



Export-Import Bank *of the United States*

CHINA



International Buyers of U.S. Goods and Services



Ex-Im Bank Finances Opportunity in China

The Export-Import Bank of the United States (Ex-Im Bank) provides U.S. exporters and their international buyers with the financing tools they need to successfully buy U.S. products and services. Ex-Im Bank support protects against foreign political and commercial risk, and gives U.S. exporters the ability to offer competitive financing to their buyers through export credit insurance and loan guarantees.

Chinese Buyers:

Buy More U.S. Goods and Services with Competitive Financing

The Bank supports many industries for both private- and public-sectors. In particular, the agency provides loan guarantees to lenders that offer Chinese buyers with competitive financing to purchase U.S. capital goods (such as trucks, construction equipment, laundry equipment, food processing machinery, kitchen equipment) and services such as engineering or legal fees. This access to capital typically includes longer repayment terms and lower costs of financing for the buyer.

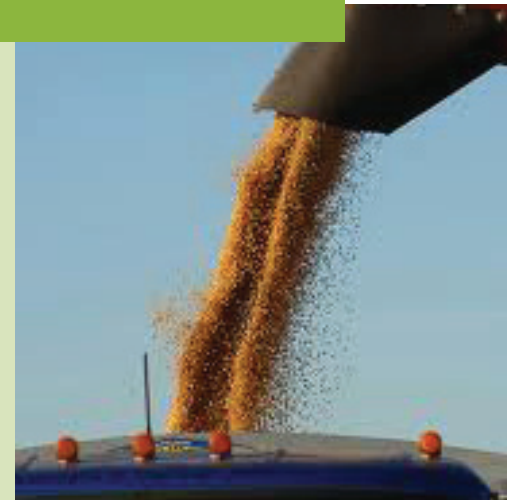
Long-term guarantees are available for major projects, large capital goods and/or project-related services such as power generation facilities, or refinery projects.

Ex-Im Bank also offers credit insurance to U.S. exporters and lenders against the political and commercial risks of a foreign buyer defaulting on payment. This policy thereby allows a U.S. exporter to extend credit terms to its buyer.

The seller – a U.S. firm – needs to provide Ex-Im Bank with information on the creditworthiness of the buyer and the U.S. content of the product(s). As one can expect, the Bank's credit standards depend on the amount being financed and the length of time involved.

Success Story

China Merchants Bank Co., Ltd. was approved by Ex-Im Bank for a \$200 million line of credit for the purchase of soybeans from U.S. suppliers. The Bank has approved this credit limit to accommodate requests from CoBank, Acb, and Toronto Dominion Bank for issuing bank credit limits. The structure of this facility provides lower cost financing for China's agricultural buyers. Following the approval of this deal, CoBank expects significant demand for affordable soybean purchases as it works closely with China Merchants Bank on offering financing for its customers.



Short-Term

Up to one year repayment terms

Export-Credit Insurance

Export credit insurance enables U.S. exporters to extend U.S. dollar credit directly to Chinese buyers. The insurance supports the sale of U.S. goods and services, including raw materials, semi-manufactured, and finished goods. Of note, the application must come from a U.S. exporter.

Benefits:

- Open account credit is an attractive substitute to letters of credit and bank financing
- Lower interest charges, as credit is often arranged directly through the U.S. exporter or a lender
- Available for purchases of bulk commodities, consumer goods, spare parts, etc.

Medium-Term

Typically up to five years repayment and under \$10 million

Export-Credit Insurance and Guarantees of Commercial Loans

Ex-Im Bank's medium-term insurance and loan guarantees support the purchase of U.S. goods and services by Chinese buyers. The buyer is required

to make a down payment of at least 15 percent. Ex-Im Bank guarantees or insures 100 percent of the financed amount, covering nonpayment due to commercial or political risks.

Benefits:

- Quick turnaround
- Covers both capital goods and services
- Lower financing costs with negotiated interest rates
- Covers both principal and interest

Long-Term

More than 10 years repayment or over \$10 million

Guarantees of Commercial Loans

With Ex-Im Bank's guarantee, Chinese buyers of U.S. goods and services are able to obtain attractive financing terms. This is critical for U.S. companies to achieve export success in the Chinese marketplace.

Benefits:

- Extended repayment terms depend on the project but could be up to 12 years for conventional power and up to 18 years for renewable-energy power
- Negotiable interest rates with fixed interest-rate options
- Tailored principal repayment profiles available

SOVEREIGN GUARANTEED TRANSACTIONS

A Framework Agreement signed in 2005 between Ex-Im Bank and China's Ministry of Finance governs the procedures for arranging Ex-Im Bank medium term and long term financing on sales to Chinese buyers eligible to receive a sovereign guarantee.

The Sovereign Loan Program was designed to help boost exports of advanced technology and equipment from the U.S. to China, while strengthening economic and trade ties between the two countries.

The program features key advantages:

- A waiver of import duties and VAT for projects that include at least 50 percent U.S. exports or where the Ex-Im Bank guarantee is for at least 50 percent of the contract value
- A clear set of procedures to facilitate the approvals process for Chinese buyers
- A pre-negotiated form of Master Guarantee Agreement to streamline documentation

The Sovereign Loan Program has been used to help finance a wide range of exports to China, ranging from renewable energy, medical equipment, and environmental products to transportation, telecommunications, and other infrastructure equipment.

Xinjian Agricultural Cultivation Group



Ex-Im Bank financing has supported a series of four contracts for the sale of cotton harvesting equipment by Case New Holland (CNH) to a Beijing-based company, Xinjian Agricultural Cultivation Group, totaling over \$92 million. These sales cover the first 330 units in a multi-purchase plan by the Group to acquire 450 cotton harvesting machines. The contracts cover the machines, spare parts, transportation, training and related services. The machinery will be used at the Group's farms in northwest China to harvest cotton, which will then be sold in the China market.

Success Story

Aircraft Finance

Ex-Im Bank supports Chinese buyers of U.S. new and used commercial and general aviation aircraft through loan guarantees and insurance for both large and small commercial aircraft.

Ex-Im Bank can also finance spare parts, ground equipment, training costs and transaction expenses.

Structured and Project Finance

Ex-Im Bank offers a range of financing solutions for Chinese customers. Project (limited-recourse) and structured financing are two options that offer maximum flexibility for project sponsors in natural resource and infrastructure sectors. For major transactions with significant equity, project financing allows Ex-Im Bank to lend to newly created companies with the project's future cash flows as the source of repayment. Through structured finance, Ex-Im Bank can consider existing Chinese company borrowers based on their creditworthiness as reflected on their balance sheet and additional sources of collateral or security enhancements.

Medical, Environmental and Transportation Security Initiatives

Ex-Im Bank provides enhanced support for medical equipment exports, exports that benefit the environment and exports related to international transportation security. Benefits include extended repayment terms (up to 18 years for renewable-energy and water projects) and coverage of local costs for up to 30 percent of the U.S. contract value.

Renewable Express

Renewable Express helps Chinese buyers of U.S. clean energy equipment, technology and services by providing streamlined financing for small clean-energy projects. Ex-Im Bank can process transactions of between \$3 million to \$10 million in as few as 60 days.

Credit Requirements

For sovereign transactions, Ex-Im Bank will typically require a Ministry of Finance (MOF) Guarantee.

For public sector, non-sovereign and private sector borrowers under medium- and long-term programs, Ex-Im Bank will consider transactions with financial institutions or other entities that are able to provide satisfactory financial information.

For transactions with public sector, non-sovereign buyers under short-term insurance policies, the use of Discretionary Credit Limits is typically limited to obligations of one of the following: **Bank of China, China Development Bank, China Construction Bank, Industrial and Commercial Bank of China, Bank of Communications.**

For private sector transactions, coverage must be specified under a Special Buyer Credit Limit endorsement or an Issuing Bank Credit Limit endorsement.

Ministry of Railways (MOR)

Success Story

An initial contract for the purchase of \$87.2 million in railway track inspection equipment and supporting services was financed under an Ex-Im Bank Loan guarantee and led to follow-on business that qualified under the Sovereign Loan Program.

The initial order from Harsco Corporation of South Carolina, Sperry Rail, Inc. of Connecticut, and ImageMap, Inc. of Illinois, provided rail grinding trains and equipment, rail flaw detection cars, and track inspection cars, as well as training and services. This transaction was part of the MOR's implementation of the "Permanent Way Equipment Project" – a five year plan to modernize the rails to meet international standards in three railway bureaus (Shenyang, Shanghai and Guangzhou). Guaranteed lenders were HSBC and Deutsche Bank. The borrower was China Construction Bank.

The follow-on order was for \$120 million, authorized for Ex-Im Bank guarantee in January 2008. In this case, the guaranteed lender was JP Morgan and the borrower was China Construction bank.



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