

## Aircraft Finance

Ex-Im Bank supports Indonesian buyers of U.S. commercial aircraft and general aviation aircraft through loan guarantees and insurance. On the commercial airline side, Ex-Im Bank has helped finance both Garuda Airlines and Lion Air, which grew in recent years to become Indonesia's largest private carrier.

Ex-Im Bank financing support can also cover spare parts, ground equipment, training costs and transaction expenses. Its specialized Transportation Finance Division can provide expert guidance in all aspects of the transaction.

## Structured and Project Finance

Ex-Im Bank offers a range of financing solutions for Indonesian customers. Project (limited recourse) Financing and Structured Finance are two options that can offer maximum flexibility for project sponsors in natural resource and infrastructure sectors. For major transactions with significant equity

participation, Project Financing allows Ex-Im Bank to lend to newly created companies with reliance on the project's future cash flows as the primary source of repayment. Through Structured Finance, Ex-Im Bank can combine some elements of pure Project Finance with recourse to creditworthy participants in the form of loan guarantees and risk-sharing agreements.

## Medical, Environmental and Transportation Security Initiatives

Ex-Im Bank provides enhanced support for medical equipment exports, exports that benefit the environment and exports related to international transportation security. Benefits include extended repayment terms (up to 18 years for renewable-energy and water projects) and coverage of local costs for up to an additional 30 percent of the U.S. contract value.

## Renewable Express

Ex-Im Bank's Renewable Express product assists Indonesian buyers of U.S.

clean energy equipment, technology and services by providing streamlined financing for small clean-energy projects. Ex-Im Bank can process transactions of between \$3 million to \$10 million in as few as 60 days.

## Credit Requirements

- Ex-Im Bank cover/support for public sector transactions is limited to transactions which commit the full faith and credit of the government, typically in the form of a guarantee from the Ministry of Finance.
- Ex-Im Bank cover/support for private sector transactions is typically limited to transactions with a commercial lender as obligor or guarantor.
- Coverage under short-term insurance policies is only available if specified in a Special Buyer Credit Limit endorsement, an Issuing Bank Credit Limit endorsement, or a Country Limit of Liability endorsement. Discretionary Credit Limits are not available.



# Export-Import Bank of the United States

# INDONESIA



## Indonesia: An Ex-Im Bank Key Market

Ex-Im Bank is open in over 180 countries but has identified nine key markets that offer strong potential for increased amounts of U.S. exports. One of these markets is Indonesia. Key factors in this selection were Indonesia's continued strong rate of economic growth, ongoing political and market reforms and a large population of 235 million—half of which are under the age of thirty—that have combined to create a dynamic and quickly evolving commercial environment.



## EXPORT-IMPORT BANK OF THE UNITED STATES

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BRO-NAM-01  
February 3, 2012

# International Buyers of U.S. Goods and Services



# Ex-Im Bank Finances Opportunity U.S. Exports to Indonesia



Indonesia is the largest economy in Southeast Asia, with a market-based economy and GDP growth averaging over 6 percent annually. There is a tremendous need for investment in the country's infrastructure to support continuing expansion in all sectors, including agriculture, power, energy, transportation and environmental conservation.

Despite the continuing global economic recession in 2010, U.S. exports to Indonesia increased by an impressive 19.8 percent to \$3.7 billion. In 2010, U.S. exporters saw significant demand in agricultural products sectors, which accounted for roughly one-third of U.S. exports to Indonesia. Industrial inputs also continued to see steady growth as Indonesia continues to import machinery, chemicals, instrumentation and software to support its growing industrial sector.

## Indonesian Buyers:

### Buy More U.S. Goods and Services with Competitive Financing

Ex-Im Bank has been providing financing since 1934 to buyers of quality U.S. products and services. Its flexible financing options can assist creditworthy buyers that might have difficulty obtaining credit through traditional financing sources, or obtaining reasonable interest rates and terms.

## U.S. Exporters:

### Get the Financing Tools Needed to Increase Your Sales to Indonesia

By protecting against political and commercial risks, Ex-Im Bank's credit insurance and loan guarantees provide U.S. exporters with the tools to confidently offer competitive financing terms when competing for increased business in Indonesia. This enables the buyers to buy more from the U.S. as cash-in-advance is not needed.

## Short-Term

### Up to one year repayment terms Export-Credit Insurance

Ex-Im Bank's export credit insurance policies can enhance the competitiveness of U.S. exporters by allowing them to offer extended payment terms to their customers in Indonesia. The insurance protects exporters against both commercial and political risks that can result in non-payment of their export receivables.

#### Benefits:

- Allows for competitive sales terms to be arranged for the Indonesian buyer directly by the U.S. exporter or the exporter's financial institution
- Can cover exporter's open account terms or lender payments against drafts drawn under sight Letters of Credit (L/Cs) and deferred payment

Coverage is generally available for terms of up to 180 days on sales of U.S. goods and services, including such items as consumer products, raw materials, parts, semi-manufactured and finished goods. Some products, such as bulk agricultural commodities, qualify for 360 day terms. Policies are available for Single-Buyer, Multi-Buyer and Bank L/C programs.

- Ex-Im Bank export credit insurance policies also facilitate the exporter's access to additional financing by assignment of insured receivables and policy proceeds to the exporter's lender

## Medium-Term

### Typically up to five years repayment and under \$10 million

#### Export-Credit Insurance and Guarantees of Commercial Loans

Ex-Im Bank can support the purchase of U.S. goods and services by Indonesian buyers by providing medium-term credit insurance and loan guarantees to financial institutions that provide loans to these buyers.

The Bank protects lenders against both commercial and political risks that could result in nonpayment of the loan, thereby promoting the willingness of lenders to provide financing and to price loans at competitive interest rates and terms.

Ex-Im Bank's support can cover up to 85 percent of the U.S. contract value, including both goods and services

## Benefits:

- Standardized program terms and documentation allow for quick turnaround
- Interest rates are negotiated directly with the guaranteed lender, thereby providing for lower financing costs
- The guarantee covers 100 percent of principal and interest on any loan amount

## Long-Term

### Typically up to 10 years repayment or over \$10 million

#### Loan Guarantees

With Ex-Im Bank's guarantee, Indonesian buyers of U.S. goods and services are able to obtain attractive financing terms from commercial lenders for larger purchases or major projects. This is critical for U.S. companies to achieve export success in the Indonesia marketplace.

#### Benefits:

- Repayment terms depend on the specific project, but could be up to 12 years for conventional power generation and up to 18 years for renewable energy projects
- Principal repayment profiles can be somewhat tailored to project cash flows
- Interest rates are negotiated directly with the guaranteed lender, and fixed interest rate options are available

Success Story

To date Ex-Im Bank has approved over \$1.0 billion in financing support for the U.S. export of more than thirty Boeing B737-900ER to Lion Air. Lion Air has also received from Ex-Im Bank a preliminary commitment for more than \$1.0 billion in Ex-Im Bank backed financing to support the export of more than twenty-five additional Boeing 737 aircraft to be added to the Lion Air fleet. Ex-Im Bank provides official support for loan guarantees that enable commercial lenders to fund transactions on competitive terms and conditions. The repayment term for Ex-Im Bank supported financing for large commercial aircraft may be up to 12 years.



Lion Air  
Aviation



Multiple Buyers  
Manufacturing

Both the buyer and U.S. exporter benefit by Ex-Im Bank's export credit insurance. Indonesian buyers were interested in purchasing a significant quantity of tanned leather products such as boots, motorcycle bags and accessories, leather shoe laces, and western horse riding equipment. However, they did not want to pay cash-in-advance and tie-up their credit while waiting for the products to arrive from Auburn Leather Company in Auburn, Kentucky (USA). Ex-Im Bank's small business insurance covered 95% of Auburn's foreign sales so the company could offer competitive terms to these buyers (up to 90 days). Meanwhile, this U.S. exporter was protected from nonpayment and they assigned their foreign receivables to a lender to improve cash flow.

Success Story