Working Party on Export Credits and Credit Guarantees

NOTIFICATION IN CHANGES IN THE EXPORT CREDIT SYSTEMS

Note from the Republic of Hungary

This document reports changes notified by the Government of the Republic of Hungary to its export credit system.

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HUNGARY: SOFT LOAN PROGRAM

The Aim:

1. This loan facility is proposed by the Hungarian Government for assisting in the reconstruction and stabilisation in South East European countries.

The Background:

2. In the 1990s the international community made many efforts to strengthen its existing programs in South-Eastern Europe and to build new ones.

3. On 30 July in 1999, at the Sarajevo Summit, a declaration was adopted by the member delegates. Among the signatories were international organisations, recipient and donor countries. Hungary also signed the Declaration.

The Conditions:

4. In the light of the undertaking and aims of the Stability Pact, Hungary has worked out the legislative and administrative background in order to be able to introduce the following soft loan program:

- The total amount of the credit line is: 100 M EURO.
- Conditions of the loan are in accordance with the OECD Tied Aid rules.
- The minimum concessionality level is 35%.
- (Interest rate, repayment period, etc., is reconsidered on a case-by-case base, which will form the part of each project notification subject to paragraphs 55 and 56 of the Arrangement).
- Recipient countries: those of the South East European countries, which are eligible for tied aid.
- Project type: reconstruction, development in line with the Helsinki Disciplines.
- Currency available: EUR, USD.
- Intermediary institutions: Hungarian Export-Import Bank LTD, and Hungarian Export Credit Insurance LTD.
• The fund is set aside at the Ministry of Foreign Affairs and at the Ministry of Economy and Transport.

• These ministries make the final approval of the project.

• The main legal documents:

  ➢ 2156/99 Government Decision on the participation in the South-East European Reconstruction Program in which the government stated that projects in frame of the Program could be financed against sovereign risk.

  ➢ The above Government Decision was modified in 2001 for accepting risks of authorised banks nominated by the host governments in lack of sovereign guarantee.

  ➢ 38/2001 Government Decree on terms and conditions of insurance coverage for non-marketable risks undertaken by Hungarian Export Credit Insurance LTD. on state account.

  ➢ Decree of Minister of Economy No. 1/2001 on the establishment of the financial background for the Program.

  ➢ Decree of Minister of Foreign Affairs No. 7/2001 on the establishment of the financial background for the Program.