Working Party on Export Credits and Credit Guarantees

NOTIFICATION OF CHANGES IN THE EXPORT CREDIT SYSTEM

Note from the United Kingdom

This document reports changes notified by the United Kingdom to its export credit system.

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NOTIFICATION OF CHANGES IN THE EXPORT CREDIT SYSTEM

NOTE FROM THE UNITED KINGDOM

REVISED ARRANGEMENTS FOR THE PROVISION OF FIXED RATE EXPORT FINANCE
(“FREF”) EFFECTIVE FROM 1 APRIL 2005

1. With effect from 1st April 2005, ECGD introduced a revised scheme of support for fixed rate export finance (the “Revised Scheme”). The key features of the scheme are as follows:

- Access will be limited to contracts with a loan value not exceeding £50 million, USD 90 million, EUR 70 million, JPY 10 000 million – these thresholds will be reviewed from time to time.
- Availability of ECGD interest rate support will be subject to the availability of budgeted funds with which to support it.
- Pre-contract CIRR will no longer be available.
- The rate which ECGD will support will be set at the time the loan agreement is released for signature or when an SCF offer is made and will normally have a 30-day validity period for signature/acceptance.

2. The availability of interest rate support for financing under a Buyer Credit facility (BC) or Supplier Credit Finance facility (SCF) is therefore subject to the above conditions. Should ECGD agree to provide support under the new scheme, the rate that ECGD is prepared to support will be, in the case of a BC, the CIRR prevailing at or about the time copies of the loan agreement are released by the lending bank for signature or, in the case of an SCF, the CIRR prevailing at the time ECGD issues an Offer of support to the banker.

3. In most cases, the rate that ECGD is willing to support will initially be held for a period of 30 days from the date on which it is determined. However, recognizing that in certain cases 30 days may not be a sufficient period to arrange signature/acceptance, the initial period for which the rate will be held will be 60 days for contracts with public or sovereign borrowers in certain specified countries.

4. In addition, the initial period for which the rate will be held will be 60 days for SCF cases where either the premium is being paid out of the loan or the transaction involves the use of Bills or Notes; this would apply to business in any country and irrespective of the status of the borrower.

5. If by the final day of the period for which the CIRR rate is initially held the BC loan agreement has not been signed by all parties to it or, in the case of an SCF, conditions for acceptance of the Offer of support are not satisfied, that rate will cease to be applicable and ECGD will, on that day and on each successive 30th day, determine a new rate.

6. However, if, by the end of the validity period specified in the Letter of Intent (in the case of a BC) or Offer of support (in the case of an SCF), the BC loan agreement has not been signed by all parties or, as the case may be, the conditions for acceptance of the Offer of support are not satisfied, any obligation or commitment on the part of ECGD to provide interest rate support will cease.