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English - Or. English

**TRADE AND AGRICULTURE DIRECTORATE
PARTICIPANTS TO THE ARRANGEMENT ON OFFICIALLY SUPPORTED EXPORT CREDITS**

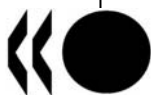
**2009 ANNUAL RECORD OF DECISIONS AND CORRECTIONS IN RESPECT OF THE
ARRANGEMENT ON OFFICIALLY SUPPORTED EXPORT CREDITS - FINAL**

This revised document records the Participants' decisions and corrections in respect of the Arrangement on Officially Supported Export Credits agreed from January 2009, up to and including December 2009.

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2009 ANNUAL RECORD OF DECISIONS AND CORRECTIONS IN RESPECT OF THE ARRANGEMENT ON OFFICIALLY SUPPORTED EXPORT CREDITS - FINAL

I. Introduction

1. This revision document records all the changes to the *Arrangement on Officially Supported Export Credits* (the “Arrangement”), agreed since the December 2008 Revision of the Arrangement was issued on 17 December 2008 [TAD/PG(2008)29/FINAL¹]. Such changes were agreed in February, July, October and November 2009 as follows.

II. Changes Recorded in the February 2009 Revision of the Arrangement [TAD/PG(2009)6]

2. At their 105th Meeting in January 2009, the Participants to the Arrangement (“the Participants”) discussed proposals to amend the *Sector Understanding on Export Credits, Renewable Energies and Water Projects* (RE/WSU), annexed to the Arrangement: this followed from discussions concerning Common Line ECH4/2008. The following proposals were agreed *ad referendum* 23 January 2009 and, in the absence of any objections, were considered adopted from that date; additionally, the Common Line was subsequently withdrawn:

- *Article 3 d) and e) of Annex IV*: new provisions to incorporate the flexibilities in repayment profile available under Article 14 d) of the Arrangement were added to Annex IV.
- *Item g) in Chapter II of Annex V*: changes were made to the information to be provided for notifications of Annex IV projects benefitting from the newly-agreed provisions on flexibilities in repayment profile in the RE/WSU.

3. Also at their 105th Meeting in January 2009, in the context of discussion about the impact of the global financial crisis on export credits, the Participants agreed *ad referendum* 30 January 2009, a permanent change to the country classification categories:

- *Article 11 a) of the Arrangement*: the definition of Category I countries was narrowed, allowing more countries to benefit from the longer maximum repayment terms and maximum weighted average life provisions of Category II countries.

4. The Participants also agreed a temporary change (*i.e.* until 31 January 2010) to the terms and conditions for a project finance transaction. In the absence of any objections, these proposals were considered adopted, as follows:

- *Article 2 and 3 d) of Annex X*: the rules for Project Finance transactions were adjusted to remove the restrictions in repayment term and weighted average life for projects in High Income OECD Countries in which a participant’s interest comprises between 35% and 50% of the syndication.

¹ In English; the French version was issued on 9 March 2009.

III. Changes Recorded in the July 2009 Revision of the Arrangement [TAD/PG(2009)21]

5. Based on World Bank data of *per capita* Gross National Income (“GNI”), between 2007 and 2009, Bulgaria, Romania and the Russian Federation become ineligible for tied aid²: as a result, the following change was made to the Arrangement:

- *Article 33 b) 5) of the Arrangement*: the reference to Bulgaria, Romania and the Russian Federation was removed.

6. In 2008, the World Bank streamlined its operational lending categories and the category of 17-year loans, to which Article 33 of the Arrangement referred as the threshold for tied aid eligibility, was eliminated and, in accordance with information received from the World Bank, in order to maintain consistency, the upper limit *per capita* GNI for lower-middle income countries was adopted as the new threshold for the purpose of determining countries’ eligibility for tied aid³. Accordingly, the following change was made to the Arrangement:

- *Article 33 a) and b) 5) of the Arrangement*: the threshold for tied aid eligibility was amended to the upper limit of *per capita* GNI for lower middle income countries.

7. At their 39th Meeting in April 2009, the Participants to the *Sector Understanding on Export Credits for Civil Aircraft* (ASU) agreed the following changes to the text of the ASU.

- *Section 3 of Appendix III of Annex III of the Arrangement*: Tables 2a) and 2b) regarding minimum premium rates for Category 2 and Category 3 aircraft were revised with effect from 1 April 2009.
- *Article 6 b) of Appendix IV of Annex III of the Arrangement*: new provisions for selecting the appropriate LIBOR as a minimum floating interest rate depending on the repayment profile were inserted.

8. At their 108th Meeting in June 2009, the Participants agreed a new text of revised terms and conditions for the RE/WSU and agreed that the RE/WSU should become a permanent part of the Arrangement. In parallel, at the 28th Meeting of the Group on the *Sector Understanding on Export Credits for Nuclear Power Plants* (NSU) the Participants agreed a new text of revised terms and conditions for the NSU. These two revised Sector Understandings came into effect on 1 July 2009 and, as a result, the following changes were made to the Arrangement:

- *Article 7 b) and 7 c) of the Arrangement*: Article 7 b) was introduced to allow a project under the NSU and the RE/WSU to adopt the terms and conditions for Project Finance projects in Annex X of the Arrangement and Article 7 c) was amended to prevent projects under the *Sector Understanding on Export Credits for Ships* (SSU) or the ASU from adopting the terms and conditions for Project Finance projects in Annex X of the Arrangement.
- *Article 13 b) of the Arrangement*: the description of a non-nuclear power plant was amended to align it with the description of a nuclear power plant.

² OLIS messages XCRED2007.197 dated 10 July 2007, XCRED2008.253 dated 11 July 2008 and XCRED2009.311 dated 15 July 2009 refer.

³ As noted in Country Classification 2008 [TAD/PG(2008)14].

- *Annex II of the Arrangement*: the existing NSU was replaced with the new text in TAD/PG(2009)19.
- *Annex IV of the Arrangement*: the existing RE/WSU was replaced with the new text in TAD/PG(2009)18.
- *Items f) and g) of Chapter II of Annex V of the Arrangement*: the information requirements for notifications under the revised NSU and RE/WSU were adjusted.
- *Annex XI of the Arrangement*: a definition of “Initial Fuel Load” was added.

IV. Change to the Arrangement agreed in October 2009

9. ASU Participants agreed, at their 41st Meeting held in October 2009, to insert the “*de minimis*” classification provision permanently into the ASU by deleting the clause of “trial period” of two years.

- Footnote 1 of Appendix III of Annex III :

~~*During a trial period of two years starting 1 January 2008, f*~~ *For transactions with an export contract value of less than USD 5 million, a Participant not wishing to follow the risk classification procedure set out in Articles 10 and 11 of this Appendix shall apply the risk classification “C” for the buyer/borrower which is the subject of the transaction and shall notify the transaction in accordance with Article 25 a) of this Sector Understanding.*

- Footnote 2 of Appendix III of Annex III :

~~*During a trial period of two years starting 1 January 2008, f*~~ *For transactions with an export contract value of less than USD 5 million, a five working-day period shall apply.*

V. Change to the Arrangement agreed in November 2009

10. At their 111th Meeting held in November 2009, the Participants agreed to extend the deadline of the temporary measures which had been agreed in the context of the global financial crisis, to the end of 2010, instead of 31 January 2010. In effect, the temporary measures as set out in Articles 2 and 3 d) of Annex X are permitted to continue until 31 December 2010.

- Footnote 1 a) of Annex X:

*The financial terms and conditions set out in Articles 2 and 3 d) shall apply to transactions for which a final commitment is issued on or before 31 ~~January~~ **December** 2010.*

- Footnote 1 b) of Annex X:

*After 31 ~~January~~ **December** 2010, the financial terms and conditions set out in Articles 2 and 3 d) shall be discontinued unless the Participants agree otherwise.* Section III: Changes recorded in the February 2009 Revision of the Arrangement.

VI. Correction of Errors

11. At the 67th Meeting of the Working Group of Experts on Premium in April 2009, it was noted that there was an error in the Horizon of Risk (HOR) formula for non-standard repayment profiles in Annex VI, which was corrected in the July 2009 Revision of the Arrangement:

- ~~HOR~~ **the length of the repayment period** = (weighted average life of the repayment period - 0.25) / 0.5.

12. In addition, the following errors were identified in the French version, which were corrected in the July 2009 Revision of the Arrangement:

- *Article 5 d) of the Arrangement:* « Il n'est pas accordé de soutien public s'il apparaît clairement que le contrat a été conclu avec ~~une condition de remboursement plus favorables~~ **un acheteur d'un pays qui n'est pas la destination finale des biens dans le but premier d'obtenir des délais de remboursement plus favorables.** »
- *Article 25 (first line) of the Arrangement:* « ...la probabilité ~~avec~~ **selon** laquelle... »

13. One typographical error was also found in Article 6 b) of Appendix IV of Annex III, which was inserted in the July 2009 Revision of the Arrangement:

- Article 6 b) 1) of Appendix IV of Annex III:

When the repayment of principal and the payment of interest are combined in equal instalments, the relevant LIBOR effective two business days prior to the loan drawdown date...

VII. Implementation of the Decisions and Corrections

14. The decisions recorded in this document came into effect upon the dates agreed by the Participants, the NSU Participants and the ASU Participants.