

## U.S. Position on Disciplines for Export Credits

The United States proposes, as part of the comprehensive reform of trade-distorting measures under the three pillars, the following disciplines on export credits, credit guarantees, and export credit insurance.

### 1. Consistency with Article 10.2

This Article establishes internationally agreed disciplines to govern the provision of officially supported export credits, export credit guarantees, and export credit insurance programs in accordance with Article 10.2 of the Uruguay Round Agreement on Agriculture. (Such provision hereafter is referred to as "export financing".) Agricultural products for the purpose of this Article are those listed in Annex 1 of the Uruguay Round Agreement on Agriculture and the products thereof.

### 2. Scope of Article

These disciplines apply to all forms of official support including direct credits/financing; refinancing; interest-rate support; export credit insurance and guarantees; deferred invoicing; and any other form of involvement, direct or indirect, by providers of official support. Official support may exist although governments do not make any payment to the after-mentioned institutions or bodies.

Providers of official support to be subject to disciplines include government departments, agencies, or statutory bodies; any financial institution or entity engaged in export financing in which there is governmental participation by way of equity, provision of loans or underwriting of losses; any governmental or non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which or by virtue of which they influence through their purchases or sales the level or direction of exports; and any bank or other private financial institution which acts on behalf of or at the direction of governments or their agencies.

### 3. Prohibition

Except to the extent provided under Article 10.4 under the Uruguay Round Agreement on Agriculture, Members shall be prohibited from using export credit, export credit guarantee and export credit insurance programs that do not meet the provisions of this article.

### 4. Notification

Within ninety days of the entry into force of this agreement, a Member shall notify any program that it maintained before the entry into force of this agreement. A Member shall not maintain programs that were not so notified.

No later than the next semi-annual reporting date, a Member shall notify the terms and conditions of any new programs and any exclusive or special rights or privileges, including statutory or positional powers granted, implemented after the beginning of the implementation period of this agreement. Failure to notify shall result in the prohibition of use.

### 5. Transparency and Reporting

Members shall assure transparency in the use of export credit programs. Semi-annual reporting shall be as set out in Annex 1 of this Agreement.

### 6. Terms and Conditions

A Member shall not maintain export financing programs other than in accordance with the following provisions:

**(a.) Repayment term**

The maximum repayment term of 180 days shall begin at the starting point of export financing and end on the contractual date of the final payment.

**(b.) Period of validity**

Credit terms and conditions (e.g., interest rates for official financing support and all risk-based terms and conditions) offered for an individual export credit or line of credit shall not be fixed for a period exceeding six months without payment of the premium.

**(c.) Starting point of export financing**

The starting point of export financing shall not be later than the actual date of shipment of the goods to the recipient country.

**(d.) Repayment of principal**

The principal sum shall be repaid no later than 180 days after the starting point of export financing.

**(e.) Repayment of interest**

Interest shall be paid no later than 180 days after the starting point of export financing. In the case of official financing support<sup>1</sup>, interest excludes (i) any payment of premium or other charge for insuring or guaranteeing supplier credits or financial credits; (ii) any other payment of banking fees or commissions relating to the export credit; and (iii) any withholding taxes imposed by the importing country.

**(f.) Minimum interest rate**

Interest rates offered for official financing support shall not be below the actual costs of borrowing for the funds so employed (including costs of funds if capital was borrowed on international markets in order to obtain funds of the same maturity), plus a risk-based spread reflective of prevailing market conditions.

**(g.) Premiums**

Premiums charged under export financing programs shall be consistent with the following provisions: premiums shall be adequate to cover long-term operating costs and losses; premiums shall be expressed in percentages of the principal value of the credit; and premiums shall be paid in full at date of issuance and shall not be financed.

**(h.) Coverage**

Export financing shall cover less than the full value of a transaction.

**(i.) Rebates**

Rebates in any form shall be explicitly prohibited.

**(j.) Foreign exchange risk**

Export credits, export credit guarantees, export credit insurance, and related financial support shall be provided in freely traded currencies. Foreign exchange exposure deriving from credit that is repayable in the currency of the importer shall be fully hedged, such that the market risk and credit risk of the transaction to the supplier/lender/guarantor is not increased. The cost of the hedge shall be incorporated into and be in addition to the premium rate determined according to Article 6 (g).

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<sup>1</sup> Official financing support includes direct credits/financing, refinancing and interest rate support (G/AG/NG/S/13).

7. Special and Differential Treatment:

Special and differential treatment in favor of recipient developing countries shall take the form of the following export credits terms and conditions:

(a.) The maximum repayment term of thirty months for developing countries shall begin at the starting point of export financing and end on the contractual date of the final payment.

(b.) The principal sum shall be repaid in equal and regular installment not less frequently than annually with the first payment due no later than twelve months after the starting point of credit.

(c.) Interest shall be paid not less frequently than annually, with the first payment to be made no later than twelve months after the starting point of export financing.

8. Emergency Exception

An emergency is defined as a sudden, significant, and unusual deterioration in a recipient country's economy, which may have far-reaching consequences such as social deprivation or unrest. In the event of an emergency the recipient country Member may request of the providing Member more generous terms for either export credits, export credit guarantees, or export credit insurance programs. The recipient Member shall notify the Committee on Agriculture in writing of any request for more generous terms. The providing Member shall consider all requests for more generous terms in accordance with the need to sustain the viability of their export credits, export credit guarantees, or export credit insurance programs.

## Annex I: Export Credit Reporting Requirements

**Country:**

**Reporting period:**

### I. INFORMATION BY PROGRAM

- A. Program name:
- B. Program type (direct credit, credit guarantee, insurance, etc.):
- C. Program description (brief description of how this program operates.):
- D. Program characteristics:
  - 1. Repayment Term:
  - 2. Starting point of credit:
  - 3. Principal repayment frequency:
  - 4. Interest repayment frequency:
  - 5. Interest Rate (for direct lending, refinancing, and interest rate support programs):
  - 6. Premiums (reflected as a percentage of the principal value of the credit at the starting-point of the credit):
  - 7. Validity period:
  - 8. Percent Coverage:
    - (a) Principal:
    - (b) Interest:
  - 9. Foreign exchange risk hedging mechanism:
  - 10. Required waiting period for filing a claim:
  - 11. Deductible (for insurance programs):
- E. Program activity:

<b>Destination</b>	<b>Repayment period</b>	<b>Product Description</b>	<b>Value of Transactions</b>	<b>Interest Rate</b>
(Country or region)	(In months)	(By HS code)	(Rounded to nearest 100,000 SDRs)	(For direct credit, refinancing and interest rate support programs only)

### II. INFORMATION BY INSTITUTION

- A. Name of institution offering covered program:
- B. Ownership structure (public/private/sovereign):
- C. If the institution has private ownership, describe any benefits bestowed by the government (preferential borrowing, guaranteed borrowing, sovereign guarantees on credit activities, tax benefits, etc.):
- D. If the institution benefits from net interest earnings (eg earnings resulting from the difference between the cost of borrowing and lending rates), please describe. Include information where the rate differential on old non-performing loans is a revenue stream to the exporter.

### III. OUTSTANDING DEBT

- A. If the institution has rescheduled debt during the current reporting period, provide a list of outstanding amounts owed to the institution. For each rescheduling or reduction, please provide the following information: debtor country, amount rescheduled or reduced, whether a multilateral or bilateral rescheduling, and terms of the rescheduling (amounts treated, repayment period, grace period, and interest rate).
- B. Provide a list of any activity covered by this arrangement that has been on the books for more than five (5) years but has not been rescheduled. For each activity, please provide the debtor country, amount outstanding, interest terms, and any payments that have been made.

### IV. NATIONAL ACCOUNT INFORMATION

If this program (or any part of it) is operated through a national interest account, provide the following information.

- A. Percentage of total programming offered on the national interest account:
- B. Benefits provided by your government related to items on the national interest account:
- C. Criteria for programming offered through national interest account (high risk, political purposes, etc.):
- D. Please provide a breakdown of export credit activities conducted on the basis of a national account using the chart below.

<b>Destination</b>	<b>Repayment period</b>	<b>Product Description</b>	<b>Value of Transactions</b>	<b>Interest Rate</b>
(Country or region)	(In months)	(By HS -6 digit if possible)	(Rounded to nearest 100,000 SDRs)	(If direct credit)

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