

Export News and Opportunities

USDA Amends GSM-102 Credit Guarantees to Southeast Asia and South Korea

On May 5, the U.S. Department of Agriculture (USDA) amended Commodity Credit Corporation's Export Credit Guarantee Program (GSM-102) for the Southeast Asia Region for fiscal year 2000 to change the country destinations. Eligible destinations are Malaysia, the Philippines, Thailand, Vietnam, and Singapore. Authorization for coverage to the Southeast Asia Region remains unchanged at \$90 million. All other terms and conditions as previously announced remain the same. The previous FAS announcement pertinent to the Southeast Asia GSM-102 program is PR 0553-99.

On May 22, USDA increased by \$75 million the amount of operational credit guarantees available for sales of U.S. agricultural commodities to Korea under the FY 2000 GSM-102 program. This brings the operational amount for the FY 2000 credit guarantees to \$575. The total FY 2000 allocation to South Korea remains unchanged at \$590 million, with \$15 unallocated. All other terms and conditions as previously announced remain the same. The previous FAS announcements pertinent to South Korea's GSM-102 program are PR 0477-99, PR 0537-99, PR 0027-00, and PR 0119-00.

Exporters may apply for credit guarantees on a first-come, first-served basis to cover sales of any of the commodities specified in the GSM list of commodities published in FAS program announcement PR 0003-00, issued January 5, 2000, or as superseded. The list of eligible commodities will apply to all individual country and regional announcements unless otherwise stated in the announcements. The following horticultural products are eligible under the export credit guarantee programs for FY 2000: dried fruit; fresh fruit; frozen fruit; canned fruit; 100-percent fruit juices; fruit and vegetable concentrates, pastes, pulps and purees; honey; hops or hops extract; beer; tree nuts; fresh vegetables; canned vegetables; dried vegetables; wine; and brandy. From time to time, this list may be amended as additional commodities become eligible. The allocation does not assign dollar amounts to any of the commodities specified in the GSM list of commodities, providing buyers and sellers maximum flexibility in arranging the size of their transactions within the scope of the overall allocation.

The GSM-102 program makes available credit guarantees for sales of U.S. agricultural commodities overseas. USDA does not provide financing, but guarantees payments due from foreign banks. USDA typically guarantees 98 percent of the principal and a portion of the interest. The GSM-102 program covers credit terms from 90 days to 3 years.

Under the program, once a firm sale exists, the qualified U.S. exporter applies for a payment guarantee before the date of export. The U.S. exporter pays a fee calculated on the dollar amount guaranteed, based on a schedule of rates applicable to different lengths of credit periods. The Commodity Credit Corporation (CCC)-approved foreign bank issues a dollar-denominated, irrevocable letter of credit in favor of the U.S. exporter, ordinarily advised or confirmed by the financial institution in the United States agreeing to extend credit to the foreign bank. The U.S.

exporter may negotiate an arrangement to be paid as exports occur by assigning the U.S. financial institution the right to proceeds that may become payable under the guarantee, and later presenting required documents to that financial institution. Such documents normally include a copy of the export report.

If a foreign bank fails to make any payment as agreed, the exporter or the assignee may file a claim with USDA for the amounts due and covered by the guarantee. USDA will pay the U.S. bank and will take on the responsibility of collecting the overdue amount from the foreign bank.

The GSM-102 table presents the FY 2000 GSM-102 for which USDA has authorized credit guarantees for sales of U.S. horticultural products as of May 19, 2000. Additional information about the GSM-102 program, regulations, country specific press releases and program announcements, and a Monthly Summary of Export Credit Guarantee Program Activity may be accessed on the Internet at:

<http://www.fas.usda.gov/excredits/exp-cred-guar.html>

Supplier Credit Guarantees Available to Egypt and West Africa

On May 8, the U.S. Department of Agriculture (USDA) amended the Commodity Credit Corporation's Supplier Credit Guarantee Program (SCGP) for West Africa to increase the allocation and to change the eligible country destinations. The allocation is increased from \$10 million to \$45 million. In addition, Burkina Faso, Cameroon, Cape Verde, Gabon, and Gambia have been added to the list of eligible countries. Eligible destinations under the fiscal year (FY) 2000 SCGP for the West Africa Region now include: Benin, Burkina Faso, Cameroon, Cape Verde, Cote d'Ivoire, Gabon, Gambia, Ghana, Nigeria, and Senegal. All other terms and conditions as previously announced remain the same. The previous announcement pertinent to the West Africa region is PR 0490-99.

The SCGP is unique because it covers short-term financing extended directly by U.S. exporters to foreign buyers and requires that the importers sign a promissory note in case of default on the CCC-backed payment guarantee. The SCGP emphasizes high-value and value-added products, but may include commodities or products that also have been programmed under the GSM-102 program.

The Supplier Credit Guarantee table presents the FY 2000 Supplier Credit Guarantee Program for which USDA has authorized credit guarantees for sales of U.S. horticultural products as of May 19, 2000. Additional information about the SCGP, regulations, country specific press releases and program announcements, and a Monthly Summary of Export Credit Guarantee Program Activity may be accessed on the Internet at:

<http://www.fas.usda.gov/excredits/scgp.html>

The General Sales Manager will consider requests to establish a SCGP and/or GSM Program for a country or region or amend an authorized program to include horticultural commodities and products which are currently not eligible.

The SCGP encourages exports to buyers in countries where credit is necessary to maintain or increase U.S. sales but where financing may not be available without CCC guarantees. Under the SCGP, CCC guarantees a portion of payments due from importers under short-term financing (up to 180 days) that exporters have extended directly to the importers for the purchase of U.S. agricultural commodities and products. These direct credits must be secured by promissory notes signed by the importers. CCC does not provide financing but guarantees payment due from the importer.

Program announcements which can be accessed on the Internet provide information on specific country and commodity allocations, length of credit periods, the required form of promissory note, and other program information and requirements.

(For further information on the SCGP or GSM-102 Program for horticultural commodities, contact Yvette Wedderburn Bomersheim, 202-720-0911 or Elizabeth Mello 202-720-9903).

FY 2000 GSM-102 COVERAGE

Country	Announced Allocation (In Millions of Dollars)
ANDEAN REGION	350.0
ARGENTINA	7.0
AZERBAIJAN	5.0
BALTIC REGION	15.0
BRAZIL	250
CENTRAL AMERICA REGION	110.0
CENTRAL EUROPE REGION	10.0
EAST AFRICA REGION	35.0
EAST CARIBBEAN REGION	60.0
EGYPT	100.0
GEORGIA	10.0
INDIA	20.0
INDONESIA	400.0
JORDAN	50.0
KAZAKSTAN	10.0
KOREA	500.0
LEBANON	10.0
MALAYSIA	100.0
MEXICO	1,000.0
MOROCCO	10.0
PAKISTAN	125.0
PHILIPPINES	100.0
POLAND	25.0
ROMANIA	10.0
SOUTHEAST ASIA REGION	90.0
SOUTHEAST EUROPE REGION	25.0
SOUTHERN AFRICA REGION	50.0
SRI LANKA	70.0
THAILAND	290.0
TUNISIA	30.0
TURKEY	350.0
WEST AFRICA REGION	14.0
WEST CARIBBEAN REGION	35.0

FY 2000 SUPPLIER CREDIT GUARANTEE COVERAGE

Country	Announced Allocation (In Millions of Dollars)	Exporter Applications Received (In Millions of Dollars)
ANDEAN REGION	10.0	
ARGENTINA	1.0	
AZERBAIJAN	5.0	
BALTIC REGION	5.0	
BRAZIL	10.0	
CENTRAL AMERICA REGION	10.0	
CENTRAL EUROPE REGION	20.0	
EAST AFRICA REGION	5.0	
EAST CARIBBEAN REGION	5.0	
EGYPT	10.0	
ISRAEL	20.0	
KAZAKSTAN	5.0	
KOREA	50.0	
Fresh fruit		1.15
MEXICO	100.0	
POLAND	10.0	
ROMANIA	5.0	
SOUTHEAST ASIA REGION	50.0	
Fruit/Vegetable Concentrates		0.01
Tree nuts		0.10
SOUTHEAST EUROPE REGION	20.0	
TURKEY	5.0	
Tree nuts		0.21
WEST AFRICA REGION	10.0	
Frozen Fruit		0.01
Fruit Juice		0.13
Fruit/Vegetable Concentrate		0.01
Honey Products		0.02
Canned vegetables		0.12
Dried vegetables		0.02
Frozen Vegetables		0.02
WEST CARIBBEAN REGION	5.0	
YEMEN	10.0	