

# EXPANDING FINANCING IN EMERGING MARKETS

Ex-Im Bank helps U.S. companies to grow and sustain jobs by assisting in financing their foreign sales and helping them to remain competitive in the ever-changing conditions of the developing world. The Bank enables U.S. companies to take advantage of new sales opportunities in emerging markets that otherwise would not be available. In FY 2000, Ex-Im Bank authorized \$12.6 billion in financing to support more than \$15.5 billion of U.S. exports to foreign markets worldwide.

Small businesses, particularly those new to exporting, often benefit the most from Ex-Im Bank's support. In FY 2000, Ex-Im Bank's small business export financing increased to \$2.3 billion, and pre-export working capital guarantees increased to \$588 million (with 94 percent of these transactions benefiting small businesses). Medium-term insurance, which covers foreign buyers' purchases of capital equipment and spare parts, increased to more than \$880 million.

Ex-Im Bank also helps large U.S. companies to win contracts for major infrastructure projects. In FY 2000, Ex-Im Bank's limited recourse project financing, a type of private financing where repayment is derived from project revenues, rose to more than \$1.5 billion – more than nine times the dollar volume of the previous fiscal year.

Throughout the world, Ex-Im Bank is expanding awareness of its financing and making its products more attractive to foreign buyers in order to maximize sales opportunities for U.S. companies of all sizes. The following are highlights of FY 2000 activity in major markets.

## LATIN AMERICA

Latin America remained Ex-Im Bank's most active market and a major target of the Bank's financing and outreach efforts. In FY 2000, Ex-Im Bank authorized more than \$3.1 billion in support of U.S. exports to the region.

In **Mexico**, Ex-Im Bank authorized \$215 million in limited recourse project financing to support the export of U.S. equipment and services to build the Bajío combined-cycle power plant in San Luis de la Paz. Bechtel International Inc. of Gaithersburg, Md., the primary exporter, will design and build the plant,



*With the help of an Ex-Im Bank loan guarantee in  
FY 2000, Magna Medical Systems Inc. exported  
\$35 million of U.S. equipment to outfit the new hospital of  
Universidade Luterna do Brasil in Canoas, Brazil.*

and General Electric Power Systems of Schenectady, N.Y., will supply gas turbines and a steam turbine. More than two dozen other U.S. companies will also supply equipment.

In **Brazil**, Ex-Im Bank conducted joint marketing seminars with Banco do Brasil in five Brazilian cities to encourage more small and medium-sized Brazilian companies to purchase U.S. goods and services with Ex-Im Bank and Banco do Brasil financing. In FY 2000, the Bank authorized \$487 million to support U.S. exports to Brazil, including more than \$83 million in single buyer export credit insurance to support short- and medium-term sales.

Ex-Im Bank authorized a medium-term guarantee to support the purchase of \$36 million of U.S. telecommunications equipment to TRICOM of Santo Domingo in the **Dominican Republic**. The primary U.S. exporter is Motorola Inc. of Arlington Heights, Ill. The Bank is making another \$10 million in medium-term financing available that will facilitate additional sales to TRICOM from various U.S. exporters.

In FY 2000, Ex-Im Bank authorized \$372 million for U.S. exports to **Venezuela**, including financing for wastewater treatment plants, refuse systems, ambulances and trucks, and electricity generation. Ex-Im Bank authorized a \$100 million credit facility for exports of U.S. capital equipment and services to support oil exploration, production, refining and other activities of Petroleos de Venezuela S.A. (PDVSA), Venezuela's state-owned oil company.



## MAGNA MEDICAL SYSTEMS INC.

Miami, Fla.

### Breaks into Competitive Market in Southern Brazil

With the help of Ex-Im Bank in FY 2000, this small business integrator and exporter of hospital equipment and technology won a \$35 million contract to provide equipment and services to a private, non-profit organization that runs a university and several hospitals in southern Brazil. Magna Medical Systems is exporting equipment from 93 sub-suppliers throughout the United States. The company was able to break into a market dominated by major German suppliers with the assistance of an Ex-Im Bank-guaranteed long-term loan from the Northern Trust Company in Chicago, Ill.

“If it weren't for Ex-Im Bank, this transaction would not have occurred. Ex-Im Bank's involvement allowed us to offer one financing package for all equipment, which makes it very economical for the buyer. This sale will help us to establish a foothold in this market for many years to come as it will serve as a showcase for Magna and other high-end U.S. medical manufacturers in this region of the world,” said Julian Arrieta, special projects director at Magna Medical Systems Inc.

## ASIA

In FY 2000, Ex-Im Bank authorized more than \$3 billion for U.S. exports to Asia, the second most active market for Ex-Im Bank financing.

In **Thailand**, Ex-Im Bank provided a long-term loan guarantee to Thai Airways International Ltd. to support the \$548 million export by The Boeing Co. of Seattle, Wash., of one Boeing 747-400 aircraft with four installed engines from General Electric Co., and four Boeing 777-300 aircraft with four Rolls Royce engines that were financed by the official export credit agency of the United Kingdom. Ex-Im Bank's guarantee was needed because of reduced availability of commercial bank funding for aircraft purchases in the wake of Asia's economic downturn.

In the **Philippines**, Ex-Im Bank provided limited recourse project financing to support the \$129 million sale of equipment and services by Raytheon Engineers and Constructors of Princeton, N.J., and numerous other U.S. suppliers to build the KEPCO Ilijan gas-fired, combined-cycle power plant on Luzon.

In **Malaysia**, Ex-Im Bank provided a long-term loan to enable a semiconductor manufacturer, Silterra Malaysia Sdn. Bhd., to purchase \$800 million of technology,

equipment and services from LSI Logic Corporation in Milpitas, Calif., Fluor Daniel Intercontinental in Irvine, Calif., and 23 other U.S. suppliers.

Throughout the year, Ex-Im Bank worked to develop partnerships with government, business and banking sectors in **India**. Chairman Harmon conducted a trade mission to India in February and met with representatives of the Indian government, U.S. and Indian companies and banks to discuss ways to increase the Bank's financing for government and private Indian buyers.

Ex-Im Bank announced that it will guarantee loans denominated in India's currency, the rupee. The ability to offer their Indian buyers a guarantee in rupees will help U.S. exporters to be more flexible and competitive in this important market.

In December 1999, Ex-Im Bank Vice Chair Jackie Clegg traveled to **Vietnam** and signed two agreements to pave the way for use of Ex-Im Bank's programs.

*Ex-Im Bank Vice Chair Jackie Clegg signed a trade agreement in September 2000 with S.K. Chakrabarti, deputy managing director of the Industrial Development Bank of India. In background (right to left): U.S. Commerce Secretary Norman Y. Mineta and J. Brady Anderson, administrator of the U.S. Agency for International Development (USAID).*



## TURKEY AND SOUTHEASTERN EUROPE

In FY 2000, Ex-Im Bank authorized more than \$1.2 billion in financing to support the sale of U.S. goods and services to **Turkey**. The Bank also established a new \$1 billion credit facility with 12 Turkish private sector banks to expedite the financing of purchases of U.S. goods and services by small and medium-sized Turkish firms, which can apply directly to one of these pre-approved banks for Ex-Im Bank-guaranteed or insured financing.

Ex-Im Bank supported President Clinton's Southeast Europe Initiative in FY 2000 by appointing a senior loan officer to lead the Bank's outreach in southeastern Europe, working with government and business representatives to promote U.S. trade and encourage partnerships.

Ex-Im Bank board members, Dan Renberg and Vanessa Weaver, conducted business development missions in southeastern Europe in FY 2000. In April, Mr. Renberg met with officials in **Hungary** and the **Czech Republic**, and signed an agreement promoting financing for U.S. environmental exports to Hungary. In September, Ms. Weaver visited **Macedonia, Croatia and Slovenia** to explore ways to expand use of Ex-Im Bank financing for U.S. exports.

The Bank approved \$51 million in long-term financing to help Lockheed Martin Overseas Corp. of Bethesda, Md., to sell state-of-the-art weather radar and related equipment and services for an integrated national meteorological system to the state meteorological institute of **Romania**. In addition to Lockheed Martin, 18 U.S. companies in 10 states will supply equipment and services.

## INTERGEN, BECHTEL POWER CORP., GENERAL ELECTRIC CO.

### Export Equipment and Services for Three Power Projects in Turkey

Ex-Im Bank's limited recourse project financing in FY 2000 will assist Bechtel Power Corp. and General Electric Co. (GE) in exporting approximately \$1.4 billion of U.S. equipment and services to the Gebze, Adapazari and Izmir natural gas-fired power facilities in Turkey. The project sponsors are InterGen (owned by Bechtel Enterprises Inc. and Shell Generating Ltd.) with offices in Boston, Mass., and Enka Insaat ve Sanayi, A.S., one of the largest construction companies in Turkey.

The three Build-Own-Operate (BOO) plants combined represent the largest private power sector investment to date in Turkey and a 15 percent increase in Turkey's electrical power capacity. InterGen/Enka have subcontracted the engineering, procurement and construction of the plants to a joint venture consisting of InterGen's affiliate, Bechtel Power Corp., and Enka. The joint venture will procure gas turbine generators from GE's manufacturing facility in Greenville, S.C., as well as other equipment from various U.S. suppliers. Bechtel Power Corp. will provide up to \$230 million of engineering services, and GE will provide \$275 million of equipment. GE has also entered into a \$550 million, long-term parts and services agreement for the three plants, which will be operated by InterGen upon completion.

"Ex-Im Bank's support for these projects was a critically important factor in our decision to move forward with these power facilities. It has enabled us to develop projects yielding considerable environmental and economic benefits for both the United States and Turkey," said Carlos Riva, president and CEO of InterGen.

"As a result of Ex-Im Bank's financing, GE was able to provide Turkey with its most reliable, inexpensive and environmentally friendly source of power. These transactions represent GE's largest order ever in Turkey," said Steven Howlett, GE senior vice president.

Ex-Im Bank led the financing group, which consists of the Overseas Private Investment Corp. (OPIC), the export credit agencies of Belgium (OND) and Germany (Hermes), and commercial banks. The Bank's long-term financing covers both the construction and operating periods of the projects, a first for Ex-Im Bank in Turkey.

## AFRICA

In FY 2000, Ex-Im Bank authorized more than \$733 million for U.S. exports to Africa and worked to expand use of its financing in North Africa and in sub-Saharan countries.

Ex-Im Bank expanded availability of its financing for public sector transactions in **Algeria**. The Bank provided a long-term guarantee to finance the export of four Boeing 737-800 aircraft to Air Algerie, and also supported the export of engineering services by Brown & Root for the Hassi Berkine oil field project of SONATRACH, Algeria's state-owned oil and gas company.

Ex-Im Bank's focus on sub-Saharan Africa was underscored by several delegations in FY 2000. Ex-Im Bank Chairman James Harmon accompanied President Clinton in August on a historic visit to **Nigeria**, where he met with President Obasanjo and other government and business leaders to discuss use of the Bank's financing. In October 1999, Chairman Harmon led a trade mission to **Ghana, Nigeria, South Africa and Mozambique**. The Bank's regional director for Africa also visited the region and conducted seminars in **Nigeria, Cameroon and Senegal**.

Ex-Im Bank announced a pilot program in July offering financing of up to \$1 billion a year on five-year repayment terms to help sub-Saharan Africa to purchase

U.S. HIV/AIDS-related medical equipment, services and medications. The program is designed to add flexibility to minimize the cost of medications and health care delivery and maximize repayment terms.

In FY 2000, Ex-Im Bank approved limited recourse project financing for the **Chad-Cameroon** oil pipeline system. The Bank authorized \$200 million in financing to support the export of U.S. equipment and services by Willbros Engineering Inc. in Tulsa, Okla., Kellogg Brown & Root and IWL Communications in Houston, Texas, and numerous other U.S. suppliers to build a pipeline system to transport crude oil from southwest Chad through Cameroon to the Atlantic coast. The pipeline will carry 225,000 barrels of oil a day and will generate significant revenue for Chad and Cameroon. In accord with the Bank's guidelines, the environmental effects have been identified and will be mitigated to protect human populations and the environment.

## TELECOMMUNICATION SYSTEMS INC.

Annapolis, Md.

**Sells Wireless Internet Access Equipment to Nigeria**

This minority-owned small business is helping the state government of Jigawa in Nigeria to access the Internet for educational, training, commercial and health care services – with the help of an Ex-Im Bank medium-term loan guarantee approved in FY 2000. The \$6 million export will provide hardware, software and technical support and is financed with a five-year loan from First International Bank in Hartford, Conn., that is backed by Ex-Im Bank. The transaction is Ex-Im Bank's first in Nigeria in nearly a decade.

“We are pleased to be part of the infrastructure development efforts in Jigawa that will provide services to 1,000 offices, schools and medical facilities, and enable the state to communicate locally, nationally and globally as never before. This project would not have been realized without Ex-Im Bank's guarantee,” said Maurice Tose, president of TeleCommunication Systems Inc.



## RUSSIA AND THE NEW INDEPENDENT STATES

In FY 2000, Chairman Harmon made two trips to **Russia**, working with Russia's new leadership to find ways to expand U.S. exports and encourage Russia's development as a trade partner with the United States. Authorizations for exports to Russia rose to \$213.7 million.

Ex-Im Bank approved long-term loan guarantees to support more than \$500 million of U.S. oil field equipment and services for two projects of Russia's Tyumen Oil Company: the rehabilitation of the Samatlor oil field in western Siberia and the modernization of the Ryazan oil refinery near Moscow. U.S. exporters involved in the Samatlor project are Halliburton Company of Houston, Texas, and more than 25 other U.S. suppliers. ABB Lummus Global, based in Bloomfield, N.J., is the primary U.S. exporter to the Ryazan project.

Authorizations for Russia also included the financing of \$143 million of U.S. aircraft engines and avionics that will be installed on three IL-96T cargo airplanes built by Russia's aircraft manufacturers, JSC Ilyushin Aviation Complex and JSC Voronezh Aircraft Manufacturing Association. The three cargo airplanes will be operated by Aeroflot Russian International Airlines. The two primary exporters were Pratt & Whitney, a division of United Technologies Inc., based in Hartford, Conn., and Rockwell Collins, based in Cedar Rapids, Iowa. Ten other U.S. exporters supplied components for the IL-96T aircraft.

*With the help of an Ex-Im Bank loan guarantee, Lunceford Associates Inc. is exporting U.S. imaging and other medical equipment to a pediatric hospital in Moscow.*



Ex-Im Bank also authorized long-term financing for U.S. medical equipment exports to a Moscow children's hospital and medium-term financing for the sale of air traffic collision avoidance systems by Honeywell Inc. of Phoenix, Ariz., to a Russian cargo airline. The Bank also approved a medium-term guarantee to support the export of mining and earthmoving equipment by Caterpillar Inc. of Peoria, Ill., to Alrosa Company Ltd. for surface diamond mining.

In its first transaction with **Azerbaijan**, Ex-Im Bank approved a \$66 million long-term guarantee as part of an asset-based financing package to facilitate the export of two Boeing 757-200 aircraft to Azerbaijan Airlines.

In June, Vice Chair Clegg traveled to **Estonia, Lithuania and Poland** to meet with business, financial and government leaders to promote availability of Ex-Im Bank's financing.

## LUNCEFORD ASSOCIATES INC.

**Coeur d'Alene, Idaho**

**Sells Medical Equipment to Moscow Children's Hospital**

In FY 2000, this small business exporter benefited from a \$31 million loan guarantee from Ex-Im Bank to sell U.S. medical imaging machinery and other equipment to a pediatric hospital in Moscow, Russia. The company is obtaining equipment from more than 20 U.S. suppliers. Ex-Im Bank's guarantee is supporting a long-term loan from U.S. Bank N.A., in Minneapolis, Minn. This transaction is the Bank's fifth financing of the company's sales of medical equipment to Russia.

"We certainly appreciate the efforts of Ex-Im Bank to accommodate financing in Russia. Acting in an expeditious manner is always important because we are not just marketing the equipment on its merits, but we are also in competition with several other countries, such as Germany, that provide loans to Russia," said Earl Lunceford, company president. "Lunceford Associates has done in excess of a quarter of a billion dollars in the post perestroika market, and Ex-Im Bank's ongoing support in financing projects has been very important to our continued success in providing critical medical equipment to Russia."