

EXPORT CREDIT
FINANCING SYSTEMS
IN OECD MEMBER
COUNTRIES AND
NON-MEMBER
ECONOMIES

Romania

ROMANIA

1. ORGANISATION AND STRUCTURE

1.1 Insurance and guarantees

1.1.1 *Representative organisation*

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1.1.1.1 *Function*

The main objective of Eximbank is to provide financial support to Romanian exporters, in order to increase their competitiveness and to cover commercial and political risks at levels comparable to those normally provided by developed countries' export credit and insurance agencies.

Eximbank was set up in 1992 as a wholly state-owned joint stock company operating under the Romanian Commercial Code, the Commercial Company Law, the Banking Law, the Insurance Law and the principles of its own statutes. As of May 2000, the Eximbank Law is in force. Eximbank is now almost 75% state-owned. It provides credits, insurance and bank guarantees.

Credits are extended to exporters and banks at a cost enabling them to be competitive on the international markets.

Guarantees are provided to facilitate the obtaining of credits from local and foreign banks to finance exports and imports of equipment and technology.

Export credit insurance is provided to cover both commercial and political risks. Eximbank provides cover for short-, medium- and long-term risks. For short-term commercial risks, Eximbank acts on its own account and is reinsured by a major private foreign export credit agency with which Eximbank also has a co-operation agreement. For cover for political risks, Eximbank usually underwrites policies for the account of the state.

1.1.1.2 Summary of organisation

Eximbank's top-level body is the Shareholders' Meeting. Subordinated to it are the Board of Directors and the Executive Board. The Board of Directors has representatives from Eximbank and from other state and privately owned companies. Eximbank's organisation is presented on the facing page.

Activities carried out for the account of the state are approved and carried out under the Interministerial Committee for Foreign Trade Credits and Guarantees. The Bank is currently managed by the Executive Board, according to the principles agreed by the Board of Directors.

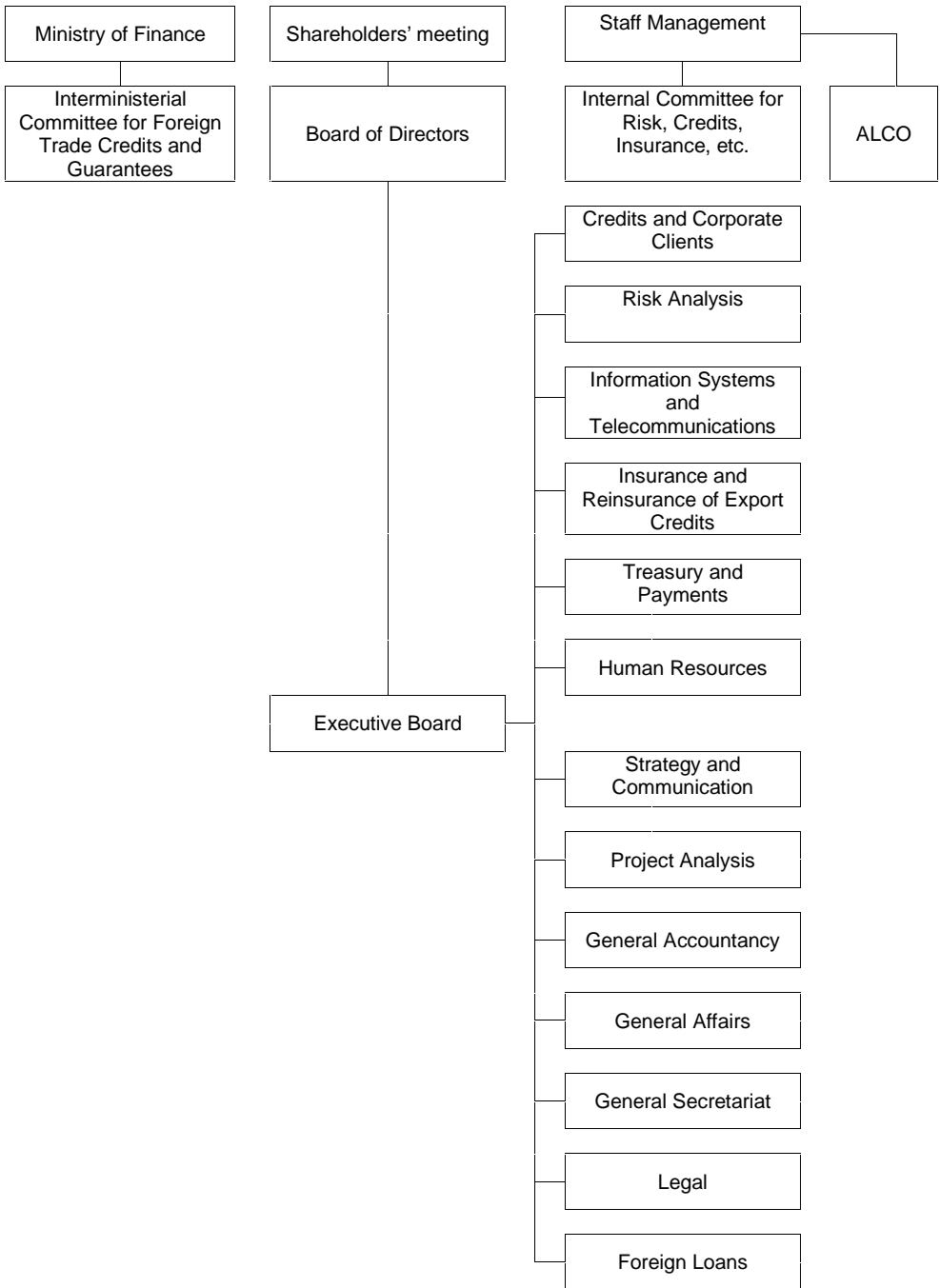
1.1.1.3 Resources

Eximbank's share capital is ROL 317 billion. For activities carried out for the account of the state, an indebtedness ceiling is established annually by the Parliament and included in the Law of Public Debt, the state budget (a special fund is allocated for this purpose) and the external payments balance.

1.1.14 Other organisations involved

The Interministerial Committee for Foreign Trade Credits and Guarantees is a governmental body, formed of representatives of the main ministries, the National Bank of Romania (the central bank), the National Agency for Privatisation and of Eximbank. It was designated to approve instruments intended to support Romanian exports through budgetary funds.

The Chairman of the Interministerial Committee for Foreign Trade Credits and Guarantees is a deputy minister of the Ministry of Finance. This ministry supervises all activities carried out by Eximbank for the account of the state. Guidelines for such activities are drawn up in accordance with the annual programmes approved by the government.



1.1.1.5 Relations with the state

Almost 75% of the share capital of Eximbank is owned by the state, represented by the State Ownership Fund. For the maximum liability of the state, see 1.1.1.3.

1.1.1.6 Relations with the private sector

According to the Privatisation Law (58/1991), a part of Eximbank's share capital was transferred to the financial investment companies (the former private ownership funds). That share now stands at about 25%. Each of the five existing investment companies has a representative at the bank's shareholders' meeting.

1.2 Export finance

Eximbank provides only short-term export credits on its own behalf and for its own account (see 3.1).

1.3 Aid finance

Not available.

2. INSURANCE AND GUARANTEE PROGRAMMES

Eximbank of Romania participates in the state programme to support exports and project finance. On the basis of Eximbank's analysis and after the approval from the Interministerial Committee for Foreign Trade Credits and Guarantees, eligible economic agents may benefit from the following incentives on behalf and for the account of the state:

- Bid bonds.
- Advanced payment reimbursement guarantees and performance bonds.
- Guarantees in Romanian lei and foreign currency for short-, medium- and long-term credits.
- Country risk insurance for short-, medium- and long-term credits.

- Exemption from customs duties, commissions and VAT on imports related to exports.

Activities for the account of the state, *i.e.* insurance policies and guarantees, are carried out within the limits of the funds provided for this purpose in the annual budget and of the indebtedness ceiling approved by Parliament.

2.1 Cover for exporters

Eximbank covers both commercial and political risks, including non-payment risk in connection with government buyers and protracted default.

Short-, medium- and long-term export transactions may be eligible for insurance. Short-term commercial risks and certain political risks are covered on behalf of and for the account of Eximbank and then reinsured with private reinsurers. Non-marketable risks are covered for the account of the state, with the approval of the Interministerial Committee for Foreign Trade Credits and Guarantees, based on the funds allocated from the state budget or from other sources administered by Eximbank.

Cover is granted for post-shipment (payment) risks for short-term transactions, while medium- and long-term transactions benefit from both pre-shipment (manufacturing) and post-shipment insurance.

The policies offered for the account of Eximbank can be expressed in Romanian lei or in foreign currencies. The former may have additional cover for depreciation of the lei, provided a supplementary premium is paid.

Eximbank's insurance policies are accepted as collateral by commercial banks involved in export finance.

2.1.1 Policies available

For short-term export credits, cover is granted under a whole turnover insurance policy designed in accordance with the Globalliance contract developed by Credit Alliance (of which Eximbank of Romania is a member since 1998).

For medium- and long-term transactions, Eximbank offers both supplier credit and buyer credit cover. Two types of policies were developed for supplier credit: one for capital goods and another for construction work.

When negotiating a contract, an exporter may apply for a promise of cover, stipulating the insurance conditions and with a validity of six months.

The procedures for medium- and long-term cover are subject to the Arrangement and the Berne Union Understandings.

The percentage of cover is usually 85%.

2.1.2 Eligibility

All exporters registered and established in Romania are eligible for cover under Eximbank's insurance scheme.

Foreign content is usually restricted to 50% for medium- and long-term transactions.

2.1.3 Cost of cover

Premium rates depend on the risks covered, payment conditions, the buyer's country risk category, the buyer's legal status and other factors.

The premiums is paid in advance as a rule, but in certain cases it may be paid in instalments.

Additional fees are charged for the insurance application and the issuance of credit limits.

2.2 Guarantees for banks and other financial institutions

2.2.1 Policies available

Eximbank's guarantee schemes include:

- *Bank guarantee programme.* This covers guarantees for imports of technology intended to develop export capacities, for non-payment of foreign loans, as well as bid bonds, advanced payment reimbursement and performance bonds. The guarantee for import of technology gives

access to credits from commercial banks. Eximbank issues the guarantee on its behalf and on its account.

- *Technical analysis for state guarantees.* Eximbank provides technical analysis to the Interministerial Committee for Foreign Trade Credits and Guarantees which is responsible for decisions. The state guarantee is issued by the Ministry of Finance.

2.2.2 Eligibility

Any exporter or importer established in Romania is eligible for cover under Eximbank's schemes. Eximbank sets a maximum limit for each guarantee and any bank is a potential lender. A guarantee issued for the account of the state has a maximum limit set by the Ministry of Finance.

2.2.3 Cost of cover

The guarantee fee is determined on the basis of the risk rating of the applicant and of the buyer's country, as well as of the terms of payment of the commercial and credit contracts.

2.3 Other insurance programmes

Not available.

3. EXPORT FINANCE PROGRAMMES

3.1. Direct credits

3.1.1 Types of financing available

Eximbank provides short-term export credits of up to 85% of contract value to meet pre- and post-shipment financial requirements from exporters with foreign trade contracts under execution.

3.1.2 Eligibility

Any exporter established in Romania is eligible under the Eximbank's scheme.

3.1.3. Resulting interest rates

Interest is paid monthly and is negotiated in accordance with the rates used on the local interbank market.

3.2 Refinancing for banks

Eximbank refinances pre-qualified commercial banks using funds attracted by the state from various external sources.

3.2.1 Policies available

Refinancing is offered for export-related investment projects and short-term export finance.

3.2.2 Eligibility

Financially viable companies from any industrial sector are eligible.

3.2.3 Costs

The costs include a refinancing interest rate plus an agent spread and a commitment fee.

3.3 Interest subsidies

There is a system under which up to 50-60% of the export credit interest rates may be covered from budgetary funds. The Arrangement is always applied as a benchmark.

4. AID FINANCE PROGRAMMES

Not available.

ABBREVIATIONS

Arrangement	Arrangement on Officially Supported Export Credits
CIRR	Commercial Interest Reference Rate
DAC	Development Assistance Committee
EC	European Communities
ECA	Export Credit Agency
HIPC	Highly indebted poor country
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
L/C	Letter of Credit
LDC	Less Developed Countries
LIBOR	London Interbank Offered Rate
LLDC	Least Less Developed Countries
ODA	Official Development Aid
SDR	Special Drawing Rights

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Spain
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NON-MEMBER ECONOMIES

Chinese Taipei
Hong Kong, China
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ANNEXES*

- I. The Arrangement on Officially Supported Export Credits (2005)
- II. European Community Procedures Concerning Export Credits (formerly Annex III)
- III. Export Credits and the Environment: Work Plan (formerly Annex IV)
Action Statement on the Environment (2000)
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- IV. Action Statement on Bribery and Officially Supported Export Credits (2000) (formerly Annex V)
- V. OECD Recommendation on Common Approaches on Environment and Officially Supported Export Credits (formerly Annex VI)

* Annex II in earlier publications, *i.e.* Terms and Conditions Applicable to Project Finance Transactions, is now incorporated in Annex I; accordingly all annexes herein have been renumbered.