

SUMMARY OF CHANGES TO EX-IM BANK'S ECONOMIC IMPACT PROCEDURES

The Board of Directors of the Export-Import Bank of the United States (Ex-Im Bank) approved changes to Ex-Im Bank's economic impact procedures on April 19, 2007. The changes address amendments made to Ex-Im Bank's Charter during its reauthorization in December of 2006.

These amendments address four specific components of Ex-Im Bank's economic impact procedures:

- 1) Verification of New Production: Ex-Im Bank will determine whether transactions benefiting from its financing are reasonably likely to produce a commodity other than, or in addition to, the commodity specified in the application. If so, such commodity will be subject to a substantial injury determination (that is, Ex-Im Bank will determine if the new production is 1% or more of U.S. production). This legislative change codifies existing Bank practice.
- 2) Anti-Circumvention of Specific Trade Measures: Ex-Im Bank will not provide financing support if the Bank determines that providing such support will facilitate circumvention of a specified trade measure. This legislative change codifies existing Bank practice.
- 3) Aggregation of Transactions Below Financial Thresholds: The Bank will aggregate the dollar amount of proposed transactions below the financial threshold and the dollar amounts of all previous transactions valued below the financial threshold that have already been approved by the Bank in the preceding 24-month period that involve the same foreign entity producing substantially the same product. If this aggregate financing exceeds a specified financial threshold, the entire aggregate production from the proposed transaction and relevant transactions approved during the preceding 24-month period is subject to further economic impact scrutiny. Only the most recent, proposed transaction will be affected by the results of this economic impact scrutiny.
- 4) Public Notice and Comment Requirements: When Ex-Im Bank determines that a transaction poses a risk of substantial injury (i.e., the resulting new production is equal to or greater than 1% of U.S. production), the Bank shall publish in the Federal Register and on its website a notice of intent, and provide a period of not less than 14 days (which, on written request by any affected party, shall be extended to a period of not more than 30 days), for the submission to the Bank of comments on the economic effect of the provision of the loan or guarantee. Concurrently, Ex-Im Bank will specifically notify relevant USG agencies and Congressional committees of the transaction and weigh carefully the analytical and policy views of such entities. The USG agencies and Congressional Committees to be notified include: the U.S. Department of Commerce; the U.S. Department of Treasury, the U.S. Department of State, the Office of Management

and Budget, the Office of the U.S. Trade Representative, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Committee on Financial Services of the House of Representatives. The content of the notice shall include appropriate, nonproprietary information about: (i) the country to which the goods involved in the transaction will be shipped; (ii) the type of goods being exported; (iii) the amount of the loan or guarantee involved; (iv) the goods that would be produced as a result of the provision of the loan or guarantee; (v) the amount of the increased production that will result from the transaction; (vi) the potential sales market for the resulting goods; and (vii) the value of the transaction. This legislative change codifies existing Bank practice. Further, the legislation expands both the content of the notice and the entities to which Ex-Im Bank will send the notification.

If a material change is made to an application for Ex-Im Bank financing subsequent to the public notice, the Bank shall publish a revised notice and shall provide for a new comment period. The term material change, with respect to an application includes: a change of at least 25% percent in the amount of Ex-Im Bank financing requested in the application; or a change in the principal product to be produced by the foreign buyer.

Within 30 days after a written request by a party affected by a final decision of the Ex-Im Bank Board of Directors, Ex-Im Bank will provide to the affected party a non-confidential summary of the facts found and conclusion reached in any detailed economic impact analysis conducted and submitted to the Ex-Im Bank Board of Directors.