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TRADE DIRECTORATE
TRADE COMMITTEE

Working Party on Export Credits and Credit Guarantees

NOTIFICATION OF CHANGES IN THE EXPORT CREDIT SYSTEMS

Note from the Netherlands

This document reports changes notified by the Netherlands to its export credit system.

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NOTIFICATION OF CHANGES IN THE EXPORT CREDIT SYSTEMS

NOTE FROM THE NETHERLANDS

1. As of 1 July 2004, the Netherlands made the following changes in their policy on Exchange Rate Risk Cover and on cover in foreign currency.

I. Exchange Rate Risk Cover

2. Under the previous policy, the risk period for exchange rate risk insurance could either start on the effective date of a binding offer to a tender or on the day the export contract became effective. The latter option has been cancelled. The reason for this is the increase in possibilities to cover this risk on financial markets. The revised Exchange Rate Risk Cover focuses on cover for fluctuations in the exchange rate during the period of a binding offer to a tender. In this period, the exchange rate risk has not yet become definitive, because it is not certain whether the offer will be accepted. For this reason it is difficult for the market to provide cover for these risks. Therefore, the Dutch government still has a role in offering cover for those risks.

3. The risk period of the Exchange Rate Risk Cover can either end on the day the export contract becomes effective or on a later moment. The insured party should decide upfront on the desired length of the risk period. The restriction that the length of the risk period should be at least two years has been abandoned. Furthermore, the Exchange Rate Risk Cover has been standardised. This implies that conditions comparable with those used in financial forward exchange contracts apply.

4. The premium is in agreement with costs and risks of the cover provided.

II. Cover in Foreign Currency

5. In order to enable Dutch exporters to take out financial forward exchange contracts if the tender becomes effective, the cover of foreign currency contracts has also become available for a supplier credit policy without direct guarantee. Up until now, this cover had only been available in combination with a buyer credit policy or a supplier credit policy with a direct guarantee.