

SENSITIVE COMMERCIAL SECTORS AND PRODUCTS LIST

This list is issued in compliance with Section 2(e)(5) of the Export-Import Bank Act of 1945, as amended.

Sectors

Steel: Additions to global raw steel-making capacity.¹

Basis for inclusion on the list: General view that long-term surplus in raw steel-making capacity exists globally.

Products

DRAM semiconductors: Additions to global DRAM semiconductor-making capacity.¹

Basis for inclusion on the list: Extended cyclical imbalance in which supply is forecast to exceed demand over an extended period going forward. This imbalance means the new production from any project seeking Ex-Im Bank financing over the next year is likely to come online at a time of oversupply.

Transaction Characteristics

U.S. market oriented: Products associated with projects where a significant portion of the output directly produced by the project is destined for the U.S. market and will compete directly with U.S. production. Recent examples include flat glass produced in Mexico and automotive engine parts produced in Mexico.

Basis for inclusion on the list: Likely net negative trade flow implication.

Note: Section 2(e)2 of Ex-Im Bank's charter prohibits the Bank from supporting transactions that will result in the production of a good subject to applicable trade measures². To obtain Ex-Im Bank's economic impact procedures and a list of countries and products subject to applicable trade measures, please refer to the following websites:

http://www.exim.gov/products/policies/revecon_impact_proc.cfm

http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/antidump_countervailing/index.htm

http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/active/index.htm#safeguard

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¹ As a general rule, transactions which involve replacing existing capacity are not subject to economic impact analysis beyond a check for applicable trade measures.

² Applicable trade measures include: (i) Final Antidumping or Countervailing Duty Orders; (ii) Suspension Agreements Arising from Antidumping or Countervailing Duty Injury Duty Investigations; and (iii) Section 201 Injury Determinations.

Questions and Answers on the Sensitive Commercial Sector and Product List

1. What criteria does Ex-Im Bank use to designate a sector as sensitive?

The sensitive sector/product list consists of a combination of sectors/products and transaction characteristics that reflect recent Ex-Im Bank experience with economic impact analyses where economic impact considerations were relevant and Ex-Im Bank financing did not materialize. The list does not simply identify products and/or sectors. Rather, the list consists of products, sectors and transaction characteristics (e.g., a significant amount of the new foreign production is destined to be sold in the U.S. market).

2. How will Ex-Im Bank add items to the sensitive commercial sector and product list?

Ex-Im Bank staff will monitor the effects of comments it receives from interested parties on transactions subject to economic impact analysis. When such comments are a contributing factor to stopping Ex-Im Bank financing, Ex-Im Bank staff will record: (i) the sector/product; (ii) relevant transaction characteristics (e.g., whether the markets targeted by the foreign producer are significant markets for U.S. producers, or whether the new production is coming online during a peak or trough in the business cycle); and (iii) the basis for objection cited by interested parties (e.g., potential displacement of U.S. production, or surpluses in global production capacity). The sensitive sector/product list will be reviewed annually (e.g., at the end of the fiscal year) to determine if the list requires revision.

3. How will Ex-Im Bank remove items from the sensitive commercial sector and product list?

Ex-Im Bank will regularly review the list (e.g., at the end of the fiscal year) to determine if the reasons for including a sector/product on the list continue to exist. For example, Ex-Im Bank will determine if industry observers forecast that the sector/product will continue to be in global oversupply.

4. What are the implications for obtaining Ex-Im Bank financing if a transaction establishes or expands production of a sector/product deemed to be sensitive?

Transactions that will establish or expand production of items included on the sensitive commercial sector and product list will be subject to significant scrutiny. While Ex-Im Bank support is not prohibited, applicable transactions have a lower likelihood of receiving Ex-Im Bank support and the case processing time is likely to be prolonged.

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