

CHANGES TO THE OECD ARRANGEMENT ON OFFICIALLY SUPPORTED EXPORT CREDITS

The Participants to the OECD Arrangement on Officially Supported Export Credits (the "Arrangement") have agreed some changes to its provisions. These changes are summarised below.

1 Increased participation by National ECAs allowed in project finance transactions in High Income OECD countries.

National ECAs may support up to 14 years credit for project finance transactions.

National ECAs may, if providing support on a project finance basis, support up to 50 per cent of the financing for any project in a High Income OECD country. (Formerly, this limit stood at 35 per cent)

The above terms are only available for a project finance transaction where the relevant National ECA's final commitment to support that transaction is notified to the OECD by 31 January 2010. (However, OECD Participants will review this cut off date at the end of 2009.)

2 New terms are now available for Renewable Energy and Water Projects (REWP) and for the Nuclear Sector

New OECD Sector Understandings on Export Credits for Renewable Energies and Water Projects and for Nuclear Power Plants became effective on 1 July 2009.

The key provisions are:

- maximum credit terms have been extended from 15 to 18 years
- annuity repayment profiles (in addition to equal repayment of principal) are now the 'standard' repayment profiles
- flexible rules on repayment of principal, with generous limits on the ability of borrowers to 'sculpture' the repayment profile (for example, the timing of the repayment of principal), subject to prior notification and justification (this flexibility is available for tenors up to 18 years for REWP, but only up to 15 years for Nuclear)
- local costs of up to 30 per cent of the export contract value may be supported.
- new Minimum Interest Rate provisions

The latest version of the Arrangement and the two Sector Understandings are available on the OECD website.

http://www.oecd.org/topic/0,3373,en_2649_34171_1_1_1_1_37431,00.html

Please note that the above is only a brief summary of some of the provisions of the Sector Understandings. If you require further information or clarification please get in touch with your ECGD Business Manager.

<http://www.ecgd.gov.uk/business-group-organisational-chart-2008-10.pdf>

September 2009