Local Cost Policy

When Ex-Im Bank provides medium- or long-term guarantee, loan, or insurance support for U.S. exports for foreign projects, it may also provide local cost support. Local costs are those project-related costs for goods and services incurred in the buyer's country.

Ex-Im Bank can support up to 15% of the U.S. Net Contract Price (in addition to the primary financing support based on the amount of U.S. content) for locally originated and/or manufactured goods and services subject to the following availability and eligibility guidelines.

Availability

Ex-Im Bank offers automatic local cost support for all environmental exports and project finance transactions (including medium-term transactions).

Long-Term Transactions: Ex-Im Bank may provide local cost support for all long-term transactions.

Medium-Term Transactions: Ex-Im Bank may provide local cost support for medium-term transactions as long as the U.S. exporter can prove either: (i) the availability of official export credit support for the local cost; or (ii) private market financing of local costs is difficult to obtain for the transaction.

All transactions that receive local cost support must meet the eligibility criteria defined below.

Eligibility

If Ex-Im Bank provides local cost support for medium- and long-term transactions, then the local cost must be:

\#   Related to the U.S. exporter's scope of work;
\#   Certified by the U.S. exporter in the Exporter's Certificate;
\#   Detailed in the Acquisition List; and
\#   Originated/manufactured in the host country.

For limited recourse project finance transactions, the local costs may or may not be related to the U.S. exporter's scope of work. For those local costs not related to the U.S. exporter's scope of work, the local costs must be:

\#   Beneficial to the project;
\#   Detailed in the Acquisition List; and
\#   Originated/manufactured in the host country.

Note: The decision to extend local cost support is subject to budgetary and other discretionary considerations as determined by Ex-Im Bank's management.

A U.S. exporter has been awarded a contract to build a gas power plant in China. The U.S. exporter is responsible for providing the turbines from the U.S. while its subsidiary in China is responsible for managing the foundation work (providing local concrete and local labor) for the U.S. equipment.

The following example illustrates how Ex-Im Bank structures local cost financial support in conjunction with support for U.S. exports and assumes:

The U.S. exporter's total contract price is $100 million.
The local costs included in or related to the U.S. exporter's scope of work are $15 million.

This long-term transaction is structured as follows:

U.S. Net Contract Price:	$ 100,000,000
Eligible foreign content:	$ 15,000,000
U.S. Content:	$ 85,000,000
Ex-Im Bank Financed Amount:	**$ 85,000,000**
Cash Payment:	$ 15,000,000
Amount of local cost eligible for Ex-Im Bank support:	**$ 15,000,000**
Cash Payment (for the local cost portion):	Not Applicable
Total Ex-Im Bank support for the transaction:	**$ 100,000,000**

More Information

For more information on Ex-Im Bank's Local Cost Support Policy, please contact the Engineering and Environment Division at 202.565.3570.

For information on Ex-Im Bank and its other products or policies, contact our Business Development Office, one of our Regional Offices, or visit our website, as listed on the front of each fact sheet.