

FOREWORD



Barbara Hayoz (Chairwoman of the Board) and Peter Gisler (Chief Executive Director)

The last 12 months have been shaped by geopolitical uncertainty, soaring inflation rates and exchange rate fluctuations. The situation in Europe continues to be dominated by the war in Ukraine. The energy crisis, the consequence of the sanctions against Russia, has had a drastic economic impact throughout Europe. In addition, increases in key interest rates to combat inflation, as well as persistently volatile share prices, are impacting on the economic environment. Despite the measures that have been introduced, Switzerland also runs the risk of an electricity shortage – with uncertain consequences for the economy and society. In summer 2022, the Swiss National Bank (SNB) initiated its interest rate turnaround: the artificial world of free money and negative interest rates has come to an end – for the time being, at least. This is a welcome development.

A look back at a year dominated by uncertainty

What are the effects likely to be for the Swiss export economy? How much will the economy deteriorate? And is Europe really threatened by an energy crisis? The answers to these questions are complex and even

experts disagree. We must all learn to cope with this uncertainty and develop flexibility and resilience in this crisis.

The Pathfinding Initiative and the “Team Switzerland Infrastructure” approach to export promotion are a response to these challenges. SERV is working closely with SECO and the export promoter Switzerland Global Enterprise (S-GE) as well as with a variety of other associations, in particular Swissmem and Swissrail, on these approaches.

The aim is to help SMEs access major infrastructure projects abroad and thus new sales markets. In addition to projects falling under the umbrella of this Pathfinding Initiative, other major export contracts, such as insuring a project to modernise the Egyptian textile sector (cf. In the field, Swiss participation in a pioneering project to refurbish Egypt's textile industry), also made an important contribution to SERV's premium income in 2022. As a result, SERV achieved the second-highest premium income in its history.



“In times dominated by uncertainty, it is vital that Swiss exporters are able to count on SERV as a flexible and resilient partner. It must therefore constantly evolve to enable it to meet the current requirements of the export industry.”

BARBARA HAYOZ

CHAIRWOMAN OF THE BOARD OF DIRECTORS

As a result of the war in Ukraine, SERV expects higher losses in the foreseeable future, some of which have already been reflected in the business result as imminent losses. New exposure has developed favourably this year. Many of the insurance commitments in principle (ICPs) issued in 2021 were converted into insurance policies (IPs) this year, resulting in new commitment of CHF 3.296 billion. Newly issued ICPs, on the other hand, came in lower than in the previous year at CHF 1.434 billion. Despite the fraught loss situation caused by the war in Ukraine, SERV posted a positive corporate result of CHF 46.7 million in 2022. Premium income of CHF 156.1 million, reduced by loss expenses of CHF 96.9 million, made a significant contribution to that result. The changed interest rate situation allowed SERV to generate interest income of CHF 17.4 million from its investments with the Federal Treasury, the first time it had done so since 2017.

SERV as a future-oriented trade facilitator

SERV operates from a position of strength. It has a compelling purpose – “Minimise risks. Maximise exports.” – and a coherent 2025 Strategy. In addition, it is well positioned in both structural and staffing terms to successfully shape its strategy. An important pillar and driver that is to be deliberately expanded is its transformation into a “trade facilitator”. This is

to be achieved under the auspices of the aforementioned initiatives to help SMEs access significant foreign infrastructure projects. SERV can already boast some initial successes in this regard. In the year under review, 30 Swiss exporters were awarded subcontracts worth CHF 175.0 million. In view of the huge global need for infrastructure investments, additional opportunities are opening up for Swiss exporters. Topics such as digitalisation, sustainability and transformation to a climate-neutral economy will, of course, also continue to occupy SERV in the coming years.



“SERV is strategically and structurally well positioned to drive forward its transformation into a trade facilitator. It is aiming first and foremost to boost the Swiss export economy and give companies access to infrastructure projects.”

PETER GISLER
CHIEF EXECUTIVE DIRECTOR

Foreign trade is of vital importance to Switzerland – exports of goods account for more than 40 per cent of the country’s gross domestic product. Yet it is not only multinational corporations, but also SMEs that operate in an increasingly dynamic and challenging global environment. Political uncertainty, China’s economic ascent, the transformation to a climate-neutral economy, the rapid growth in the use of digital technologies and reductions in trade flows due to crises such as the COVID-19 pandemic and the war in Ukraine threaten Switzerland’s successful model. Financing and risk cover are important competitive factors in foreign trade – and public export credit agencies play an increasingly important role worldwide in supporting foreign trade activities with industrial policy measures. SERV can also play a significant role in managing global challenges.

SERV’s cover practice

The temporary amendment to the SERV Ordinance (SERV-V) due to the economic impact of the COVID-19 pandemic expired on 31 December 2022. On 23 September 2022, the Federal Council decided to indefinitely extend the applicability of the temporary content criteria, which require Swiss content of at least 20 per cent of the total order value. The increased cover ratios for liquidity products will, however, be scaled back to their previous level.

Fit for the future

If SERV is to continue to provide the best possible support to the Swiss export industry in the future, it must be able to identify the signs of the times and interpret them correctly. The SERV Act (SERVG) and the SERV-V were drafted in the early 2000s, and since then the export industry, foreign trade, governance requirements, product needs and, in

particular, what is required of a modern export credit agency (ECA) have changed. Some minor modifications were made in the past, each of which was due to an extraordinary situation (2007–2009 financial crisis, 2020 COVID-19 pandemic). SERV makes full use of the legal framework to meet current requirements, but regularly reaches its limits.

SERV is also aware that financing export transactions has become more challenging. Banks are finding it increasingly costly and difficult to expedite the financing of export transactions. This is particularly disadvantageous for the low-volume financing that SMEs require. This is another area where there is a need for solutions to ensure that SERV can continue to support exporters in the best possible way.

It is currently still too early to determine precisely how the need for reform should be addressed. SERV will work with the relevant stakeholders in the coming months to consider the course that a reform project needs to take if it is to efficiently and effectively resolve the problems that have been identified.

This should ensure that SERV is able to fulfil its mandate of boosting the Swiss export industry most effectively in the future and in challenging circumstances.



Barbara Hayoz
Chairwoman of the
Board of Directors



Peter Gisler
Chief Executive Director