the five permanent members holds veto powers, but securing the nine affirmative votes required to pass substantive resolutions often requires courting the support of rotating members. Temporary members thus gain leverage that permanent members may seek to influence through various means, including economic inducements.

A substantial literature has documented that temporary UNSC membership affects various forms of support from permanent members. Countries receive more foreign aid during their tenure on the Council (Kuziemko and Werker, 2006) and experience increased lending from the World Bank and IMF (Dreher, Sturm and Vreeland, 2009). These findings suggest that permanent members use economic tools to cultivate the support of temporary members on diplomatically sensitive votes. If industrial policy serves as an instrument of geopolitical influence—as the evidence in Section 5.1 suggests—we would expect permanent members to increase their ECA financing to countries during their UNSC tenure.

5.2.1 Empirical Strategy

We use variation in UNSC membership in a triple difference-in-differences event study design. For each UNSC election between 2004 and 2017, we construct a sample that includes each creditor-recipient pair for the four years before and after the election. We then stack these samples across elections, creating a panel dataset where each observation represents a creditor-recipient-election-year combination.

We choose this sample period for pragmatic reasons: ECA financing data for China—now the world's largest ECA provider—begins in 2000, so starting with the 2004 elections ensures we have information for the four pre-election years for all permanent UNSC members. Ending with 2017 elections ensures we can observe outcomes for four years post-election through 2021.

We estimate the following specification:

$$\begin{aligned}
 \log(\text{ECA}_{o,d,e,t}) &= \sum_{h=-4}^{+4} \beta_h \mathbb{1}[\text{Permanent Member}_o] \times \mathbb{1}[\text{Elected}_{d,e}] \times \mathbb{1}[t = e + h] \\
 &+ \text{Trade}_{o,d,e,t} + \alpha_{o,d,e} + \delta_{e,t} \times \mathbb{1}[\text{Permanent Member}_o] \\
 (3) \quad &+ \delta_{e,t} \times \mathbb{1}[\text{Elected}_d] + \epsilon_{o,d,e,t}
 \end{aligned}$$

where $\text{ECA}_{o,d,e,t}$ is the amount of ECA financing from creditor o to recipient d in year t relative to election e . The variable $\text{Permanent Member}_o$ is an indicator equal to one if the creditor is one of the five permanent UNSC members (China, France, Russia, the United Kingdom, or the United States). The variable $\text{Elected}_{d,e}$ is an indicator equal to one if recipient country d was elected to the UNSC in election e . The event time indicators $\mathbb{1}[t = e + h]$ capture years relative to the election, with $h = 0$ denoting the year of the election itself.

The key coefficients of interest are β_h , which capture the differential change in ECA financing from permanent members to elected countries at each event time h , relative to the change in ECA financing from non-permanent member creditors to elected countries. The specification thus implements a triple difference by comparing (1) the periods before to after the election, (2) ECA financing from permanent members versus non-permanent members, and (3) elected versus non-elected recipient countries²⁷

The inclusion of creditor-recipient-election fixed effects $\alpha_{o,d,e}$ absorbs all time-invariant characteristics of each creditor-recipient pair within each election cycle, ensuring that β_h is identified purely from within-pair changes in ECA financing around elections. The inclusion of election-year fixed effects interacted with both $\text{Permanent Member}_o$ and Elected_d controls for aggregate time trends that might differentially affect permanent versus non-permanent member creditors, or elected versus non-elected recipients, across different election cycles. This design addresses concerns about staggered treatment timing that can bias two-way fixed effects estimators (De Chaisemartin and d'Haultfoeuille, 2020). By including election-by-year fixed effects, we ensure that β_h is always estimated by comparing treated and control units within the same election cycle, never using variation across elections and hence never comparing early treated with late treated.

We control for predicted trade flows $\text{Trade}_{o,d,e,t}$ from the gravity equation to ensure that β_h reflects ECA financing in excess of what normal trade patterns would predict. We also estimate a version of the regression when we control for region-income group-by-year fixed effects for origin and destination countries, and when we control for origin-by-year and destination-by-year fixed

²⁷We restrict the non-elected comparison group to strong unsuccessful candidates, defined as countries whose highest vote total across election rounds was at least one-third of the maximum number of votes cast in any round of the corresponding election. Candidates are not homogeneous and do not face equal ex ante probabilities of election. Compared with weaker candidates, strong candidates are serious contenders and are therefore more comparable to the eventual winners. Conditional on being a strong candidate, the final election outcome is more plausibly shaped by idiosyncratic, quasi-random electoral shocks. Strong unsuccessful candidates thus provide the most credible counterfactual for elected countries.

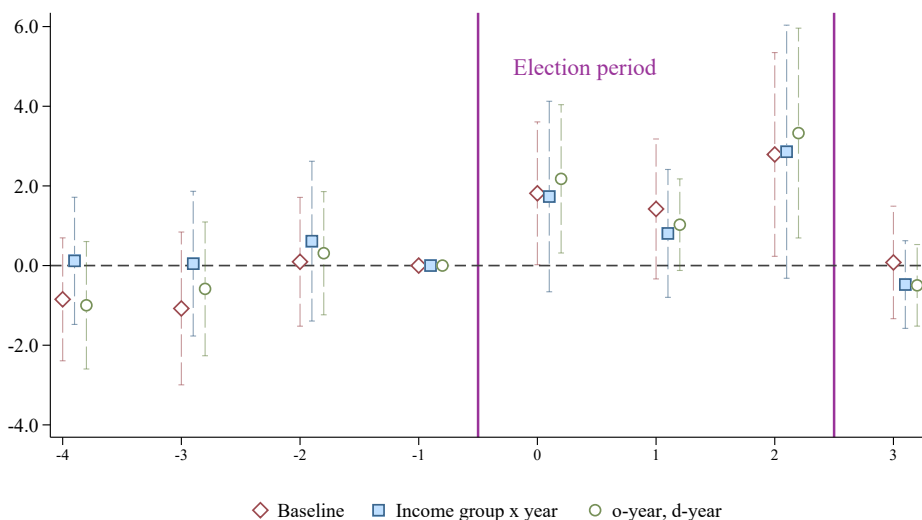
effects. In the last case, the specification fully absorb any time-varying shocks that would happen at the creditor (origin) level and at the recipient (destination) level. Standard errors are clustered at the creditor-recipient-election level to account for serial correlation within each creditor-recipient pair across election cycles.

The identifying assumption is that, absent UNSC election, ECA financing from permanent members to elected countries would have evolved in parallel to ECA financing from non-permanent members to elected countries (and symmetrically for non-elected countries). We can test for violations of parallel pre-trends by examining whether β_h differs from zero for $h < 0$.

5.2.2 Results

Figure 8 presents the event study results, plotting the estimated coefficients β_h with 95% confidence intervals using cumulative ECA financing up to year h to examine persistent effects.

FIGURE 8: UN Security Council Election and Export Credit Flows



Notes: This figure shows the effect of UNSC election on the supply of ECA financing from permanent members to elected countries over the period 2000–2017. The coefficients are obtained from estimating the event study specification described in equation (3) for $h \in [-4, +4]$. Standard errors are clustered by creditor-recipient-election pair. “Baseline” is estimated by using country-pairs \times election and year \times election fixed effects. “Income group \times year” includes region-income group-by-year fixed effects for origin and destination countries. “o-year, d-year” includes the full set of origin-by-year and destination-by-year fixed effects. All fixed effects are interacted with the vector of election fixed effects and all regressions include a control $\text{Trade}_{o,d,t-1}$, the predicted yearly trade flow between origin country o and destination country d using the gravity dataset from Martin, Mayer and Thoenig (2008).

Three key findings emerge. First, consistent with the parallel trends assumption, the coefficients for $h \in \{-4, -3, -2, -1\}$ are small in magnitude and statistically indistinguishable from zero. Prior to UNSC election, there is no differential trend in ECA financing from permanent members to soon-to-be-elected countries relative to the control group. This finding supports a causal interpretation of the post-election changes.

Second, ECA financing from permanent members to elected countries increases sharply following the election. The coefficient β_1 (the first full year of UNSC membership) is positive and significant, and the effect grows larger at β_2 (the second full year of membership). This timing aligns with the institutional setting: newly elected members join the Council in January of the year following their election, so we would expect effects to emerge in the first full calendar year of membership and potentially intensify in the second year as permanent members seek to cultivate support.

Third, the effect dissipates quickly once countries' UNSC terms end. By $h = 3$ (the first year after the two-year term concludes), the coefficient reverts to its baseline value and is no longer statistically significant. This rapid reversal provides evidence consistent with a causal interpretation. If the UNSC election results merely captured some other omitted factor (such as recipient countries' improving economic fundamentals or strengthening diplomatic relationships) that drives both UNSC selection and ECA financing, we would expect those factors to persist after the UNSC term ends. Instead, the spike-and-reversal pattern suggests that permanent members strategically increase ECA financing specifically during the period when recipients hold UNSC seats and can influence Council votes.

5.2.3 Interpretation

One important question is whether the ECA financing provided during UNSC terms represents actual resource transfers or merely relabeling of financing that would have occurred anyway. The fact that cumulative financing returns toward baseline levels after UNSC terms end suggests some degree of intertemporal substitution: permanent members accelerate ECA financing during UNSC membership and reduce it back to its baseline level afterward, rather than permanently increasing the total level of support. However, the *cumulative* amount of export credits extended during the UNSC term itself is positive and statistically significant. In addition, the coefficients after a country leaves the UNSC are not negative but rather close to zero, suggesting that geopolitical factors may result in genuine resource transfers that are not fully reverted.

The additional export credits extended when countries rotated onto the UNSC are also in excess of predicted trade flows, indicating that permanent members are not simply responding to expanded commercial opportunities with newly elected countries. Rather, they are providing ECA financing beyond what the natural level of bilateral commerce would justify, consistent with industrial policy serving as an explicit tool of diplomatic influence.

The UNSC effect is specifically about temporary increases in geopolitical value and may not generalize to the sustained alignments captured by UN voting similarity measures. However, the fact that even temporary and modest increases in diplomatic leverage elicit measurable ECA responses suggests that the effects of more durable alignments documented in Section 5.1 may be, if anything, larger. In that sense, the UNSC evidence may provide a lower bound on the importance of geopolitical considerations.

5.3 The Limits of Multilateral Cooperation

Having established that geopolitical considerations causally drive ECA allocation, we now ask whether multilateral institutions can discipline this behavior. We examine the role of the largest multilateral agreement on ECA activity, the OECD Arrangement on Officially Supported Export Credits. The Arrangement was established in 1978 as a non-binding “gentlemen’s agreement” to govern credit terms and to prevent a race to the bottom in ECA financing. As of 2025, 23 countries have adopted the Arrangement.²⁸ Major ECAs outside of the OECD Arrangement include China, India, and the Gulf states. [Table C.1](#) provides an overview of which ECAs are part of the Arrangement and the year they joined.

The Arrangement establishes a set of rules for setting the cost of ECA financing. These rules set a minimum risk premium by combining the OECD’s assessment of destination country risk along with additional risk factors including the credit rating of the recipient-country firm, the maturity of financing, and any additional insurance associated with the loan. The minimum risk premium is added to the risk-free rate for financing in a given currency, which is based on the government bond rate of the same maturity.

The OECD sets the creditor country risk classifications according to its Country Risk Assessment Model (CRAM) that produces risk scores ranging from zero (Insignificant Risk) to seven (Very High Risk) for all potential recipient countries. These scores consider factors including payment history, economic and institutional conditions, and governance. The scores are reviewed at least once annually for all countries, and additional meetings are triggered by major changes in a country’s risk profile. Historically, there have been four to five meetings a year.

If creditor countries strictly adhere to the OECD Arrangement, higher risk scores should reduce ECA financing flows, as the higher mandated risk premia raise the price of financing and make credits less attractive. We test whether this is the case—and whether geopolitical interests override these constraints—by estimating regressions of the form:

$$(4) \quad ECA \text{ financing}_{o,d,t} = \beta \text{ Risk score}_{d,t-1} + \mathbb{X}_{o,d,t} + \alpha_{o,d} + \delta_{d,t} + \epsilon_{o,d,t}$$

where $ECA \text{ financing}_{o,d,t}$ is the (log) value of ECA financing from creditor (origin) country o to recipient (destination) country d at time t . The variable $\text{Risk score}_{d,t-1}$ is the lagged value of the OECD’s risk classification for recipient country d , where higher values correspond to higher risk. As in [Section 5.1](#), we control for gravity-predicted trade flows in $\mathbb{X}_{o,d,t}$. Standard errors are clustered at the country-pair level.

[Table 2](#) presents the results. Column 1 shows that higher OECD risk scores predict significantly lower ECA financing flows (coefficient of -0.31 , significant at the 1% level) in the full panel containing all countries.

²⁸These include Australia, Canada, Japan, Republic of Korea, New Zealand, Norway, Switzerland, Turkey, the United Kingdom, the United States, and the European Union on behalf of its member states.

TABLE 2: OECD Risk Scores and Officially-Supported Export Credits

<i>Dependent variable</i>	Log(ECA _{<i>o,d,t</i>})		
	(1)	(2)	(3)
Risk score _{<i>(d,t-1)</i>}	-0.31*** (0.037)	0.075 (0.13)	-0.38*** (0.071)
Risk score _{<i>(d,t-1)</i>} × Arrangement _{<i>o</i>}		-0.44*** (0.14)	
Risk score _{<i>(d,t-1)</i>} × High geopolitical alignment _{<i>(o,d,t-1)</i>}			0.39** (0.16)
<i>Fixed Effects</i>			
Year	✓	—	—
Creditor _{<i>o</i>} × Recipient _{<i>d</i>}	✓	—	—
<i>Controls</i>			
Log($\widehat{Trade}_{(o,d,t-1)}$)	✓	—	—
<i>Interaction</i>			
Year × Arrangement _{<i>o</i>}	—	✓	—
Creditor _{<i>o</i>} × Recipient _{<i>d</i>} × Arrangement _{<i>o</i>}	—	✓	—
Log($\widehat{Trade}_{(o,d,t-1)}$) × Arrangement _{<i>o</i>}	—	✓	—
Year × High geopolitical alignment _{<i>o,d,t-1</i>}	—	—	✓
Creditor _{<i>o</i>} × Recipient _{<i>d</i>} × High geopolitical alignment _{<i>o,d,t-1</i>}	—	—	✓
Observations	22,608	22,608	22,153

Notes: This table reports estimates from regressions of ECA financing from creditor o to recipient d on the lagged OECD risk score of the recipient country. The estimated specification is $ECA\ financing_{o,d,t} = \beta Risk\ score_{d,t-1} + \mathbb{X}_{o,d,t} + \alpha_{o,d} + \delta_{d,t} + \epsilon_{o,d,t}$. Column (1) includes the lagged OECD risk score, creditor–recipient fixed effects, year fixed effects, and the log of predicted trade flows. $\widehat{Trade}_{(o,d,t-1)}$ is the predicted yearly trade flow between origin country o and destination country d using the gravity dataset from [Martin, Mayer and Thoenig \(2008\)](#). Column (2) interacts $Arrangement_o$ with the variables in column (1). Column (3) interacts the alignment indicator with the variables in column (1). Standard errors are clustered at the country pair level and are reported in the line below the point estimate in parenthesis. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

Column 2 asks whether this aggregated pattern masks differences between Arrangement and non-Arrangement countries. We interact the risk score with an indicator $\mathbb{I}(Arrangement)_o$ that takes the value one if the creditor is part of the Arrangement in a given year, and interact all fixed effects and control variables with this indicator to absorb any independent effect of Arrangement membership. The results reveal a sharp divergence. Arrangement countries strongly reduce ECA financing when the OECD risk score increases (the interaction coefficient is -0.44, significant at the 1% level). In contrast, non-Arrangement creditors, whose behavior is captured by the baseline coefficient for Risk score_{*d,t-1*}, show no statistically significant response (coefficient of 0.075). If anything, the positive coefficient suggests “crowding in”—an increase in financing to destinations where Arrangement ECAs have withdrawn due to a higher risk assessment.

Column 3 asks whether geopolitical alignment overrides these constraints. We create an indicator variable $\mathbb{I}\ High\ geopolitical\ alignment_{o,d,t-1}$ equal to one if the country pair falls in the top

quintile of UN voting similarity scores as introduced in Section 3.5, and interact all variables and fixed effects with this indicator. The results show that the negative link between OECD risk scores and ECA financing applies only to less geopolitically aligned country pairs. For the bottom four quintiles of geopolitical alignment, the coefficient on $\text{Risk score}_{d,t-1}$ is -0.38 (significant at 1%). However, for the top tercile, the total effect becomes statistically indistinguishable from zero (the sum of the baseline and interaction coefficients is $-0.38 + 0.39 = 0.01$). When recipients are highly geopolitically aligned, the OECD risk score is no longer associated with less ECA financing.

To study the dynamics of this relationship, we estimate local projections of the following form:

$$(5) \quad \log(ECA_{o,d,t+h}) - \log(ECA_{o,d,t}) = \beta^h \Delta \text{Risk Score}_{o,d,t} + \mathbb{X}_{o,d,t} + \alpha_{o,d} + \delta_t + \epsilon_{o,d,t}$$

for $h \in [-2, \dots, +4]$, where $\Delta \text{Risk Score}_{o,d,t}$ is the first difference between t and $t - 2$ and β^h captures the cumulative effect of a change in OECD risk score on ECA financing relative to period t .

Figure 9 shows the results. We report the average relation between export credits and OECD risk scores for the whole sample as well as separate effects for aligned and non-aligned recipients. Two points are noteworthy. First, the figure shows parallel pre-trends: ECA financing evolves identically across aligned and non-aligned recipients prior to changes in the OECD risk score (periods -2 to 0). This supports a causal interpretation of the OECD score's effect on financing decisions.

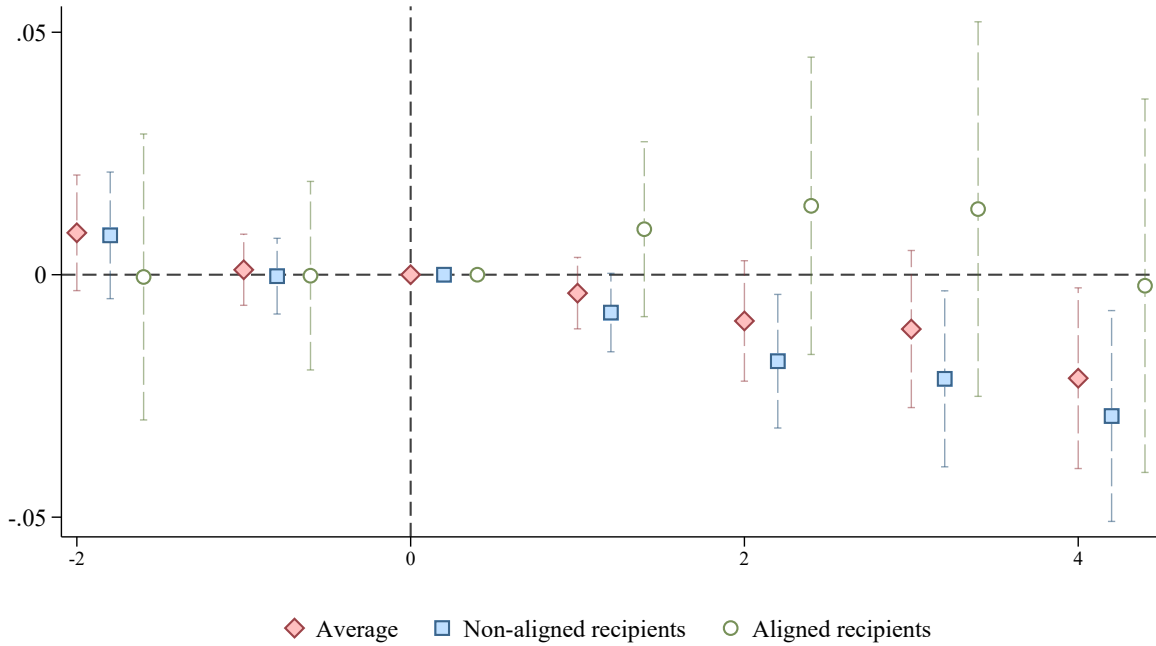
Second, the decline in ECA financing following risk score increases is entirely concentrated among non-aligned recipients. For geopolitically aligned recipients, ECA financing remains stable despite increases in OECD risk scores.

Taken together, these results suggest that multilateral agreements can effectively constrain competition in industrial policy, at least in the case of export credits. The Arrangement appears to have "bite" for member countries, in that its risk scoring prevents undercutting by other countries. However, these constraints break down when geopolitical interests are at stake. Even in the context of a decades-long multilateral arrangement, creditors continue financing geopolitically aligned recipients despite official risk assessments that should otherwise curtail such flows.

5.4 Geopolitical Fragmentation in Export Credits

The preceding analysis has established, through complementary approaches, that geopolitical considerations substantially shape ECA allocation: systematic correlations between UN voting similarity and ECA flows, causal identification from quasi-random UNSC elections, and evidence that even formal multilateral commitments are overridden when bilateral geopolitical ties are strong. We now examine whether this geopolitical orientation has intensified over time, asking whether the share of ECA financing directed to geopolitically aligned countries has increased, creating distinct Western and non-Western financing blocs. If ECAs are increasingly used as tools of economic statecraft, we would expect growing concentration of export credit flows toward geopo-

FIGURE 9: ECAs, Country Risk Shocks, and Geopolitical Alignment



Notes: This figure shows the relation between bilateral geopolitical alignment and the supply of ECA financing from country o to country d over the period 1962–2022. The coefficients are obtained from estimating the local projection: $\log(ECA_{o,d,t+h}) - \log(ECA_{o,d,t}) = \beta^h \Delta Risk Score_{o,d,t} + \mathbb{X}_{o,d,t} + \alpha_{o,d} + \delta_t + \epsilon_{o,d,t}$, for $h \in [-2, \dots, +4]$. Standard errors are clustered by country pairs and ECA is the cumulative amount of ECA financing up to t .

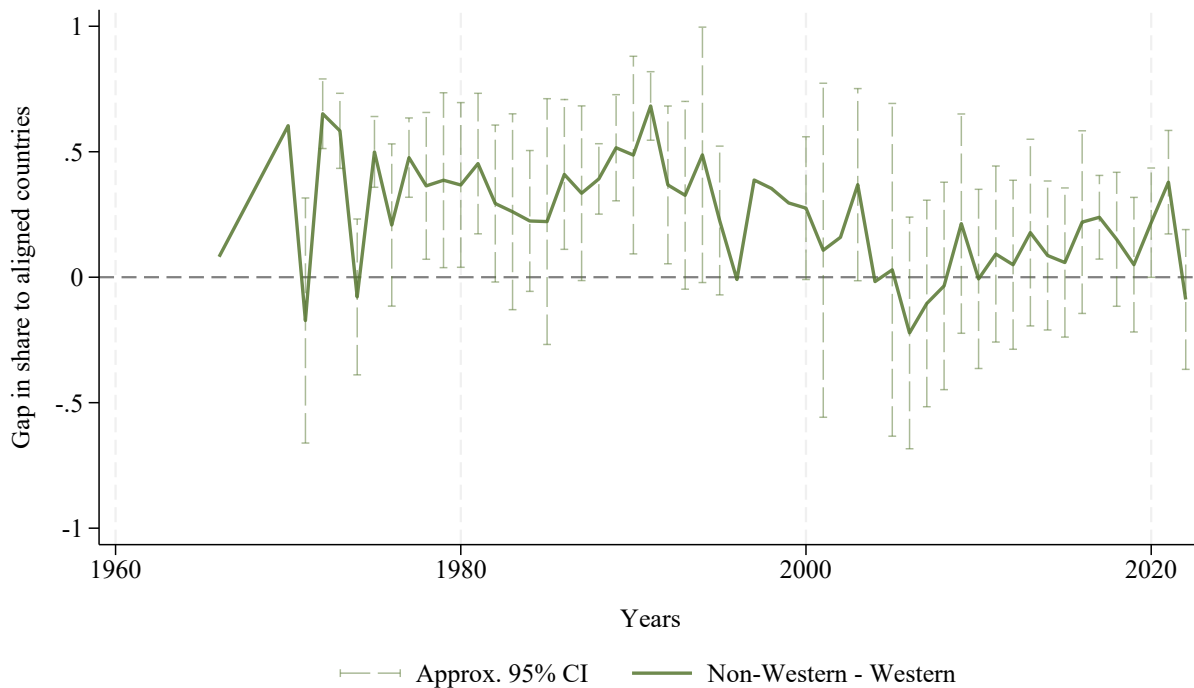
lity aligned partners, or “geopolitical fragmentation.”

To investigate this possibility, we measure the evolution of ECA financing allocation across destination countries over time. Our approach is straightforward: every year, we compute the median value of geopolitical alignment between each creditor and the set of potential recipients using the UN voting similarity score, and create a dummy $\mathbb{I} Allies_{o,d,t}$ that takes the value one if the creditor-recipient pair is above the median. We then compute for each creditor the share of ECA financing that the creditor country allocates to ally-recipients vs. not. Formally, we define $Share ECA Allies_{o,t} = \sum_{d \in o} \mathbb{I} Allies_{o,d,t} \times ECA financing_{o,d,t}$. An increase in this share over time would indicate growing concentration of ECAs toward geopolitically aligned partners.

Figure 10 plots the gap between non-Western and Western creditors in the average share of ECA financing directed to close geopolitical allies, together with approximate 95% confidence intervals. The figure shows that non-Western creditors have historically allocated a much larger share of their ECA financing to close geopolitical allies than Western creditors: through the mid-1990s, the gap amounts to roughly 20–50 percentage points in most years, consistent with the cross-sectional patterns documented in Section 5.1. The gap has narrowed markedly over time: it declines over the sample period, particularly after 2000, and is statistically indistinguishable from zero in many recent years.²⁹

²⁹In the underlying data, this convergence is driven by Western creditors. During the 1960s and 1970s, Western

FIGURE 10: Geopolitical Alignment and Export Credit Flows Over Time



Notes: This figure plots the share of total ECA financing directed to recipients most closely aligned with each creditor. For each year, creditor–recipient pairs are ranked by their UN voting alignment score, and recipients with scores above the median are classified as “allies.” For every creditor–year, we compute the share of ECA financing allocated to allies. We then average these shares within the non-Western and Western creditor groups and plot the difference between the two group means (non-Western minus Western), along with approximate 95% confidence intervals. ECA suppliers are split between “Western” and “non-Western,” where “Western” countries are the ones with a UN ideal point score that reflect countries sharing positions close to a U.S.-led liberal order (Bailey et al., 2017)). “Non-Western” countries are: China, India, Kuwait, Qatar, Saudi Arabia, Turkey and United Arab Emirates. “Western” countries are: Australia, Austria, Belgium, Canada, Czechia, Denmark, Finland, France, Germany, Greece, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Slovenia, Spain, Switzerland, United Kingdom and the United States.

These trends are robust to many additional ways of measuring alliances. Appendix [Figure E.8](#) shows that the same qualitative patterns emerge when we use the top tercile or quartile rather than the top median to define close allies. Similarly, Appendix [Figure E.9](#) shows that using a time-invariant definition of geopolitical alignment (based on average UN voting similarity over the entire sample period) produces similar trends, suggesting the patterns are not driven by short-term fluctuations in voting alignment.

This rising trend for Western creditors is consistent with several institutional developments. Geopolitical objectives have increasingly been written into ECA mandates explicitly. The 2019 legislation creating the US EXIM Bank’s China and Transformational Exports Program, for example, directs the agency to “directly neutralize export subsidies for competing goods and services financed by official export credit, tied aid, or blended financing provided by the People’s Repub-

creditors allocated only 30-40% of their ECA financing to close geopolitical allies, consistent with the cross-sectional evidence that Western ECAs flow substantially to geopolitically distant countries. This share has trended upward over the entire sample period, reaching 50% to 60% by the late 2010s and early 2020s, a substantial increase that brings Western allocation patterns close to those of non-Western creditors.

lic of China,” and reserves at least 20% of EXIM’s total financing authority for this purpose (US Congress, 2019). Similarly, the modernization of the OECD Arrangement in 2023–2024 was motivated in part by the “increasingly competitive landscape coming from non-OECD Participants (e.g., the People’s Republic of China)” (EXIM, 2023). EXIM’s annual report to the US Congress likewise notes that during 2023, “many, if not most, ECAs moved away from their traditional role as ‘lender of last resort’ and evolved to become proactive, export creators used by their national governments to provide a variety of programs in pursuit of national interest objectives” (EXIM, 2024). The time-series evidence in Figure 10 suggests this shift began well before these institutional changes, but has accelerated with US-China rivalry.

These trends connect to broader concerns about economic fragmentation documented in recent research (Ahn et al., 2023; Gopinath, Gourinchas, Presbitero and Topalova, 2025). Unlike trade flows, which are at least partially market-determined, ECAs represent explicit government interventions in cross-border finance. Their growing concentration within geopolitical blocs thus reflects deliberate policy choices that could amplify the fragmentation of global trade and investment flows along geopolitical lines. Moreover, the fact that this polarization has developed over decades—well before the recent intensification of US-China rivalry or Russia’s invasion of Ukraine—suggests a structural trend in how governments use industrial policy internationally, one that contemporary tensions are reinforcing rather than creating.

6. CONCLUSION

The current policy debate on economic statecraft has focused primarily on tariffs and sanctions as tools of geopolitical competition. This paper shows that this focus is incomplete. Trade financing is a market of over \$3.3 trillion, backing approximately 14% of world trade, and government-directed export credits play a critical role. Many developing economies depend on the industrial policies of richer countries to finance much of their external borrowing and imports. Using newly assembled data that provide the first comprehensive picture of this market, we document that geopolitical considerations substantially shape how resources are allocated across countries.

The evidence we present is consistent across multiple empirical approaches. Geopolitical alignment, measured through UN voting similarity, predicts bilateral export credit flows both in the cross-section and within country pairs over time. Quasi-random variation from UN Security Council elections establishes that this relationship is causal: permanent members increase ECA financing to countries during their temporary Council tenure, and the effect dissipates once their terms end. Even the OECD Arrangement—the principal multilateral framework designed to discipline export credit competition—loses its constraining force when bilateral geopolitical ties are strong. These patterns have intensified over time, with Western creditors increasingly concentrating their ECA financing on geopolitical allies, converging toward the allocation patterns long exhibited by non-Western creditors such as China.

These findings have important implications for developing countries in particular. For the world's poorest economies, export credits represent the dominant form of cross-border borrowing, and China accounts for nearly all medium- and long-term credit to this group. The allocation of these resources—which we show is substantially driven by geopolitical alignment—therefore has direct consequences for the financing conditions, debt sustainability, and development prospects of the countries that depend on them most.

Our analysis does not speak to whether geopolitically motivated export credits are welfare-improving or welfare-reducing. Overcoming uninsurable political risk is a key rationale for government-backed trade finance, and export credits may be economically efficient insofar as they address genuine frictions in private markets. Whether the geopolitical component of ECA allocation distorts or complements this function remains an open question.

Several avenues for future work follow from our analysis. First, our newly assembled bilateral data on export credits could serve as a foundation for studying many questions in international finance and political economy, including the interaction between official and private cross-border lending, the role of export credits in sovereign debt dynamics, and the effects of creditor competition on borrowing terms. Second, while we document that geopolitical considerations shape the allocation of export credits, an important question is whether this allocation achieves its intended diplomatic or security objectives—or whether, as with other forms of economic statecraft, the geopolitical returns are smaller than policymakers assume. Third, the growing fragmentation of export credit markets along geopolitical lines raises questions about the future of multilateral cooperation in industrial policy more broadly: if the constraints of arrangements like the OECD's are undermined by strategic competition, what institutional designs might prove more durable?

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ONLINE APPENDIX

“THE GEOPOLITICS OF INDUSTRIAL POLICY: EVIDENCE FROM EXPORT CREDITS”

June 2026

A. DATA CONSTRUCTION

We draw on 12 datasets to understand global competition in export credits: (1) the OECD Development Assistance Committee (DAC) Database, (2) World Bank Joint External Debt Hub, (3) Historical Berne Union Yearbooks, (4) Historical OECD reports on external debt, (5) International Credit Insurance & Surety Association (ICISA), (6) AidData, (7) U.S. Export-Import Bank (EXIM), (8) Various reports from other Export Credit Agencies, (9) United Nations General Assembly Voting Data, (10) BIS Locational Banking Statistics, (11) World Bank data on exports, imports, and income levels, and (12) bilateral trade data from Comtrade. We describe these sources in turn.

A.1 Export Credits

A.1.1 OECD Development Assistance Committee (DAC)

The Organization for Economic Cooperation and Development (OECD) provides several datasets that measure aid (Official Development Assistance, ODA) and Other Official Flows (OOF). OOF also includes official export credits. These data are critical for our empirical exercise for two reasons. First, they allow us to estimate the overall size of the global export credit market. Second, by combining several sources, they allow us to estimate *bilateral* export credit flows.

DAC1. This dataset offers aggregated data on ODA, OOF, and contributions from non-governmental organizations (NGOs) or philanthropic foundations, categorized by provider. The DAC1 data only contains donor-level aggregate figures for export credits. However, it provides a detailed breakdown into officially-provided direct export credits, guaranteed or insured export credits, and debt relief on export credits.

Official flows. This dataset compiles the bilateral sum of ODA and OOF for 1960–2023, representing the total (gross or net) disbursements by official donors (or creditors) to a recipient country. ODA refers to government aid, typically characterized by concessional financial terms. In contrast, OOF encompasses official sector transactions that do not meet ODA criteria. It thus includes grants for commercial purposes and loans with a grant element of less than 25%. OOF thus also includes official export credits directly provided by export credit agencies.¹

¹Since the OECD DAC data has largely been used to study aid, countries are classified as “donors” or “recipients.” In what follows, we use these terms interchangeably with “creditors” and “borrowers”, respectively, when we discuss

DAC2B. This separate dataset reports information on OOF and official export credits, covering 1960–2020. However, it does *not* provide bilateral data by creditor and recipient country, including on export credits. Instead, it aggregates information at the creditor-group and recipient-group levels, such as “Donor - Asia, Total” or “Official Donors, Total → Angola.”

Creditor Reporting System (CRS). The CRS provides granular, project-level information on individual aid projects and programs for the period 1960–2023. Importantly, it reports *bilateral* project-level flow data for OOF *excluding* export credits. It also covers the categories ODA Grants, ODA Loans, Private Development Finance, and Equity Investments.

Additional historical estimates. We obtain additional historical estimates for the years 1956 to 1968 from an IMF staff paper published in 1970 ([International Monetary Fund, 1970](#)). These data technically measure *net* changes in insured credits by DAC members, not *gross* flows. The overlapping data with the official OECD statistics, however, are larger, so they may still be a reasonable approximation of overall officially-supported export credit activity at the time.

A.1.2 Joint External Debt Hub

The Joint External Debt Hub (JEDH) is a collaborative initiative developed by the BIS, the International Monetary Fund (IMF), the OECD, and the World Bank (WB). It consolidates external debt data and selected foreign assets from international creditor and market sources. The JEDH provides data on a country’s total insured export credit exposure (i.e., its export credit liabilities) based on information provided by the Berne Union, a leading global association for the export credit and investment insurance industry. The Berne Union provides time series on short-term and overall export credit liabilities for the period from 2005 to 2023.

A.1.3 Historical Berne Union Yearbooks

To track the size of the global export credit market before 2005, we manually digitized data from historical editions of the Berne Union Yearbook. These data contain the total amount of export credit extended by Berne Union members, which covers most of the leading private and official (public) export credit providers. These data provide a breakdown of the global market for export credit by maturity (short-term vs. medium- to long-term) and provider type (private vs. official).

The oldest Yearbook we could identify was the 1998 edition. Because the data are subject to (usually minor) revisions, we always prioritized newer versions when constructing time series. In total, these data cover the period 1982–2006, and thus overlaps with the Berne Union data reported in the JEDH. Figure [D.3](#) shows that the overlapping data are similar.

financial flows other than aid.

A.1.4 Historical OECD Reports

To validate the data on total outstanding export credit claims, we also draw on data from a historical OECD compilation called *External Debt Statistics*, in particular the 1998–2002 edition and the 2000 *Historical Data* supplement (covering 1988–1998). Among others, these data provide a breakdown of official and officially guaranteed export credits extended by OECD countries as well as short-term export credits for 172 countries, covering the time period 1988 to 2002. The series ends in 2002: the OECD published *External Debt Statistics* annually from 1984, but the last edition we could locate covers data only through that year. Reporting of this kind subsequently moved to the Joint External Debt Hub. Around 2005, however, the OECD suspended its compilation of export credit (and bilateral loan) data for lack of resources; bilateral loans were later resumed, while export credits were not.² This is one source of the gap in outstanding export credit data between the end of the OECD reports in 2002 and the start of Berne Union reporting in the JEDH in 2005.

A.1.5 International Credit Insurance & Surety Association (ICISA)

We also obtained data on global export credit exposures from the ICISA, another association of private and public export credit providers, which provides these statistics on its website. The members of ICISA largely overlap with those of the Berne Union. As a result, the overall market size estimates in Figure D.3 look similar to that using Berne Union data.

A.1.6 AidData

To measure bilateral export credits provided by China and India, who do not report to the OECD, we use AidData, which is part of the Global Research Institute at William & Mary. For comparisons with the OECD data, we focus on medium- and long-term loans and restrict the sample based on a loan maturity of more than a year.

Chinese data To measure export credits extended by the Chinese ECAs, we use the recent China’s Global Loans and Grants Dataset (CGLG), Version 1.0, which builds on earlier releases such as AidData’s Geospatial Global Chinese Development Finance Dataset (GGCDF), Version 3.0. These datasets contain granular transaction-level information on official development flows and, importantly for our study, export credits.

We carefully investigated potential differences between the CGLG and GGCDF datasets and found them to be broadly similar, with the exception of the newer CGLG being somewhat more comprehensive in coverage. The CGLG has one main conceptual extension in its categorization of official flows, which is the addition of “Official Flows to Ineligible Countries” (OFIC), capturing non-ODA official finance to ODA-ineligible (typically high-income) recipients. However, when

²This suspension is documented in the 2006 progress report of the Inter-Agency Task Force on Finance Statistics ([Inter-Agency Task Force on Finance Statistics, 2006](#)).

treated as part of Other Official Flows (OOF), our calculations suggest that the resulting estimates of export credit flows in the datasets are highly similar. We thus prefer the more comprehensive CGLG dataset and use it for our analysis.

The Chinese data covers the period from 2000–2023 and 217 recipient nations. To identify export credit transactions, we follow three steps.

1. **Identify disbursed loans:** We only keep records that are recommended for aggregation or flagged as umbrella projects. This excludes all canceled or suspended projects, and projects that never reached the formal approval stage.
2. **Identify ECA involvement:** A transaction is classified as potential export credit if China’s Export-Import Bank or Sinosure appear anywhere in the project’s financing structure, either among the funding agencies, insurance provider or guarantor.
3. **Identify non-aid transactions:** We construct three measures of export credit based on different subsets of transactions, which we refer to as “narrow”, “baseline”, and “broad” definitions.
 - *Baseline definition:* Count as export credits all transactions identified as “Other Official Flows” (OOF) as their flow class.
 - *Narrow definition:* Count as export credits all transactions that are explicitly designated as “ExportBuyersCredit” or “SuppliersCreditExportSeller.”
 - *Broad definition:* Count as export credits all non-ODA official flows, which includes transactions classified as “Vague (ODA or OOF)” as their flow class.

In practice, the three resulting measures are highly correlated. When aggregated to the recipient country-year panel, the correlation coefficient calculated of the baseline definition with the narrow and broad definitions is 0.97 and 0.98, respectively.

Indian data We also obtain data on export credits provided by Indian ECAs from the Indian Development Finance Dataset, Version 1.0. This dataset only covers 169 recipient countries for the period 2007 and 2014. We classify as export credit any transaction with involvement from the Export-Import Bank of India.

[ZS: Is the Indian data definition is the same as the China Aid data now?]

A.1.7 U.S. EXIM Bank

Loan-level data We use comprehensive records of EXIM-backed transactions from 2007 to 2022, obtained through a FOIA request (Matray, Müller, Xu and Kabir, 2024). These records contain information both on direct loans by the U.S. EXIM Bank and loans for which it provides guarantees

or insurance. Importantly, these data also contain the precise date of each transaction and the country of the recipient. For our analysis, we aggregate the data at the recipient-year level and use the disbursed amounts as a measure of official export credit.

Competitiveness Report The U.S. EXIM Bank’s Competitiveness Report (formally called Report to the U.S. Congress on Global Export Credit Competition) is an annual report published by EXIM comparing its export credit and trade finance offerings to those of other official export credit agencies (ECAs) around the world. It contains estimates on the overall amount of medium- to long-term (MLT) credit provided by all leading ECAs, which EXIM obtains mainly through surveys but also independent estimates. We obtained a time series of these estimates for 2015 to 2024 from the 2024 edition of the Competitiveness Report. Moreover, we repeat the same exercise for all the reports since 2000, allowing us to capture data on MLT credit since 1990. Notably, the Chinese ECAs—the Export-Import Bank of China and Sinosure—do not directly provide the U.S. EXIM with data, so their activity is estimated.

“EXIM’s ‘bilateral template’ that its foreign counterparts voluntarily provide is the primary source for most of the quantitative data presented in this report. Acknowledging that, in the past decade, many OECD Arrangement Participants have shifted to providing more medium- and long-term (MLT) trade-related support outside the scope of the Arrangement, while many non-Participants to the OECD Arrangement have ramped up MLT export credit support, EXIM routinely modifies the bilateral template to better capture new program offerings.”

— EXIM Competitiveness Report (2024)

A.1.8 Other Export Credit Agencies

For some aggregate numbers, we rely on data digitized from the Export Credit Agencies (ECAs) of India and China. Specifically, we obtain data on the total export credits extended or guaranteed by the Export-Import Bank of India, in addition we use the US-EXIM annual competitiveness report to construct total medium- to long-term credit by all major ECAs.

A.2 Geopolitical Distance

United Nations General Assembly Voting Data To measure geopolitical relations, we use data on voting records in the United Nations General Assembly (UNGA). [Voeten, Strezhnev and Bailey \(2009\)](#) compile roll-call votes from the UNGA sessions 1 through 78, spanning the years 1946 to 2023. This dataset provides a comprehensive record of voting behavior, encompassing the majority of votes that typically occur during the fall sessions, as well as an increasing number of votes held in the spring in recent years.

We derive the **S score** measure to quantify the geopolitical alignment between two countries

in a given year, introduced by [Signorino and Ritter \(1999\)](#) in their study of dyadic relationships. The S score is a Euclidean distance measure that captures the degree of voting similarity between every dyad (pair of countries), calculated as follows:

$$S_{ab} = 1 - \frac{\sum_{v=1}^V |Y_{av} - Y_{bv}|}{V},$$

where V denotes the total number of votes, a and b represent two countries, and Y refers to the voting choice, which can take one of three values: **yea** ($Y = 1$), **abstain** ($Y = 2$), and **nay** ($Y = 3$). The formula computes the normalized distance between two countries' voting records, with the S score ranging from 1 (perfect agreement on all votes) to -1 (complete disagreement on all votes).

The measures above have been widely used in existing studies of geopolitical alignment and trade (e.g., [Kleinman, Liu and Redding, 2024](#)). As noted by [Bailey, Strezhnev and Voeten \(2017\)](#), measures based on the dyadic similarity of vote choices fail to account for the heterogeneity in the resolutions being voted on. This limitation may lead to the misattribution of changes in the UN agenda as changes in state preferences.

To address this issue, we employ a second measure based on the “ideal points” estimated by [Bailey, Strezhnev and Voeten \(2017\)](#), who utilize spatial voting models from the roll-call literature to estimate each country's political preferences as reflected in their UN voting behavior. The result is a time-varying, one-dimensional measure ranging approximately from -2 to 2 , capturing a country's position relative to the U.S.-led liberal international order. Higher values indicate greater alignment with Western positions (e.g., the United States and EU member states), while lower values indicate positions closer to counter-hegemonic states (e.g., North Korea, Iran, and Syria). Using the publicly available ideal point estimates (updated in 2024), we construct our measure of bilateral political distance, which we refer to as the **ideal point distance**, by calculating the absolute difference between the ideal points of countries i and j in year t :

$$\text{IdealPointDistance}_{ijt} = |IP_{it} - IP_{jt}|,$$

where IP_{it} denotes the ideal point of country i in year t . A larger ideal point distance indicates greater divergence in geopolitical positions between two countries.

A.3 Cross-Border Loan Debt

The Locational Banking Statistics (LBS) collected by the Bank for International Settlements (BIS) provide detailed data on international banking activities. These statistics measure the outstanding claims and liabilities in over 200 countries by globally active banks reporting to the BIS. We use these data to measure the total amount of outstanding cross-border claims BIS-reporting banks have on a country, a proxy for its cross-border loan debt. This allows us to analyze how much export credit contributes to cross-border lending.

A.4 Macroeconomic Data

We obtain data on imports, exports, and GDP per capita from the Global Macro Database (Müller, Xu, Lehib and Chen, 2025). The classification of income levels is taken from the World Bank’s World Development Indicators.

A.5 Comtrade Bilateral Trade Data

The UN Comtrade Database provides bilateral international trade statistics and is maintained by the United Nations Statistics Division. It provides detailed data from over 170 countries on imports and exports by product and trading partner, which are reported using the standardized Harmonized System (HS) and SITC classifications.

B. ESTIMATING BILATERAL EXPORT CREDIT FLOWS

Under the statistical protocols of the OECD Development Assistance Committee (DAC), official supported export credits information submitted by national ECAs is classified as confidential (OECD, Development Assistance Committee, DAC). Consequently, while the OECD disseminates granular, transaction-level data for Official Development Assistance (ODA) through the Creditor Reporting System (CRS), export credit data are publicly released only in regionally aggregated formats via the DAC2B: Other official flows (OOF) and export credits dataset. For instance, a researcher can observe the total volume of export credits extended by the United States to “South of Sahara,” but the specific volume extended to Nigeria or Kenya remains suppressed.

To overcome this data limitation and construct a panel of bilateral export credit disbursements, we use a careful approach based on the accounting identities intrinsic to the OECD’s statistics. The logic is simple. The aggregate bilateral Gross Official Flows are publicly available. For three out of four components—ODA, Private Sector Instruments (PSI), and Other Official Flows (OOF) *excluding* export credits—the CRS transaction-level data allows us to estimate bilateral flows. As a result of these reporting, it is possible to derive export credits as the residual of Gross Official Flows and the sum of the non-export credit components.

According to the Converged Statistical Reporting Directives (OECD, Development Assistance Committee, DAC), total official flows to developing countries can be decomposed into four mutually exclusive sub-categories. Let F_{ijt} denote Gross Total Official Flows from donor i to recipient j in year t . This aggregate is defined by:

$$(B.1) \quad F_{ijt} \equiv ODA_{ijt} + OOF_{ijt}^{\text{non-EC}} + EC_{ijt} + PSI_{ijt}$$

where ODA denotes Official Development Assistance, $OOF^{\text{non-EC}}$ denotes Other Official Flows excluding export credits, EC denotes Officially Supported Export Credits (comprising both direct

official credits and officially guaranteed private credits), and PSI denotes Private Sector Instruments. Rearranging, bilateral export credits can be derived as a residual:

$$(B.2) \quad EC_{ijt} = F_{ijt} - ODA_{ijt} - OOF_{ijt}^{\text{non-EC}} - PSI_{ijt}$$

We obtain bilateral Gross Official Flows (F_{ijt}) from the OECD Data Explorer dataflow DSD_DAC2@DF_OFFICIAL, which provides data extending back to 1960. We use Gross Disbursements rather than Net Flows; the latter subtract principal repayments, which makes it unclear whether zero net flows represent no new lending or a high degree of repayments. Since we are interested in the determinants of newly extended export credits, we thus focus on Gross Disbursements.

For the components we end up subtracting, we draw on the OECD Creditor Reporting System (CRS), which provides transaction-level bilateral data with granular metadata including flow type and disbursement amounts. While the Converged Statistical Reporting Directives (OECD, Development Assistance Committee, DAC) confirms that bilateral export credit records exist within the Secretariat's CRS database (Flow Code 22), the publicly disseminated version suppresses this information.

A naïve application of the residual equation to pre-2009 CRS data produces systematically biased estimates, reflecting the historical evolution of OECD reporting practices. Prior to 2009, the DAC maintained what was effectively a dual-track reporting system: on the one hand, members submitted pre-aggregated annual totals through the DAC Questionnaire (e.g., DAC1, DAC2A, DAC2B), a process the Directives describe as separate from CRS reporting—*“aggregates... reported in the CRS should be equal to, included in, or related in a known way to the corresponding annual aggregates reported in the DAC Questionnaire”*. On the other hand, countries reported transaction-level activity data to the CRS, which the OECD explicitly characterizes as *“supplementing the information collected at the aggregate level in the annual DAC statistics”*. The Directives further underline that *“the links between the CRS and the DAC allow the two reporting systems to supplement and reinforce one another”*—a formulation that confirms their status as parallel, not integrated, systems during this period (OECD, Development Assistance Committee, DAC).

However, during the period in question, reporting to the CRS was neither fully comprehensive nor uniformly mandatory across all flow types, resulting in coverage gaps relative to the DAC aggregates. The Reporting Directives for the Creditor Reporting System (OECD, Development Assistance Committee, DAC) explicitly notes that the CRS “coverage ratio” often varies and that low coverage means the data *“may not present a balanced picture”* of members' aid. Technical co-operation was a major source of incompleteness: because such activities could involve thousands of small transactions, members *“may not be able to compile data on all individual technical co-operation activities,”* and OECD therefore allowed semi-aggregate reporting in place of item-level submissions. Additional categories—such as some multilateral-executed activities and some type of OOF flows—were also reported on a voluntary basis. As a result, DAC aggregate tables functioned as the more complete benchmark, with CRS data requiring comparison against DAC figures to assess

and correct for missing coverage.

Beginning in 2009–2010, the OECD thus implemented the Converged Statistical Reporting (OECD, Development Assistance Committee, DAC). The aggregate statistics are now derived algorithmically from CRS microdata (bottom-up aggregation), and comprehensive reporting became mandatory. This change of reporting standards matters for our calculations, because it would lead us to overestimate export credit flows. To be precise, if F_{ijt} is based on comprehensive aggregate reporting but the subcomponents ODA, $OOF^{\text{non-EC}}$, and PSI are derived from incomplete CRS data, we will subtract too little, producing systematic overestimation of export credits in the pre-2009 period.

To mitigate this bias, we substitute the CRS-derived ODA with official bilateral ODA figures from DAC2A: Aid (ODA) disbursements to countries and region. Unlike other flow categories, bilateral ODA is fully disclosed in DAC publications. Crucially, the DAC2A series was historically collected through the Aggregate Stream, capturing the universe of ODA transactions. Specifically, we use “Memo: ODA Total, Gross Disbursements.”

We thus estimate export credits based on the following equation:

$$(B.3) \quad \widehat{EC}_{ijt} = F_{ijt}^{\text{DAC}} - ODA_{ijt}^{\text{DAC2a}} - OOF_{ijt}^{\text{CRS}} - PSI_{ijt}^{\text{CRS}}$$

This substitution eliminates mechanical overstatement of export credits due to the “ODA gap” between the data reported in the DAC2A and CRS datasets.

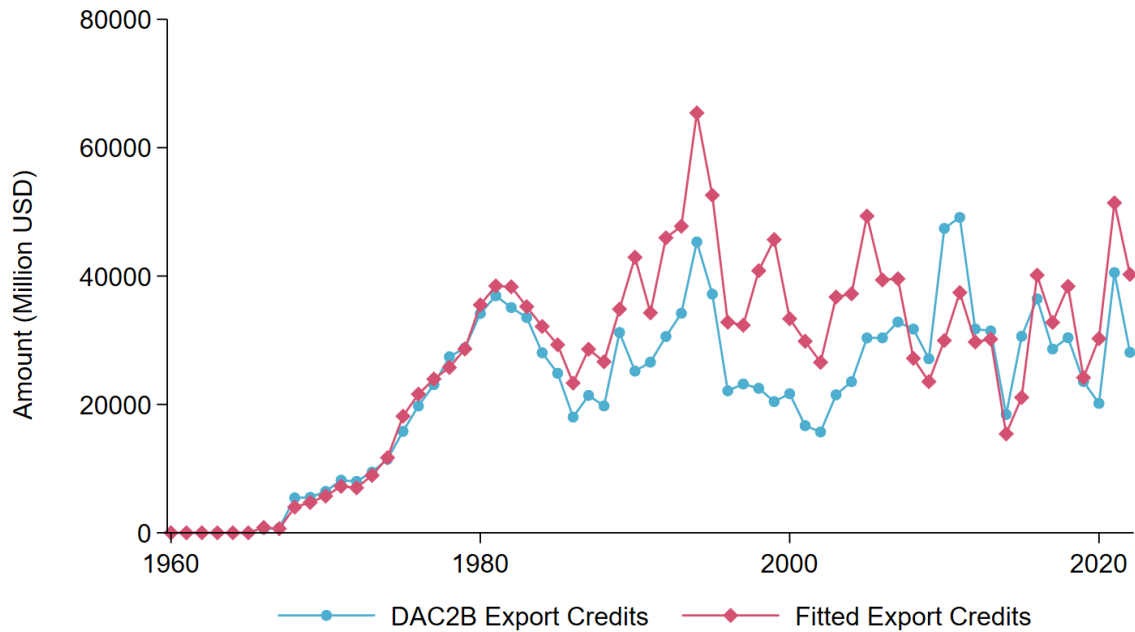
Note that there is potential remaining residual measurement error for OOF if such transactions were unreported in the CRS dataset before 2009. However, non-export credit OOF was negligible for most donors during 1960–1990, and as our validation exercise below demonstrates, any such errors would have to be minimal during this period and disappear completely after 2010.

We validate our constructed series by aggregating bilateral estimates and comparing them against the official published regional figures in the DAC2b dataset. Figure B.1 presents a time series comparison of aggregate volumes, which suggests three distinctive time periods. During 1960–1990, our estimates track official aggregates with high precision. The reason is that non-export credit OOF was negligible, such that any measurement error in the CRS is minimal. During 1990–2009, a gap emerges where our estimates slightly exceed the DAC2b figures, coinciding with diversification of OOF instruments captured in aggregate tables but lagging in CRS entry. Post-2010, the gap disappears as the OECD’s Converged Directives render the aggregate equivalent to the sum of CRS components.

Figure B.2 presents binned scatter plots at the donor-year and recipient-year levels. These are again derived by summing our estimated bilateral export credit flows and comparing them with the officially reported numbers from the DAC2b dataset. We find that our imputed values are almost perfectly correlated with the donor-year or recipient-year aggregates.

Note that our series can sometimes contain negative values for certain observations, despite

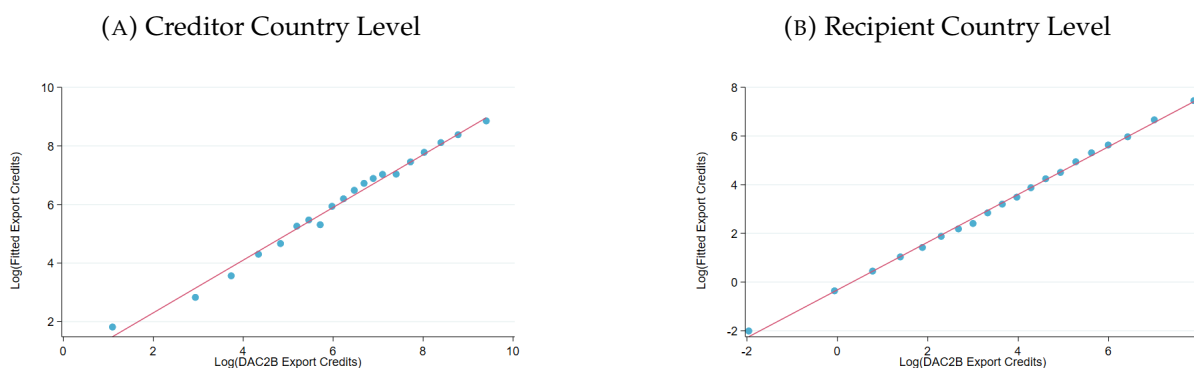
FIGURE B.1: Global Trends – DAC2B VS Our Estimated Export Credit Flows



Notes: This figure plots the total estimated export credit flows, estimated using our methodology above, against the aggregate data from the OECD DAC2B database.

our focus on gross flows. These are *not* artefacts of our estimation procedure but rather reflect OECD reporting conventions: cancellations of commitments made in previous years are recorded as negative entries in the current year rather than retroactive amendments to historical data (OECD, Development Assistance Committee, DAC). The DAC2b regional aggregates similarly contain negative values, confirming that our negative estimates simply reflect the OECD's statistical guidelines.

FIGURE B.2: Validation – Comparing Estimated Export Credit Flows With Official Data



Notes: These figures plot the total estimated export credit flows, estimated using our methodology as explained above, against the officially reported aggregate data from the OECD DAC2B database. Panel (A) compares the totals by creditor country, and Panel (b) by recipient countries. The negative values are truncated at 0. Both DAC2B Export Credit and our estimated Export Credit are in log with +1 inside.

C. ADDITIONAL INSTITUTIONAL CONTEXT

C.1 Export Credit Agencies

Institutional Forms. ECAs are partially or fully public entities that operate on commercial principles. The extent of state involvement typically reflects whether risks are carried on the ECA's own balance sheet or formally on the government's account, the degree of political oversight in credit and guarantee decisions, and the scope of statutory mandates (e.g., focus on climate-friendly initiatives or small business).

We outline below the different models for state involvement:

- **Government agency model:** ECAs operating within a ministry or as independent government agencies (e.g., the U.S. Export-Import Bank, UK Export Finance).
- **State-owned corporate model:** Legally independent, government-owned corporations operating under commercial law, often with explicit state backing for liabilities (e.g., SACE in Italy, SERV in Switzerland).
- **Hybrid public-private models:** Systems in which private insurers or financial institutions administer export credit guarantees on behalf of the state, while ultimate risk remains with the government (e.g., Germany's Hermes system, the Netherlands' Atradius DSB).
- **Development or export bank model:** Institutions that combine export credit functions with broader development banking roles, providing both insurance and direct lending (e.g., KEXIM in Korea, Bancomext in Mexico, JBIC in Japan).

OECD Arrangement. The OECD Arrangement regulates the core dimensions of export credit operations by setting the following:

- **Pricing rules:** minimum interest rates through the Commercial Interest Reference Rate (CIRR) system, differentiated by currency and maturity.
- **Repayment terms:** limits on maximum repayment periods and requirements on front-end fees, premia, and risk classification.
- **Risk categories:** standardized country risk classifications that help harmonize premium structures across ECAs.
- **Concessionality rules:** restrictions on tied and mixed credits, including minimum grant element requirements for poorer countries and non-commercial projects.

Historical use of ECAs for geopolitical purposes. The US EXIM Bank, created in 1934 as part of the New Deal, was designed from its inception to serve both economic and foreign policy objectives. Its first incarnation in 1934 was explicitly designed to extend loans to the Soviet Union. No loans were ever disbursed, and the second incarnation, created in the same year, was established to lend to Cuba and “any part of the world except the Soviet Union.” Ultimately, the current incarnation of the EXIM bank issued its first loan to Cuba for the imports of US silver.

During World War II, EXIM played a crucial strategic role by financing the construction of the Burma Road (1938–1945) with a \$25 million credit to fund the supply route that would support Chinese resistance against Japanese invasion. This loan is one of the earliest examples of using export credits as an instrument of geopolitical alliance-building and strategic competition.

Following World War II and throughout the Cold War, US export credits were systematically deployed to support allied governments and counter Soviet influence. EXIM financing was part of the Marshall Plan for rebuilding Western Europe, supported infrastructure development in Latin America as part of the Alliance for Progress, and financed South Korea’s growth miracle into industrial production ([Bartleska, Kim, Lane and Lee, 2025](#)).

During the Cold War, the Soviet financing of Egypt’s Aswan High Dam provides another well-documented example of how export credits served explicit geopolitical objectives. After the United States and United Kingdom withdrew their offer to finance the dam in 1956 due to concerns about Egypt’s growing ties to the Soviet bloc, the Soviet Union stepped in with a comprehensive financing package. Between 1958 and 1960, the USSR provided approximately \$425 million at interest rates of approximately 2.5 percent under long-term repayment schedules. These credits paid for Soviet-supplied equipment and technical services in the building of the dam.

Prevalence of ECAs. We hand-collect new data on export credit agencies around the world. We begin with the list of ECAs maintained by the OECD, and we supplement that with the list from

EXIM's 2022 competitiveness report.³ We then systematically go through every exporting country and search additional sources like Trade Finance Global's website for additional ECAs.

We find that most exporting countries around the world have an official export credit agency. 90 countries have ECAs, and these countries account for 92% of the total value of world exports. In the OECD, 36 out of 38 countries have ECAs; the only exceptions are Costa Rica and Iceland. In the EU, 24 out of 27 countries have ECAs; the only exceptions are Cyprus, Ireland, and Malta.

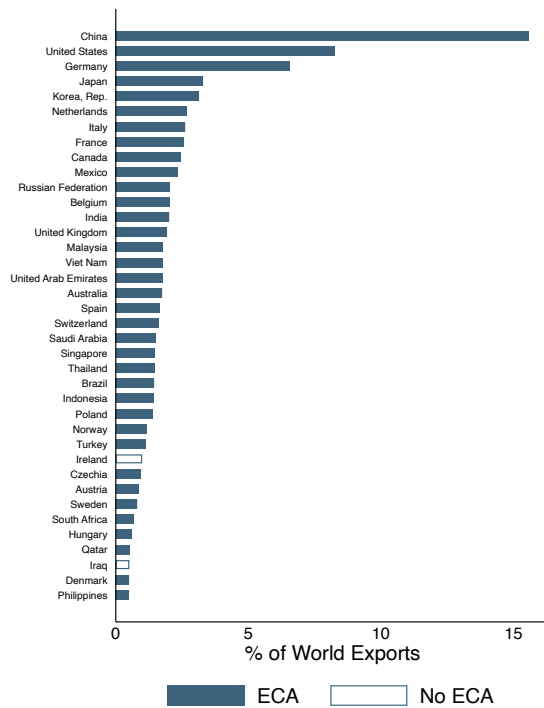
Figure C.3 plots the share of world exports (including both goods and services) by each country in 2022 where countries colored in dark blue have an official ECA. Figure C.3a includes the countries that each contributes at least 0.5% of the value of world exports. In total, they account for approximately 89% of the total value of world exports. Figure C.3b includes approximately fifty additional countries that account for an additional 9% of the total value of world exports. Together, all the countries represented account for 98% of the total value of world exports.

While most countries have one official ECA, several countries (for example, China, Japan, and Sweden) have more than one. In addition, several countries in Africa have their own ECA (for example, Morocco, Tunisia, and South Africa) while the independent states of Africa are also all supported by the African Export Import Bank.

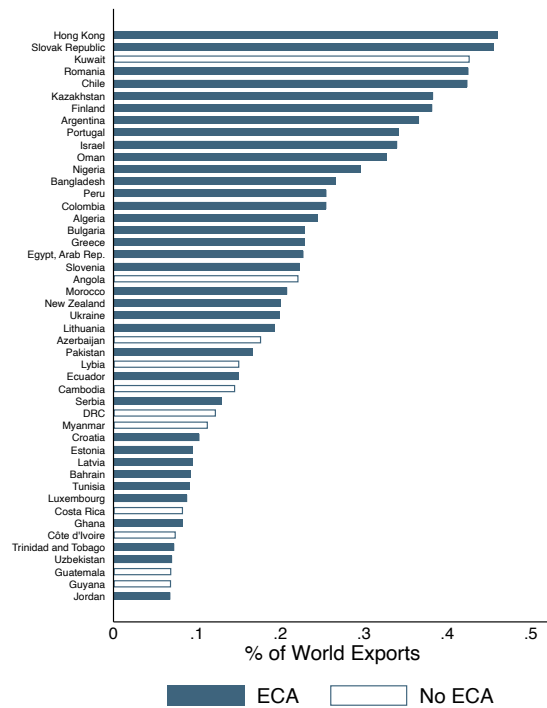
³OECD: <https://www.oecd.org/trade/topics/export-credits/documents/links-of-official-export-credit-agencies.pdf>. EXIM's competitiveness reports: <https://www.exim.gov/news/reports/competitiveness-reports>.

FIGURE C.3: Export Credit Agencies Around the World

(A) Countries with $\geq 0.5\%$ of World Exports



(B) Countries with $< 0.5\%$ of World Exports



Notes: These figures plot the share of world exports (measured as both goods and services in 2022) for all countries that cumulatively account for 98% of the value of world exports. Countries with an ECA are in dark blue while those without are in white. Panel (a) includes the countries that each contributes at least 0.5% of the overall value of world exports and overall account for 89% of the value of world exports. Panel (b) includes approximately fifty additional countries that each contributes less than 0.5% of the overall value of world exports and overall account for 9% of the value of world exports.

TABLE C.1: Export Credit Agencies by Country

Country	OECD	Name	Year Founded
Albania	0	Albania Investment Development Agency (AIDA)	2010
Algeria	0	Compagnie Algérienne d'Assurance et de Garantie des Exportations	1996
Armenia	0	Export Insurance Agency of Armenia	2013
Argentina	0	Banco de Inversion y Comercio Exterior	1992
Australia	1	Export Finance Australia	1957
Austria	1	Oesterreichische Kontrollbank AG	1946
Austria	1	Austria Wirtschaftsservice	2002
Bahrain	0	Export Bahrain	2018
Bangladesh	0	Sadharan Bima Corporation	1973
Barbados	0	Central Bank of Barbados: Export Credit Insurance Scheme	1978
Belarus	0	EXIMGARANT of Belarus	2001
Belgium	1	Credendo Group	1921
Belgium	1	The Brussels Guarantee Fund (Fonds Bruxellois de Garantie)	1999
Bosnia and Herzegovina	0	Export Credit Agency of Bosnia and Herzegovina	1996
Botswana	0	Export Credit Insurance & Guarantee Company	1996
Brazil	0*	Brazilian Development Bank	1952
Brazil	0*	The Brazilian Guarantees and Fund Management Agency	1999
Bulgaria	0	Bulgarian Export Insurance Agency	1998
Cameroon	0	Fonds d'Aide et de Garantie des Crédits aux Petites et Moyennes Entreprises	2022
Canada	1	Export Development Canada	1944
Chile	1	La Corporación de Fomento de la Producción	1939
China	0	Export-Import Bank of China	1994
China	0	China Export and Credit Insurance Corporation	2001
Hong Kong	0	Hong Kong Export Credit Corporation	1966
Colombia	1	Fondo Nacional de Garantias S.A	1982
Colombia	1	Banco de Comercio Exterior de Colombia	1991
Colombia	1	Colombia's Business Development Bank (BANCOLDEX)	1992
Croatia	0	Croatian Bank for Reconstruction and Development	1992

Continued on next page

Table C.1 – Continued from previous page

Country	OECD	Name	Year Founded
Czechia	1	Export Guarantee and Insurance Corporation	1992
Czechia	1	Czech Export Bank	1995
Denmark	1	Export Credit Fund	1922
Dominican Republic	0	National Bank for Exports (BANDEX)	2015
Ecuador	0	National Financial Corporation Export Promotion Fund	1972
Egypt, Arab Rep.	0	Export Development Bank of Egypt	1983
Egypt, Arab Rep.	0	Export Credit Guarantee Company of Egypt	1992
Estonia	1	Kredex Credit Insurance	2000
Ethiopia	0	Development Bank of Ethiopia, Export Credit Guarantee and Special Fund Administration Bureau	2008
Finland	1	Finnvera	1999
Finland	1	Finnish Export Credit Ltd.	2000
France	1	Coface	1946 **
France	1	Bpifrance Assurance Export	2017
Germany	1	Euler Hermes Aktiengesellschaft	2002
Germany	1	KfW IPEX Bank	2008
Ghana	0	Ghana Export-Import Bank	2016
Greece	1	Export Credit Insurance Organisation	1988
Hungary	1	Hungarian Export Credit Insurance Ltd.	1994
Hungary	1	Hungarian Export-Import Bank Plc.	1994
India	0	Export Credit Guarantee Corporation of India	1957
India	0	Export-Import Bank of India	1982
Indonesia	0	PT. Asuransi Ekspor Indonesia	1985
Indonesia	0	Indonesian Eximbank	2009
Iran, Islamic Rep.	0	Export Development Bank of Iran	1991
Iran, Islamic Rep.	0	Export Guarantee Fund of Iran	1994
Israel	1	Israel Export Insurance Corp. Ltd.	1957
Italy	1	Cassa Depositi e Prestiti	1850
Italy	1	Servizi Assicurativi del Commercio Estero (SACE)	1977
Jamaica	0	EXIM Bank Jamaica	1986
Japan	1	Japan Bank for International Cooperation	1999
Japan	1	Nippon Export and Investment Insurance	2017
Jordan	0	Jordan Loan Guarantee Corporation	1994

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Table C.1 – Continued from previous page

Country	OECD	Name	Year Founded
Kazakhstan	0	Eximbank Kazakhstan	1994
Kazakhstan	0	KazExportGarant	2003
Latvia	1	SIA Latvijas Garantiju aģentūra (Latvian Guarantee Agency Ltd.)	1998
Lebanon	0	The Lebanese Credit Insurer (LCI)	2001
Lithuania	1	Investiciju ir Verslo Garantijos (INVEGA)	2001
Luxembourg	1	Office du Ducrorie	1961
Macedonia	0	Macedonian Bank for Development Promotion AD Skopje	1998
Malaysia	0	Export-Import Bank of Malaysia Berhad	1995
Mexico	1	Banco Nacional de Comercio Exterior, SNC	1937
Morocco	0	Caisse Centrale de Garantie	1949
Morocco	0	Société Marocaine d'Assurance à l'Exportation (SMAEX)	1974
Namibia	0	Development Bank of Namibia	2004
Netherlands	1	Atradius Dutch State Business	2001
Netherlands	1	Netherlands Enterprise Agency	2014
New Zealand	1	New Zealand Export Credit Office	2001
Nigeria	0	Nigerian Export-Import Bank	1991
Norway	1	Export Credit Norway	2012
Norway	1	Garanti-instituttet for eksportkreditt, GIEK	1929
Norway	1	Export Finance Norway	2021
Oman	0	Export Credit Guarantee Agency of Oman (S.A.O.C)	1991
Pakistan	0	Export Import Bank of Pakistan	2015
Peru	0	Corporacion Financiera de Desarrollo	1971
Philippines	0	Philippine Guarantee Corporation	1977
Poland	1	Export Credit Insurance Corporation	1991
Portugal	1	Companhia de Seguro de Créditos	1969
Qatar	0	TASDEER (managed by the Qatar Development Bank)	2011
Korea, Rep.	1	Export-Import Bank of Korea	1976
Korea, Rep.	0	Korea Trade Insurance Corporation	1992
Romania	0	Eximbank of Romania	1992
Russian Federation	0	Export Import Bank of Russia	1994
Russian Federation	0	Bank for Development and Foreign Economic Affairs (Vnesheconombank)	2007

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Table C.1 – Continued from previous page

Country	OECD	Name	Year Founded
Russian Federation	0	Export Insurance Agency of Russia	2011
Saudi Arabia	0	Saudi Arabia Export Program	1999
Saudi Arabia	0	Saudi Export Development Authority	2013
Senegal	0	Société Nationale d'Assurances du Crédit et du Cautionnement	1998
Serbia	0	Serbian Export Credit and Insurance Agency	2005
Singapore	0	Enterprise Singapore	2018
Slovak Republic	1	Export-Import Bank of the Slovak Republic	1997
Slovenia	1	Slovenska izvozna in razvojna banka	1992
South Africa	0	Export-Import Credit Insurance Corporation of South Africa	1957
Spain	1	Compañía Española de Seguros de Crédito a la Exportación (CESCE)	1970
Spain	1	Fondo para la Internationalización de la Empresa	2010
Sri Lanka	0	Sri Lanka Export Credit Insurance Corporation	1978
Sri Lanka	0	Sri Lanka Export Development Board (SLEDB)	1979
Sudan	0	National Agency for Insurance and Finance of Export	2005
Swaziland	0	Central Bank of Swaziland: Export Credit Guarantee Scheme	1990
Sweden	1	Exportkreditnämnden	1933
Sweden	1	Svensk Exportkredit	1962
Switzerland	1	Swiss Export Risk Insurance	2007
Taiwan	0	Export-Import Bank of the Republic of China	1979
Tanzania	0	Export Credit Guarantee Scheme	2002
Thailand	0	Export-Import Bank of Thailand	1993
Trinidad and Tobago	0	Export-Import Bank of Trinidad & Tobago	1997
Tunisia	0	Compagnie Tunisienne pour l'Assurance du Commerce Extérieur	1985
Turkey	1	Export Credit Bank of Turkey	1980
Ukraine	0	The State Export-Import Bank of Ukraine	1992
United Arab Emirates	0	Etihad Credit Insurance	2017
United Kingdom	1	Export Credits Guarantee Department (ECGD)/UK Export Finance	1919

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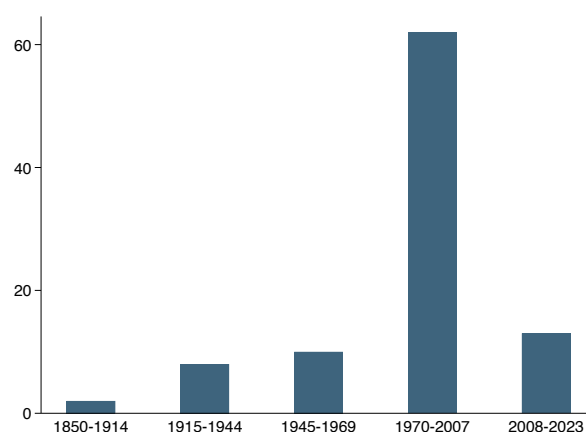
Country	OECD	Name	Year Founded
United States	1	The Export Import Bank of the United States	1934
Uruguay	0	Banco de Seguros del Estado	1911
Uzbekistan	0	Uzbekinvest National Export-Import Insurance Company	1997
Viet Nam	0	Export Import Commercial Joint Stock Bank	1989
Viet Nam	0	The Vietnam Development Bank	2006
Zambia	0	Development Bank of Zambia	1972
Zimbabwe	0	Export Credit Guarantee Company of Zimbabwe	1999
Region		Regional ECA	
Africa	N/A	African Export-Import Bank	1993
Africa	N/A	African Trade and Investment Development Insurance (ATIDI)	2001

* Brazil is not a participant to the Arrangement, but joined the Aircraft Sector Understanding (ASU) in 2007.

** In 2017, Coface transferred all of its activity to Bpifrance, which now acts as the French ECA.

Timing of ECA creation. In Figure C.4, we plot the number of ECAs that were established in each period of history. We include the following periods: 1850–1914 (the first age of globalization), 1914–1944 (the world wars and interwar years), 1945–1970 (Bretton Woods), 1971–2007 (post-Bretton Woods), and 2008–2023 (post-global financial crisis). The figure shows that while many countries began establishing ECAs in the Bretton Woods period, the widespread adoption and usage of ECAs is primarily a post-Bretton Woods phenomenon.

FIGURE C.4: Export Credit Agencies: Number Founded by Time Period



Notes: This figure documents the number of ECAs founded in different periods of history based on information in Table C.1. Regional ECAs are not included in this figure.

C.1.1 ECA Mandates

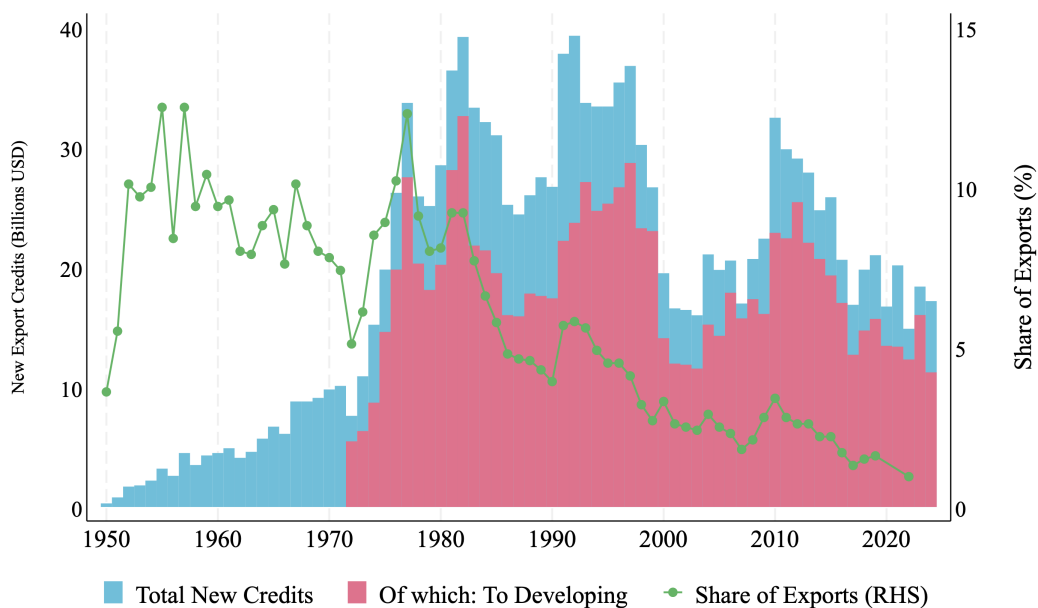
We collect the official mandates of the ECAs for the top six exporters in the world as of 2022: China, the US, Germany, France, UK, and Japan. Together, these countries account for 37% of the value of total world exports.

- China - China Export & Credit Insurance Corporation (Sinasure): Sinasure's mission is to promote Chinese exports and investments, especially in high-tech and high-value-added sectors, by offering insurance solutions to protect against overseas risks.
- United States - Export-Import Bank of the United States (EXIM): EXIM's mission is to support American jobs by facilitating the export of U.S. goods and services. The agency aims to assume credit and country risks that the private sector is unable or unwilling to accept and to help level the playing field for U.S. exporters by matching the financing that other governments provide to their exporters.
- Germany - Euler Hermes Aktiengesellschaft (Euler Hermes): Managed by Euler Hermes on behalf of the German government, its mission is to support German exports through export credit guarantees. These guarantees protect German companies from payment defaults in export business, covering commercial and political risks.
- France - Bpifrance (BPI): BPI's mission is to bolster the growth of the French economy by supporting entrepreneurs through every stage of their business development, offering solutions such as financing, guarantees, and equity investment. As the French agency for innovation, BPI delivers extensive programs to innovative entrepreneurs, focusing on micro-businesses, SMEs, mid-caps, and significant large caps crucial to the national economy, while embodying values of determination, optimism, proximity, simplicity, and performance.
- United Kingdom - UK Export Finance (UKEF): UKEF's mission is to ensure that no viable UK export fails for lack of finance or insurance from the private sector. They provide finance and insurance to help exporters win, fulfill, and get paid for export contracts.
- Japan - Nippon Export and Investment Insurance (NEXI): NEXI's mission is to contribute to the sound development of Japan and the international economy and society by insuring the risks associated with overseas investments and the export of goods and services.

D. POLITICAL RISK AND OFFICIALLY-PROVIDED EXPORT CREDITS

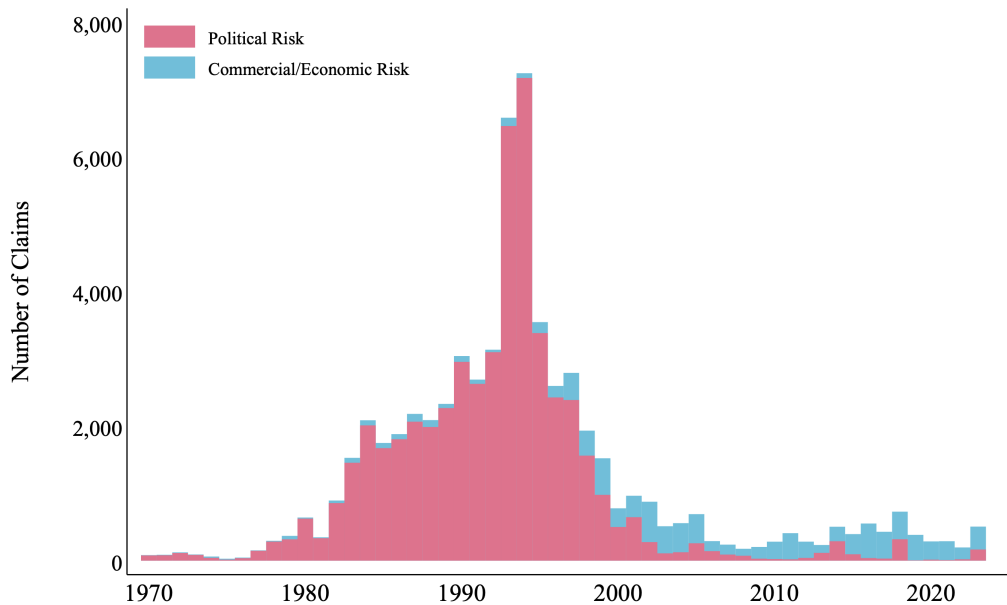
Evidence from major export credit agencies suggests that political risk is a major concern in ECA operations. Data from Germany indicate that export credit guarantees issued to protect firms against political risks—expropriation, coups, war, and similar disruptions—make up approximately 66% of exposures and actual claims paid. Figure D.2 shows the time series of export credits categorized by addressing political versus commercial risks, with a clear preponderance of political risks during most time periods. Matray, Müller, Xu and Kabir (2024) find that the contraction in trade caused by the shutdown of the US EXIM particularly affected trade to countries with high political risks. This specialization by ECAs reflects both the severity of political risks when they materialize and the fact that commercial risks are more likely to be covered by private sector providers when information and enforcement frictions are manageable, leaving ECAs to focus on the risks that private markets cannot efficiently handle.

FIGURE D.1: German Export Credit Guarantees, 1950–2024



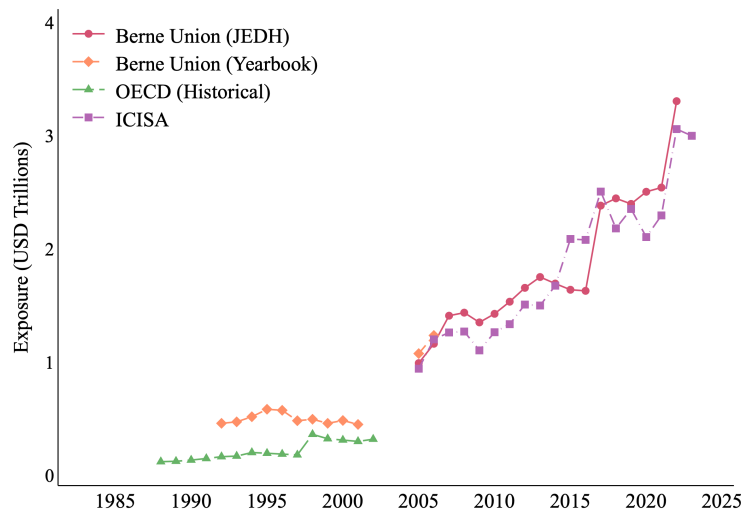
Note: This figure plots data on newly extended export guarantees by Euler Hermes, the German Export Credit Agency. We obtained the underlying annual reports data directly from Euler Hermes and manually digitized them. The blue bars represent the total volume of new export credit guarantees (left axis), while the red bars represent the portion allocated to developing countries. The green line plots the share of total German exports covered by guarantees (right axis).

FIGURE D.2: German Export Credit Claims by Risk Category, 1970–2022



Note: This figure plots the annual number of export credit insurance claims paid by Euler Hermes, the German Export Credit Agency, broken down by the cause of the loss. “Political Risk” (red) includes claims triggered by events such as war, civil unrest, expropriation, or transfer restrictions. “Commercial/Economic Risk” (blue) includes claims triggered by buyer insolvency or protracted default. The data are digitized from historical annual reports of Euler Hermes.

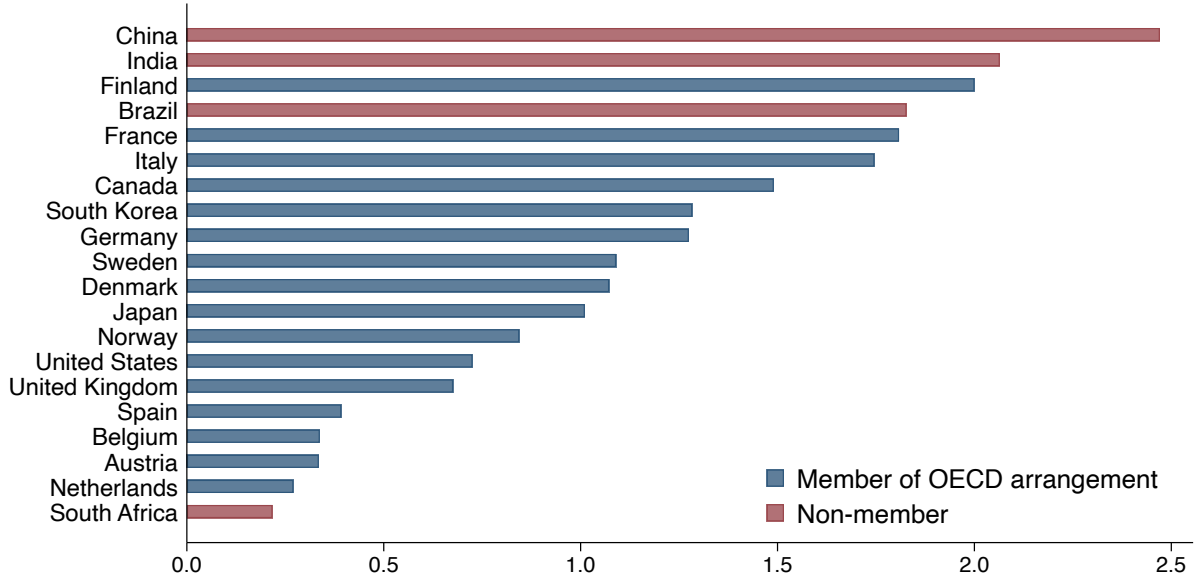
FIGURE D.3: Comparison of Global Export Credit Exposure Across Data Sources



Note: This figure compares estimates of global outstanding export credit exposure derived from four distinct sources to validate the consistency of our data construction process. “Berne Union (JEDH)” plots data from the Joint External Debt Hub for 2005–2023. “Berne Union (Yearbook)” refers to data digitized from historical print editions of the Berne Union Yearbook for the period prior to JEDH coverage. “OECD (Historical)” plots aggregate export credit data from the OECD’s External Debt Statistics publications (1988–2002). “ICISA” plots data from the International Credit Insurance & Surety Association (ICISA). The figure demonstrates that the data sources are highly consistent in the overlapping periods.

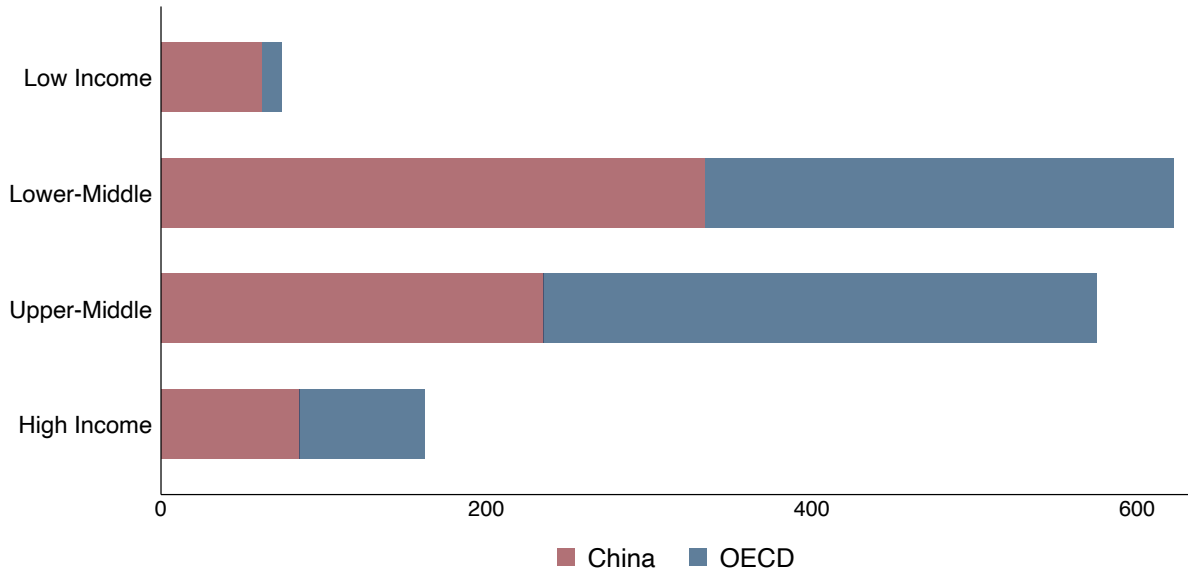
E. ADDITIONAL TABLES AND FIGURES

FIGURE E.1: Export Credits as a Share of Creditor Country Exports (%)



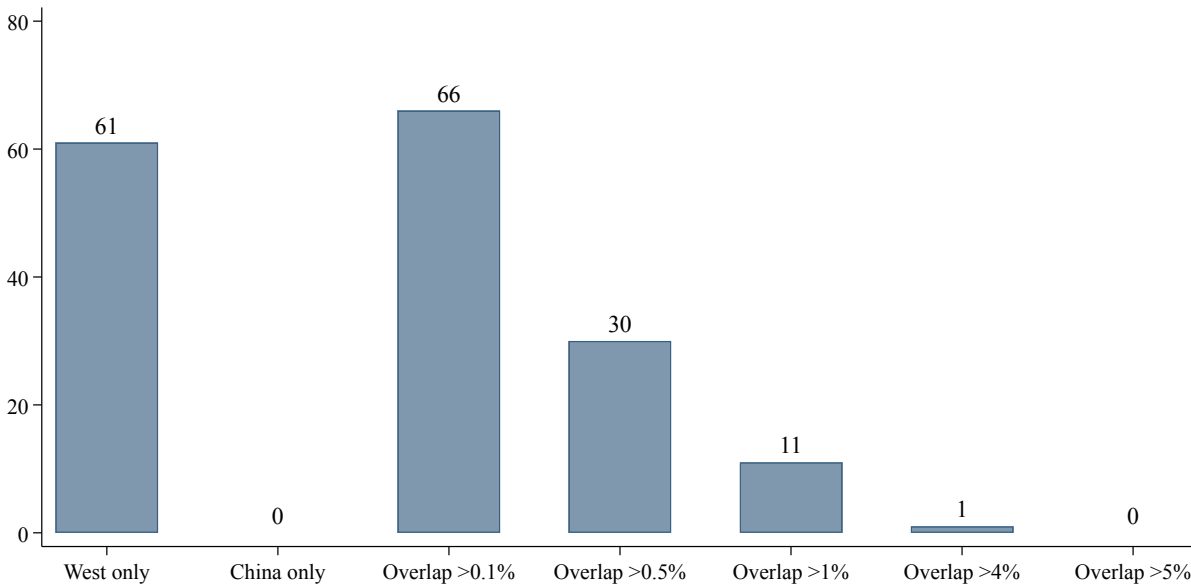
Note: This figure plots the share of total exports from 2000 to 2020 covered by officially-supported export credits, by creditor country. Countries are colored by OECD Arrangement membership (blue) or non-membership (red). Data are from the U.S. EXIM Bank's Competitiveness Report. For OECD Arrangement participants, figures are based on formal data-sharing agreements; figures for China are estimated by U.S. EXIM based on industry analysis and China Exim Bank and Sinosure annual reports. See [Appendix A](#) for more details.

FIGURE E.2: Recipients of Export Credits by Creditor and Income Group



Note: This figure plots cumulative export credits by recipient income group between 2000 and 2021, distinguishing between credits from OECD members (based on the OECD DAC database) and China (constructed using AidData). Income groups are classified using World Bank data. See Appendix A for more details on data construction.

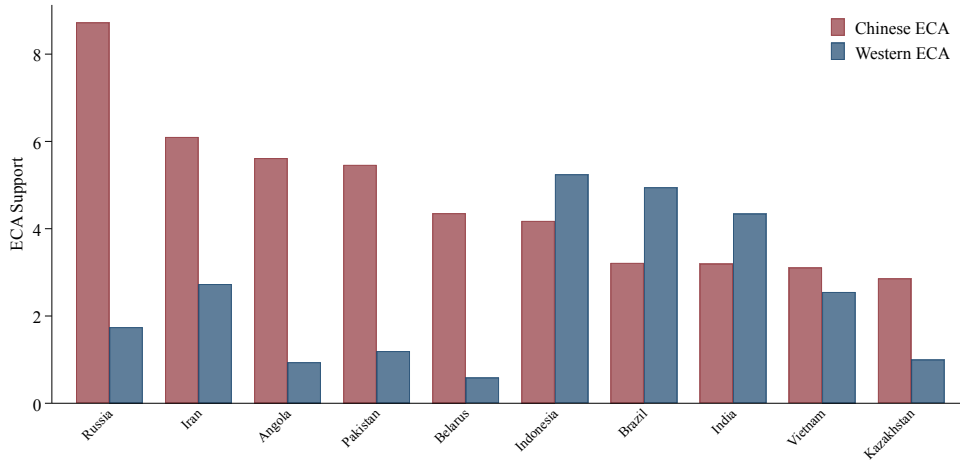
FIGURE E.3: Overlap in ECA Investment Portfolios



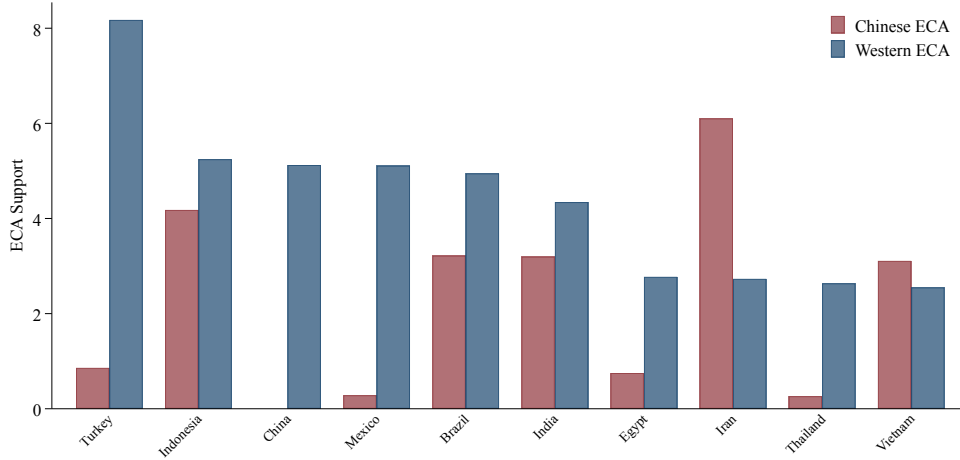
Notes: Each bar reports the number of recipient countries satisfying the indicated overlap criterion, computed over the period 2000–2020. For each recipient country, we compute the share of total Western ECA commitments allocated to that country (s_{West}^{ECA}) and the analogous share for Chinese ECA commitments (s_{China}^{ECA}). “West only” counts countries with $s_{West}^{ECA} > 0$ and $s_{China}^{ECA} = 0$; “China only” counts the reverse. “Overlap > x%” counts countries where both $s_{West}^{ECA} \geq x$ and $s_{China}^{ECA} \geq x$. Western ECAs include all OECD Arrangement members excluding Turkey. Chinese ECA flows are from AidData. ECA commitments are aggregated over the full period.

FIGURE E.4: Top 10 Recipients by ECA Portfolio Share

(A) Top 10 recipients of Chinese ECA



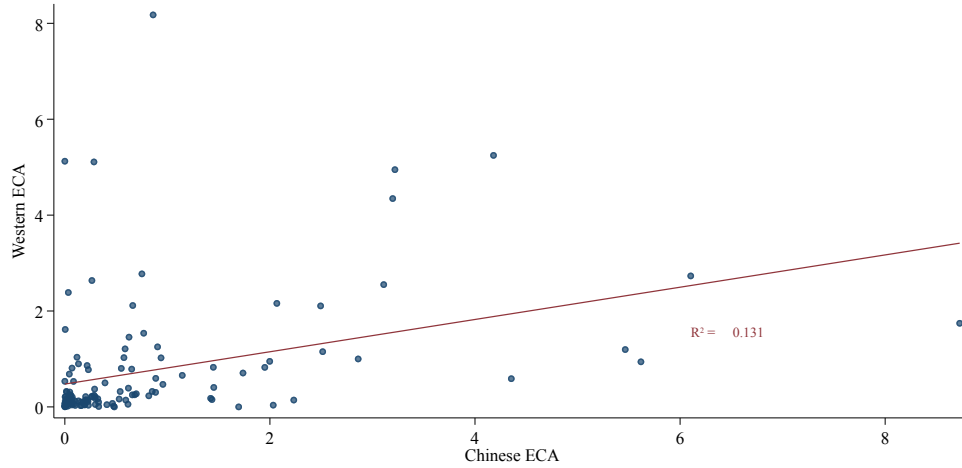
(B) Top 10 recipients of Western ECA



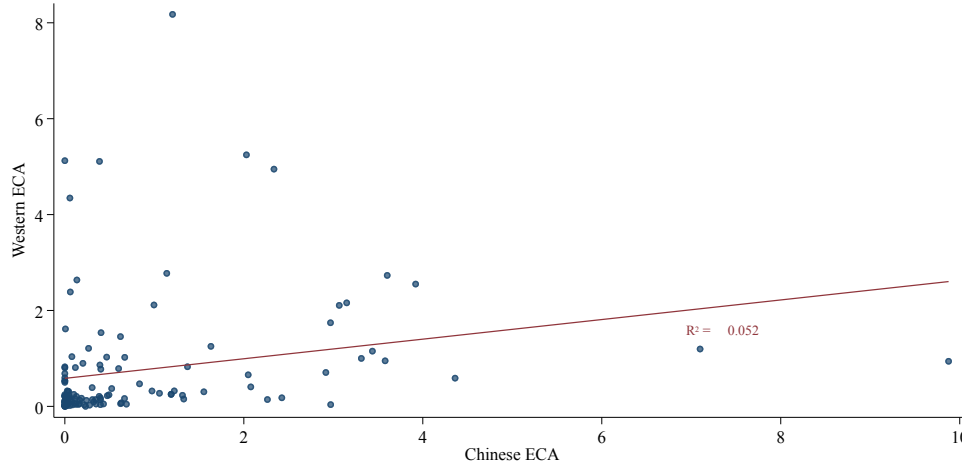
Notes: Each panel displays the top 10 recipient countries ranked by ECA portfolio share, restricted to countries that receive positive ECA support from both Western and Chinese ECAs over the period 2000–2020 ($s_{West}^{ECA} > 0$ and $s_{China}^{ECA} > 0$). For each recipient country, s_{West}^{ECA} (resp. s_{China}^{ECA}) denotes the share of total Western (resp. Chinese) ECA commitments allocated to that country, aggregated over the period. Panel (a) ranks countries by s_{China}^{ECA} ; Panel (b) ranks countries by s_{West}^{ECA} . In each panel, both the Chinese ECA share (maroon) and Western ECA share (navy) are shown for each country. Western ECAs include all OECD Arrangement members excluding Turkey.

FIGURE E.5: Correlation Chinese vs. Western ECA Allocation, Share ECA

(A) Using Chinese ECA broad definition



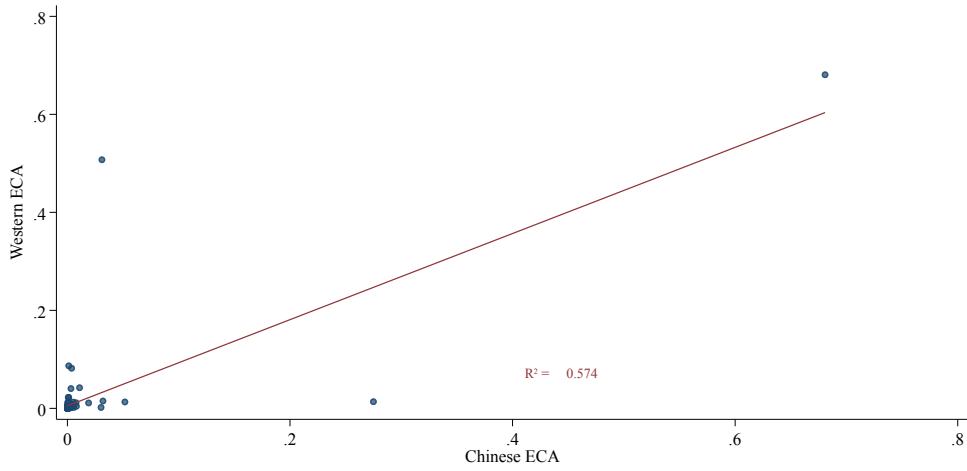
(B) Using Chinese ECA restricted definition



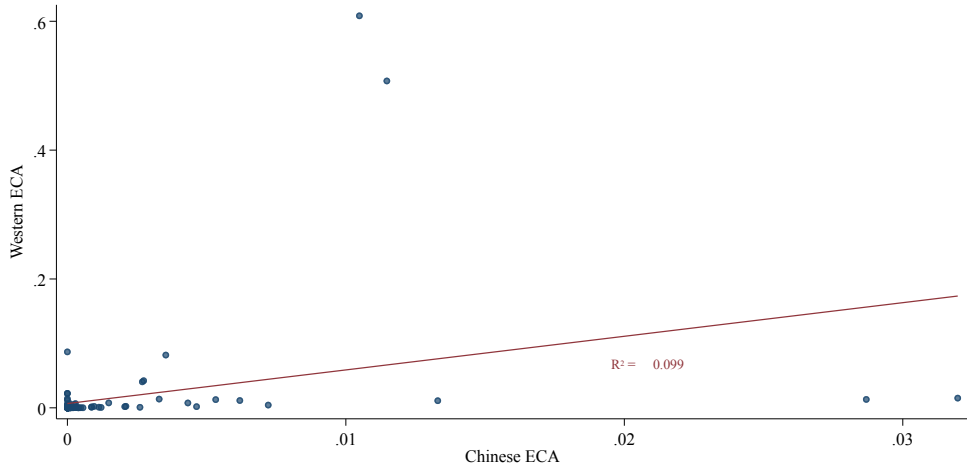
Note: Each panel plots a binscatter (100 quantile bins) of the Western ECA portfolio share against the Chinese ECA portfolio share across recipient countries, restricted to countries receiving positive ECA support from both Western and Chinese ECAs over 2000–2020. For each recipient country, s_{West}^{ECA} (resp. s_{China}^{ECA}) denotes the share of total Western (resp. Chinese) ECA commitments allocated to that country, aggregated over the period, expressed in percent. The left panel uses the broad definition of Chinese ECA commitments; the right panel uses the narrow definition. The regression line and slope coefficient $\hat{\beta}$ (with t -statistic clustered at the recipient-country level) are shown in each panel. Western ECAs include all OECD Arrangement members excluding Turkey.

FIGURE E.6: Correlation Chinese vs. Western ECA Allocation, ECA scaled by Creditor External Debt

(A) Using Chinese ECA broad definition



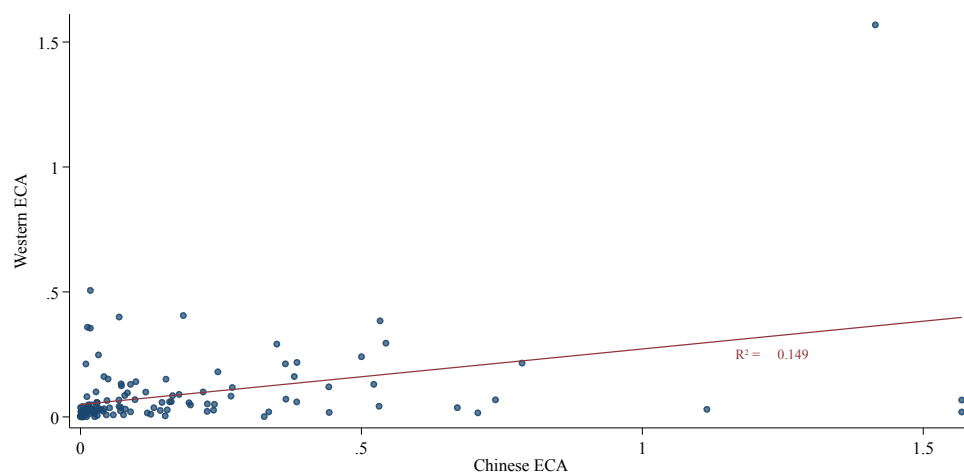
(B) Using Chinese ECA restricted definition



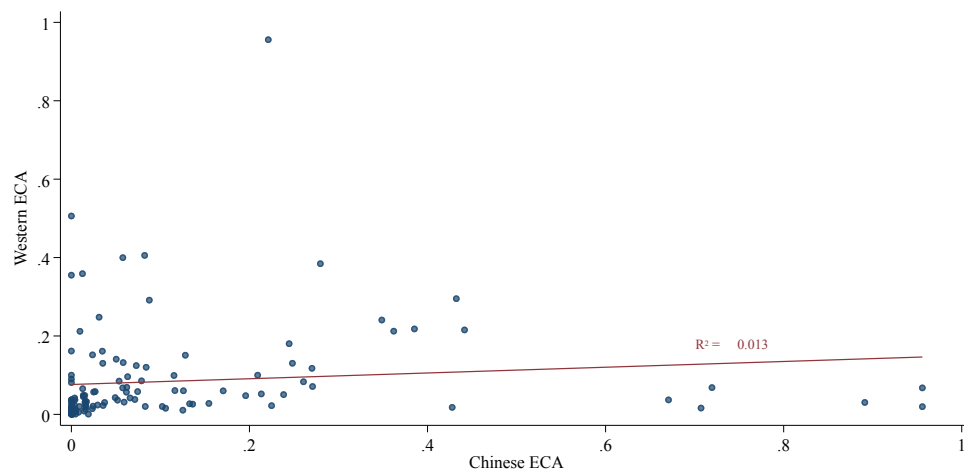
Note: Each panel plots a binscatter (100 quantile bins) of the Western ECA-to-government-debt ratio against the Chinese ECA-to-government-debt ratio across recipient countries, restricted to countries receiving positive ECA support from both Western and Chinese ECAs over 2000–2020. The left panel uses the broad definition of Chinese ECA commitments; the right panel uses the narrow definition. ECA commitments are aggregated over 2000–2020 and scaled by the recipient country’s cumulative government debt over the same period. The regression line and slope coefficient $\hat{\beta}$ (with t -statistic clustered at the recipient-country level) are shown in each panel. Western ECAs include all OECD Arrangement members excluding Turkey. Chinese ECA flows broad (resp. narrow) definition includes [[AM: to complete]]; the narrow definition restricts to [[AM: to complete]].

FIGURE E.7: Correlation Chinese vs. Western ECA Allocation, ECA scaled by Trade Flow

(A) Broad definition of Chinese ECA



(B) Using Chinese ECA restricted definition



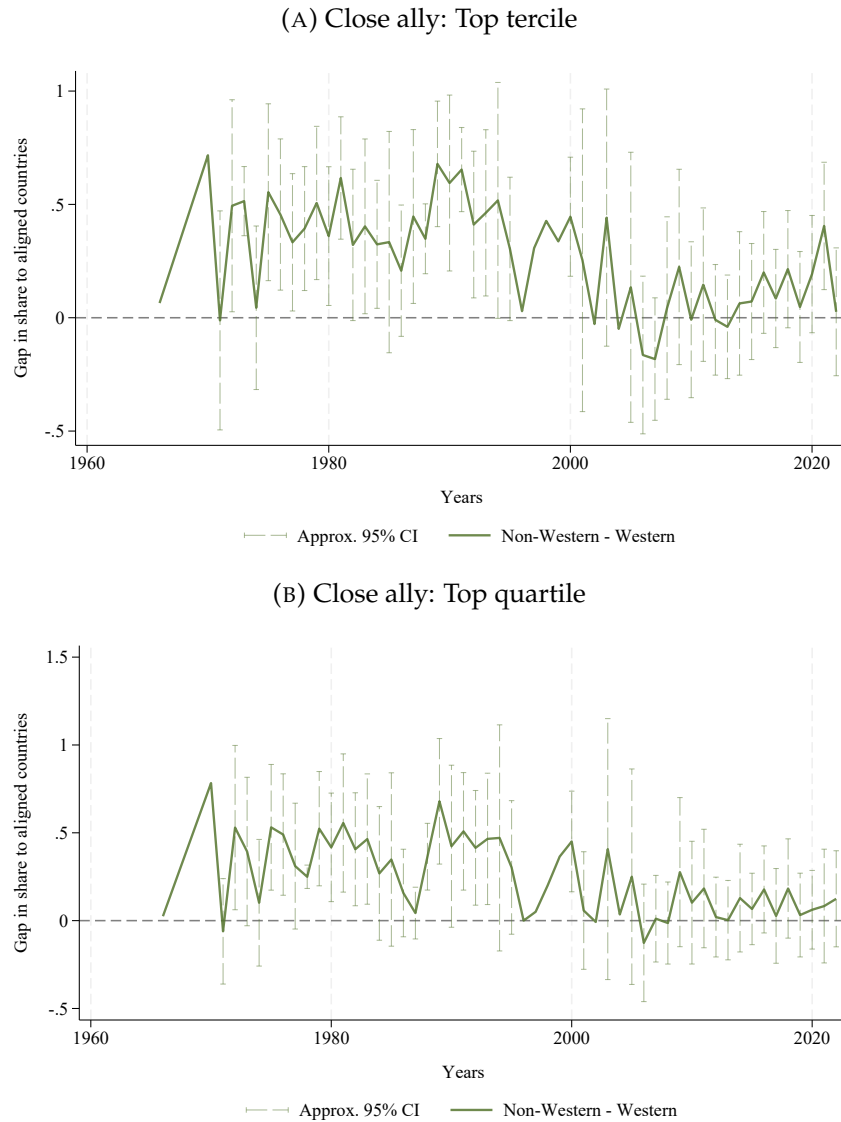
Note: Each panel plots a binscatter (100 quantile bins) of the Western ECA-to-government-debt ratio against the Chinese ECA-to-government-debt ratio across recipient countries, restricted to countries receiving positive ECA support from both Western and Chinese ECAs over 2000–2020. The left panel uses the broad definition of Chinese ECA commitments; the right panel uses the narrow definition. ECA commitments are aggregated over 2000–2020 and scaled by the recipient country’s cumulative government debt over the same period. The regression line and slope coefficient $\hat{\beta}$ (with t -statistic clustered at the recipient-country level) are shown in each panel. Western ECAs include all OECD Arrangement members excluding Turkey.

TABLE E.1: ECAs and Geopolitical Alignment, Extensive Margin

Dependent variable	ECA _{o,d,t} > 0							
	Western creditors		Non-western creditors		All			
Sample	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Geopolitical alignment _(o,d,t-1)	0.056*** (0.0022)	0.021*** (0.0022)	-0.00085 (0.0042)	0.012*** (0.0040)	0.021*** (0.0020)			
$\overline{\text{Geopolitical alignment}}_{(o,k-d,t-1)}$						0.053*** (0.0037)	0.053*** (0.0037)	0.051*** (0.0037)
Var[$\overline{\text{Geopolitical alignment}}_{(o,k-d,t-1)}$]							-1.91** (0.92)	
High Var[$\overline{\text{Geopolitical alignment}}_{(o,k-d,t-1)}$]								-0.016*** (0.0022)
<i>Fixed Effects</i>								
Year	✓	✓	✓	✓	✓	✓	✓	✓
Creditor _o × Recipient _d	—	✓	—	✓	✓	✓	✓	✓
<i>Controls</i>								
Log($\widehat{\text{Trade}}_{(o,d,t-1)}$)	✓	✓	✓	✓	✓	✓	✓	✓
Observations	181,756	181,756	54,508	54,508	236,264	283,629	283,629	283,629
Mean LHS	0.87		0.95		0.89			

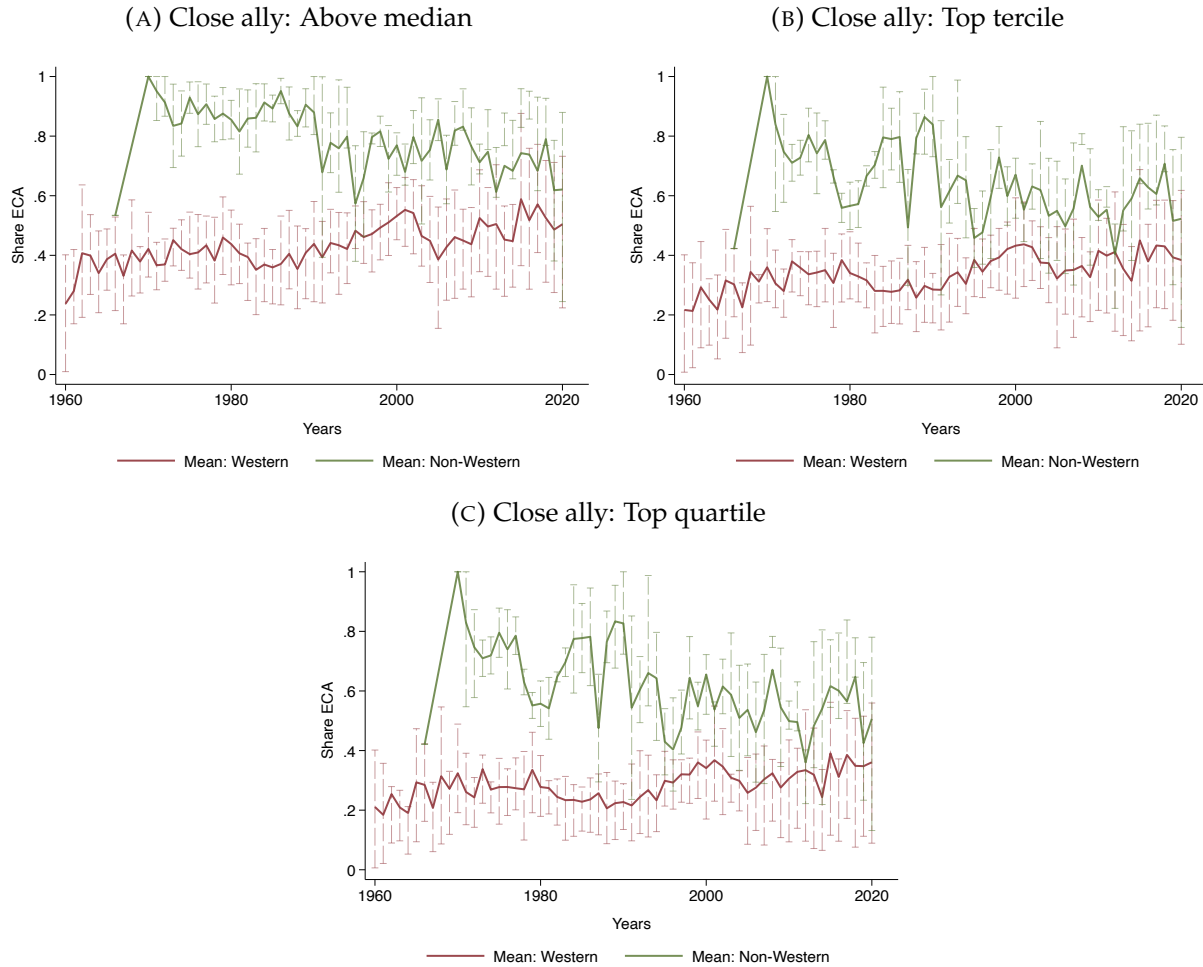
Notes: This table reports estimates on the effect of political alignment between country pairs and the likelihood of ECA financing from country o to country d over the period 1962–2022. Geopolitical alignment_(o,k-d,t-1) is the average geopolitical position between countries o and k , where k are a set of countries that belong to the same income group and geographical regions as focal country d , excluding country d . Var[$\overline{\text{Political alignment}}_{(o,k-d,t-1)}$] is the five year rolling window variance. High Var[$\overline{\text{Geopolitical alignment}}_{(o,k-d,t-1)}$] is a dummy that equal one if the variance is in the top tercile of the sample distribution. ECA suppliers are split between “Western” and “non-Western,” where “Western” countries are the ones with a UN ideal point score that reflect countries sharing positions close to a U.S.-led liberal order (Bailey et al., 2017). “Non-Western” countries are: China, India, Kuwait, Qatar, Saudi Arabia, Turkey and United Arab Emirates. “Western” countries are: Australia, Austria, Belgium, Canada, Czechia, Denmark, Finland, France, Germany, Greece, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Slovenia, Spain, Switzerland, United Kingdom and the United States. Standard errors are clustered at the country pair level and are reported in the line below the point estimate in parenthesis. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

FIGURE E.8: Share of Geopolitical Allies in Export Credits – Alternative Cut-Offs



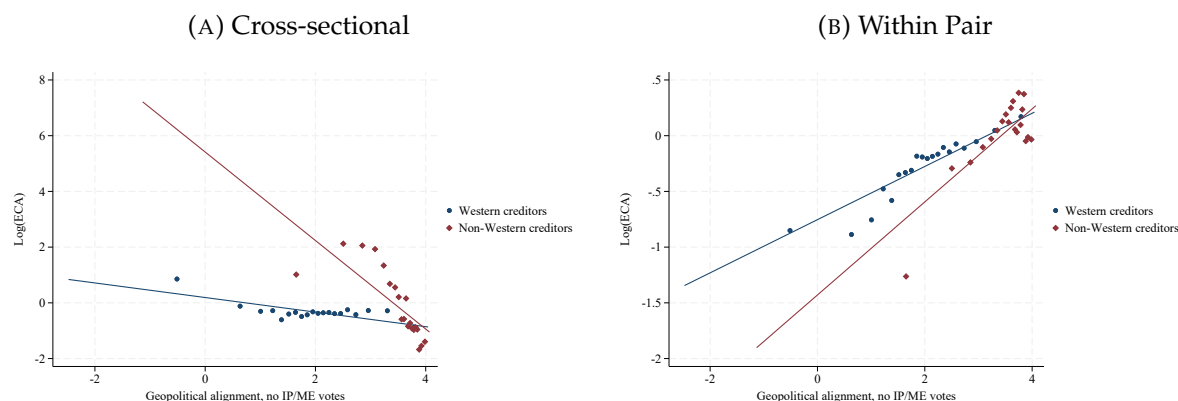
Notes: This figure shows the share of total ECA financing going to recipients having the closest political alignment to the respective ECA donor. Every year, we rank donor-recipient pairs based on their UN score, and define a recipient as an “ally” if its score is in the top tercile (panel a) or top quartile (panel b) of the country pair distribution. We then compute the share of ECA financing going to allies for each donor, average these shares within the non-Western and Western creditor groups, and plot the difference between the two group means (non-Western minus Western), along with approximate 95% confidence intervals.

FIGURE E.9: Share of Geopolitical Allies in Export Credits – Time-Invariant Definition



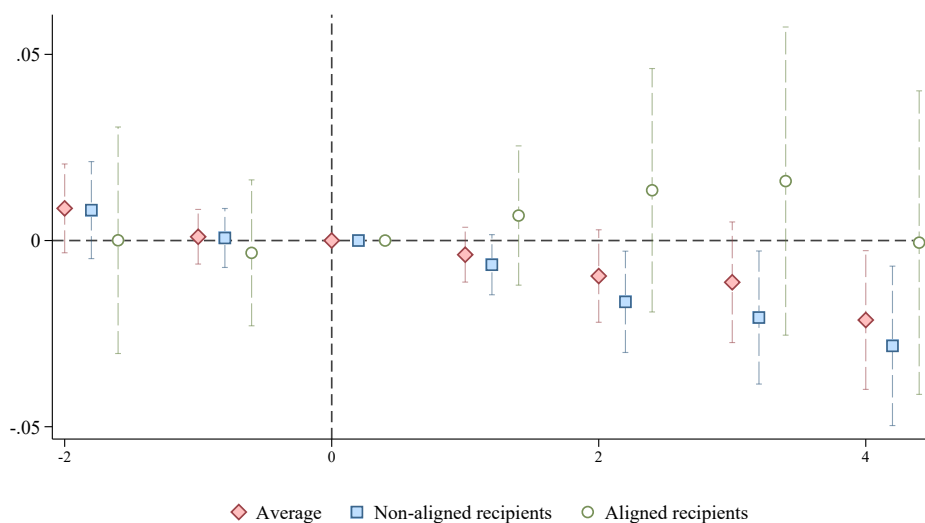
Notes: This figure shows the share of total ECA financing going to recipients having the closest political alignment to the respective ECA donor. For each donor-recipient pair, we compute the average UN score over the sample period. Then every year, we rank donor-recipient pairs based on their average UN score, and define a recipient as an “ally” if its score is above the median (panel a), in the top tercile (panel b) or top quartile (panel c) of the country pair distribution. We then compute the total ECA financing going to allies and non-allies for each donor, and plot the average, first quartile, and last quartile of the distribution in the donor-year panel.

FIGURE E.10: ECA Funding and Geopolitical Alignment (Exclude Israel–Palestine conflict issue)



Notes: This figure shows the relationship between bilateral geopolitical alignment from creditor o to recipient d over 1962–2022. Panel (a) plots the unconditional relationship. Panel (b) residualizes both variables with respect to creditor–recipient fixed effects, illustrating how geopolitical alignment relates to ECA financing *within* country pairs over time. The binscatter is based on estimates from: $ECA\ financing_{o,d,t} = \beta\ Geopolitical\ Alignment_{o,d,t-1} + \widehat{Trade}_{o,d,t} + \delta_t + \epsilon_{o,d,t}$. $\widehat{Trade}_{(o,d,t-1)}$ is the predicted yearly trade flow between origin country o and destination country d using the gravity dataset from [Martin, Mayer and Thoenig \(2008\)](#). ECA suppliers are split between “Western” and “non-Western,” where “Western” countries are the ones with a UN ideal point score that reflect countries sharing positions close to a U.S.-led liberal order ([Bailey et al., 2017](#)). “Non-Western” countries include China, India, Kuwait, Qatar, Saudi Arabia, Turkey and United Arab Emirates.

FIGURE E.11: ECAs and Geopolitical Alignment: Dynamics (Exclude Israel–Palestine conflict issue)



Notes: This figure plots the dynamic relationship between ECA financing and changes in bilateral geopolitical alignment over 1962–2022. The coefficients are obtained from local projections of the form: $\log(ECA_{o,d,t+h}) - \log(ECA_{o,d,t}) = \beta^h \Delta Geopolitical\ Alignment_{o,d,t} + \mathbb{X}_{o,d,t} + \alpha_{o,d} + \delta_{d,t} + \epsilon_{o,d,t}$, estimated for horizons $h \in [-2, \dots, +4]$. We report the 95% confidence intervals for the responses. Standard errors are clustered by country pairs, and ECA is the cumulative amount of ECA financing up to t .

TABLE E.2: ECAs and Geopolitical Alignment (Exclude Israel–Palestine conflict issue)

Dependent variable	Log(ECA _{<i>o,d,t</i>})					
	Western creditors		Non-western creditors		All	
	(1)	(2)	(3)	(4)	(5)	(6)
Political alignment _(<i>o,d,t-1</i>) , no IP/ME votes	-0.26*** (0.054)	0.24*** (0.044)	-1.59*** (0.25)	0.42** (0.19)	0.23*** (0.043)	
Geo. alignment _{<i>noIP</i>}						0.41*** (0.11)
<i>Fixed Effects</i>						
Year	✓	✓	✓	✓	✓	✓
Creditor _{<i>o</i>} × Recipient _{<i>d</i>}	—	✓	—	✓	✓	✓
<i>Controls</i>						
Log($\widehat{Trade}_{(o,d,t-1)}$)	✓	✓	✓	✓	✓	✓
Observations	39,282	39,282	4,095	4,095	43,377	45,705

Notes: This table reports regressions examining the relationship between bilateral geopolitical alignment and ECA financing from creditor o to recipient d during 1962–2022. Columns 2 and 4 report separate estimates for Western and non-Western creditors. Column 5 pools all creditors and presents the combined effect. Column 6 uses predicted geopolitical alignment, which mitigates concerns about unobserved bilateral shocks; the estimated coefficient remains positive and statistically significant. $\overline{Geopolitical\ alignment}_{(o,k-d,t-1)}$ denotes the average geopolitical alignment between creditor o and countries k that share the recipient’s income group and geographic region (excluding d). ECA suppliers are split between “Western” and “non-Western,” where “Western” countries are the ones with a UN ideal point score that reflect countries sharing positions close to a U.S.-led liberal order (Bailey et al., 2017). “Non-Western” countries are: China, India, Kuwait, Qatar, Saudi Arabia, Turkey and United Arab Emirates. “Western” countries are: Australia, Austria, Belgium, Canada, Czechia, Denmark, Finland, France, Germany, Greece, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Slovenia, Spain, Switzerland, United Kingdom and the United States. Standard errors are clustered at the country pair level and are reported in the line below the point estimate in parenthesis. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

TABLE E.3: OECD Risk Scores and Officially-Supported Export Credits (Exclude Israel–Palestine conflict issue)

<i>Dependent variable</i>	Log(ECA _{<i>o,d,t</i>})		
	(1)	(2)	(3)
Risk score _{<i>(d,t-1)</i>}	-0.31*** (0.037)	0.075 (0.13)	-0.38*** (0.070)
Risk score _{<i>(d,t-1)</i>} × Arrangement _{<i>o</i>}		-0.44*** (0.14)	
Risk score _{<i>(d,t-1)</i>} × High geopolitical alignment _{<i>(o,d,t-1)</i>} , n			0.42** (0.17)
<i>Fixed Effects</i>			
Year	✓	—	—
Creditor _{<i>o</i>} × Recipient _{<i>d</i>}	✓	—	—
<i>Controls</i>			
Log($\widehat{Trade}_{(o,d,t-1)}$)	✓	—	—
<i>Interaction</i>			
Year × Arrangement _{<i>o</i>}	—	✓	—
Creditor _{<i>o</i>} × Recipient _{<i>d</i>} × Arrangement _{<i>o</i>}	—	✓	—
Log($\widehat{Trade}_{(o,d,t-1)}$) × Arrangement _{<i>o</i>}	—	✓	—
Year × High geopolitical alignment _{<i>o,d,t-1</i>} , no IP/ME votes	—	—	✓
Creditor _{<i>o</i>} × Recipient _{<i>d</i>} × High geopolitical alignment _{<i>o,d,t-1</i>} , no IP/ME votes	—	—	✓
Observations	22,608	22,608	22,182

Notes: This table reports estimates from regressions of ECA financing from creditor *o* to recipient *d* on the lagged OECD risk score of the recipient country. The estimated specification is $ECA\ financing_{o,d,t} = \beta Risk\ score_{d,t-1} + X_{o,d,t} + \alpha_{o,d} + \delta_{d,t} + \epsilon_{o,d,t}$. Column (1) includes the lagged OECD risk score, creditor–recipient fixed effects, year fixed effects, and the log of predicted trade flows. $\widehat{Trade}_{(o,d,t-1)}$ is the predicted yearly trade flow between origin country *o* and destination country *d* using the gravity dataset from [Martin, Mayer and Thoenig \(2008\)](#). Column (2) interacts *Arrangement_o* with the variables in column (1). Column (3) interacts the alignment indicator with the variables in column (1). Standard errors are clustered at the country pair level and are reported in the line below the point estimate in parenthesis. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.