



## **Fact Sheet:** **Export-Import Bank Support for U.S. Exports to Iraq** **September 2004**

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The Export-Import Bank of the United States (Ex-Im Bank) is the official export credit agency of the United States. Ex-Im Bank provides working capital guarantees, loan guarantees, export credit insurance, and direct loans to support the sale of U.S. exports, principally to emerging markets throughout the world. Ex-Im Bank pursues its mission by assuming reasonable political and commercial credit risks that the private sector is unable to accept or by providing support to counter the effect of export credit financing from other governments.

While Ex-Im Bank's routine trade finance products are not currently available in Iraq, Ex-Im Bank is willing to consider support for the following three types of transactions:

### **The Trade Bank of Iraq**

The Trade Bank of Iraq (TBI) is an independent Iraqi government entity created to facilitate the reconstruction of Iraq by providing trade finance services that Iraqi financial institutions are currently unable to offer. Ex-Im Bank's Board of Directors approved in December 2003 a \$500 million short-term insurance facility to support TBI transactions. Ex-Im Bank entered into a Framework Agreement with the Coalition Provisional Authority and the TBI in connection with this facility. Ex-Im Bank recently entered into discussions with the Ministry of Finance of Iraq about a renewal of this arrangement.

If renewed this facility would utilize two of Ex-Im Bank's Short-Term Insurance Products (Bank Letter of Credit Insurance Policy and Financial Institution Buyer Credit Insurance Policy):

#### **Bank Letter of Credit Insurance Policy:**

Ex-Im Bank would insure letters of credit issued by TBI and confirmed by a commercial bank. This product provides comprehensive coverage to the confirming bank against the failure of TBI to pay the confirming bank under an irrevocable letter of credit. More information about this product is available at <http://www.exim.gov/products/insurance/loc.html>.

#### **Financial Institution Buyer Credit Insurance Policy:**

Ex-Im Bank would provide comprehensive coverage on short term credits extended to TBI by an insured bank. U.S. exporters would receive payment under letters of credit issued by the insured bank. Certain provisions of the policy (reporting and claim filing periods) would be aligned to those of the Bank Letter of Credit policy. More information about this product is available at <http://www.exim.gov/products/insurance/buyercredit.html>.

### **Third Country Obligors**

Ex-Im Bank will consider applications under all of its products (e.g., working capital guarantee, loan guarantee, export credit insurance, and direct loans) to support the sale of goods or services destined for Iraq if there is a creditworthy source of repayment in

a third country in the Middle East or elsewhere. The creditworthy source of repayment may be: (i) a buyer (with an end-user in Iraq); (ii) a private or public sector guarantor; or (iii) a financial institution that will open a letter of credit or provide a payment guarantee on behalf of the buyer. For detailed information on the availability of Ex-Im Bank's support for transactions to a particular country, see Ex-Im Bank's Country Limitation Schedule at [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html).

## **Working Capital**

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Ex-Im Bank will also consider applications under its Working Capital Guarantee Program to support pre-export activities of subcontractors, particularly small businesses, operating under U.S. government-funded contracts for the reconstruction of Iraq. This financing may be used to pay for raw materials, equipment, supplies, labor, overhead and other expenses incurred to fulfill the terms of a subcontract. It may also be used to support standby letters of credit serving as bid bonds, performance bonds, or payment guarantees.

To qualify for this support, applicants must demonstrate that their need for this financing cannot reasonably be met without an Ex-Im Bank guarantee. In addition, Lender Delegated Authority is not available under the Working Capital Guarantee Program for exports to Iraq. For detailed information on Ex-Im Bank's working capital guarantee, see [http://www.exim.gov/products/work\\_cap.html](http://www.exim.gov/products/work_cap.html).

## **Energy Sector**

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Ex-Im Bank is also willing to explore financial support for the energy sector in Iraq. There are several possibilities for export credit agency support for the sector and we remain willing to examine these in detail with the Government of Iraq, when it deems appropriate.

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