This document contains the 2009 Sector Understanding on Export Credits for Nuclear Power Plants, which is Annex II of the Arrangement on Officially Supported Export Credits and which is effective from 1 July 2009.

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ANNEX II: SECTOR UNDERSTANDING ON EXPORT CREDITS FOR NUCLEAR POWER PLANTS

CHAPTER I: SCOPE OF THE SECTOR UNDERSTANDING

1. SCOPE OF APPLICATION

a) This Sector Understanding sets out the provisions which apply to officially supported export credits relating to contracts for:

1) The export of complete nuclear power stations or parts thereof, comprising all components, equipment, materials and services, including the training of personnel directly required for the construction and commissioning of such nuclear power stations.

2) The modernisation of existing nuclear power plant in cases where both the overall value of the modernisation is at or above 80 million SDRs and the economic life of the plant is likely to be extended by at least the repayment period to be awarded. If either of these criteria is not met, the terms of the Arrangement apply.

3) The supply of nuclear fuel and enrichment.

4) The provision of spent fuel management.

b) This Sector Understanding does not apply to:

1) Items located outside the nuclear power plant site boundary for which the buyer is usually responsible, in particular costs associated with land development, roads, construction village, power lines, switchyard1 and water supply, as well as costs arising in the buyer's country from official approval procedures (e.g. site permit, construction permit, fuel loading permit).

2) Sub-stations, transformers and transmission lines located outside the nuclear power plant site boundary.

3) Official support provided for the decommissioning of a nuclear power plant.

1 However, in cases where the buyer of the switchyard is the same as the buyer of the power plant and the contract is concluded in relation to the original switchyard for that power plant, the terms and conditions for the original switchyard shall not be more generous than those for the nuclear power plant.
CHAPTER II: PROVISIONS FOR EXPORT CREDITS AND TRADE-RELATED AID

2. MAXIMUM REPAYMENT TERMS
   a) The maximum repayment term for goods and services included in the provisions of Article 1 a) 1) and 2) is 18 years.
   b) The maximum repayment term for the initial fuel load is four years from delivery. The maximum repayment term for subsequent reloads of nuclear fuel is two years from delivery.
   c) The maximum repayment term for spent fuel disposal is two years.
   d) The maximum repayment term for enrichment and spent fuel management is five years.

3. REPAYMENT OF PRINCIPAL AND PAYMENT OF INTEREST
   a) The Participants shall apply a profile of repayment of principal and payment of interest as specified in sub-paragraphs 1) or 2) below:
      1) Repayment of principal shall be made in equal instalments.
      2) Repayment of principal and payment of interest combined shall be made in equal instalments.
   b) Principal shall be repaid and interest shall be paid no less frequently than every six months and the first instalment of principal and interest shall be made no later than six months after the starting point of credit.
   c) On an exceptional and duly justified basis, official support for goods and services mentioned in Article 1) a) 1) and 2) of this Understanding may be provided on terms other than those set out in a) and b) above. The provision of such support shall be explained by an imbalance in the timing of the funds available to the obligor and the debt service profile available under an equal, semi-annual repayment schedule, and shall comply with the following criteria:
      1) The maximum repayment term shall be 15 years.
      2) No single repayment of principal or series of principal payments within a six-month period shall exceed 25% of the principal sum of the credit.
      3) Principal shall be repaid no less frequently than every 12 months. The first repayment of principal shall be made no later than 12 months after the starting point of credit and no less than 2% of the principal sum of the credit shall have been repaid 12 months after the starting point of credit.
      4) Interest shall be paid no less frequently than every 12 months and the first interest payment shall be made no later than six months after the starting point of credit.
      5) The maximum weighted average life of the repayment period shall not exceed 9 years.
   d) Interest due after the starting point of credit shall not be capitalised.
4. MINIMUM INTEREST RATES

A Participant providing official financing support for fixed rates loans shall apply the following minimum interest rates:

<table>
<thead>
<tr>
<th>Repayment Term (years)</th>
<th>Standard Minimum Interest Rates</th>
<th>Minimum Interest Rates for New Nuclear Power Plants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Government bonds (years)</td>
<td>Margin (bps)</td>
</tr>
<tr>
<td>&lt; 11</td>
<td>Relevant CIRR in accordance with Article 20 of the Arrangement</td>
<td></td>
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<tr>
<td>11 to 12</td>
<td>7</td>
<td>100</td>
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<tr>
<td>13</td>
<td>7</td>
<td>120</td>
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<td>9</td>
<td>120</td>
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<tr>
<td>18</td>
<td>10</td>
<td>120</td>
</tr>
</tbody>
</table>

5. ELIGIBLE CURRENCIES

The currencies that are eligible for official financing support are those which are fully convertible and for which data are available to construct the minimum interest rates mentioned in Article 4 above, and Article 20 of the Arrangement for repayment terms less than 11 years.

6. OFFICIAL SUPPORT FOR NUCLEAR FUEL AND FOR NUCLEAR FUEL RELATED SERVICES

Without prejudice to the provisions of Article 7 below, the Participants shall not provide free nuclear fuel or services.

7. AID

The Participants shall not provide aid support, except for humanitarian purposes in accordance with footnote 8 of the Arrangement, in which case a Common Line procedure shall be used.

CHAPTER III: PROCEDURES

8. PRIOR NOTIFICATION

a) A Participant shall give prior notification in accordance with Article 45 of the Arrangement at least ten calendar days before issuing any commitment if it intends to provide support in accordance with the provisions of this Annex.
b) If the notifying Participant intends to provide support with a repayment term in excess of 15 years and/or in accordance with Article 3. c) above, it shall wait an additional ten calendar days if any other Participant requests a discussion during the initial ten calendar days.

c) A Participant shall inform all other Participants of its final decision following a discussion, to facilitate the review of the body of experience.

CHAPTER IV: REVIEW

9. FUTURE WORK

The Participants agree to examine the following issues before the end of 2009:

a) A minimum floating interest rate regime.

b) The maximum amount of official support for local costs.

10. REVIEW AND MONITORING

The Participants shall review regularly the provisions of the Sector Understanding and at the latest by the end of 2013, i.e. the fourth calendar year following the effective date of this Sector Understanding.