

Nuclear Power Plant Projects
and Export Credit Agencies
<Presentation at International Framework Nuclear Energy
Cooperation, Finance Workshop>

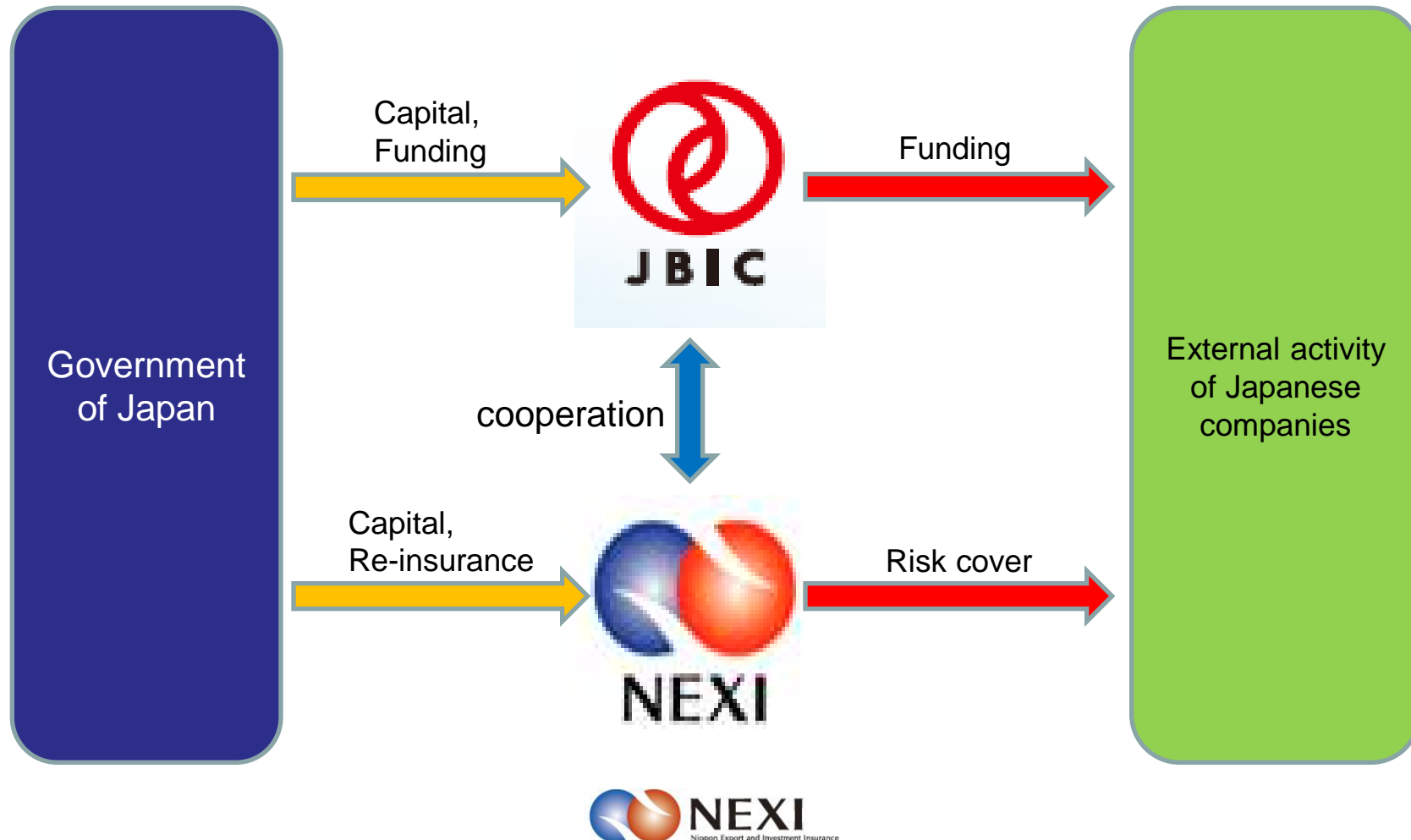
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NEXI: Nippon Export and Investment Insurance



1. Current system to support external activity of Japanese companies

- For the purpose of supporting external activity of Japanese companies, NEXI provides risk cover to them while JBIC provides liquidity.
- Both NEXI and JBIC (so called “ECAs”; Export Credit Agency) cooperates with each other for that purpose, under leading role of the Government of Japan.



2. Corporate Profile of NEXI

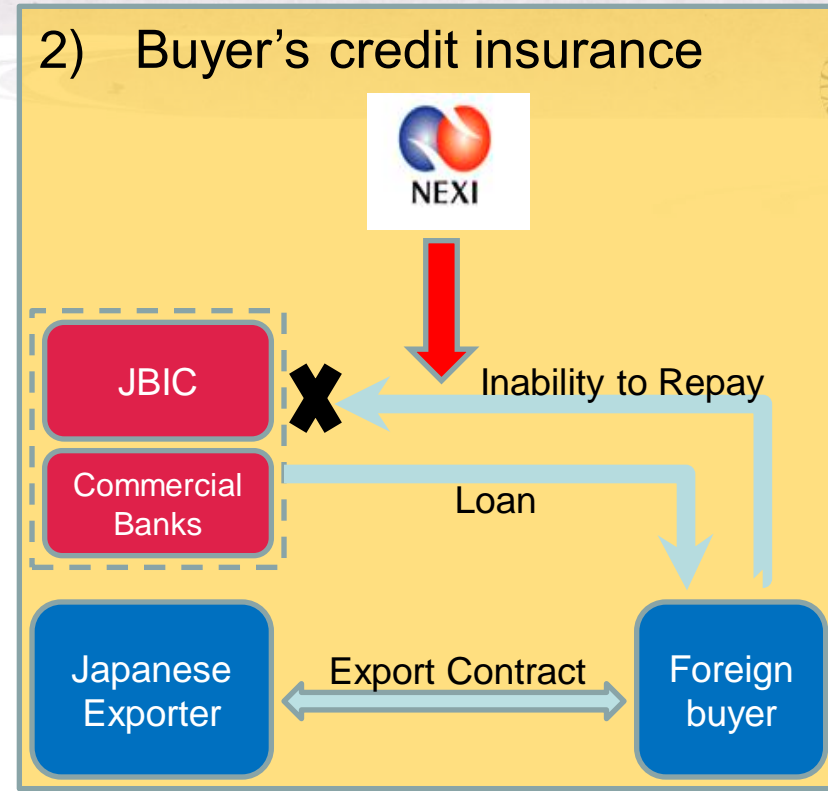
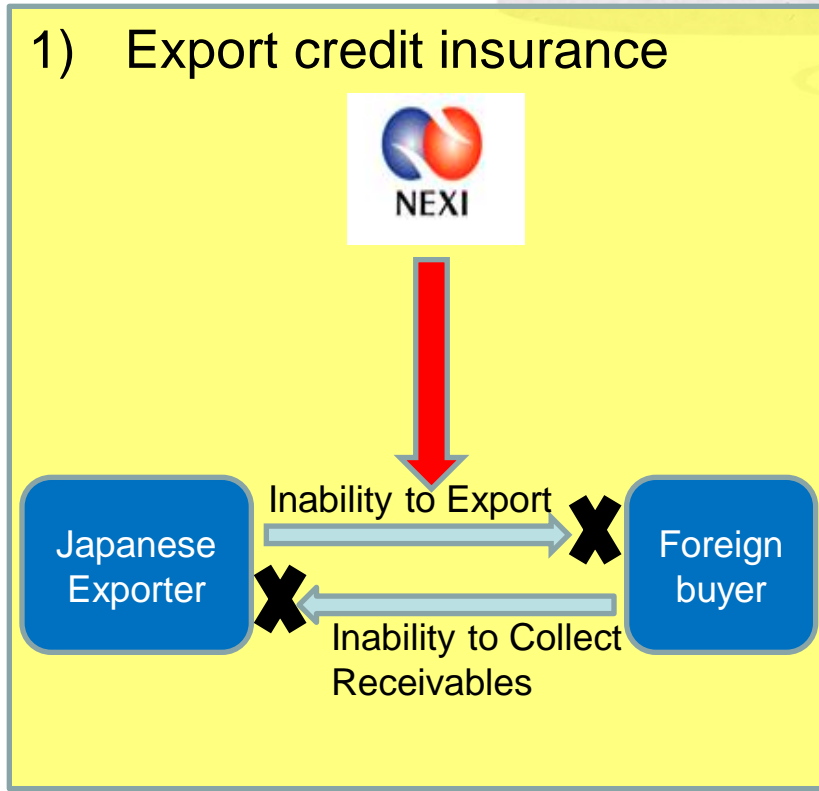


- Japan's national Export Credit Agency

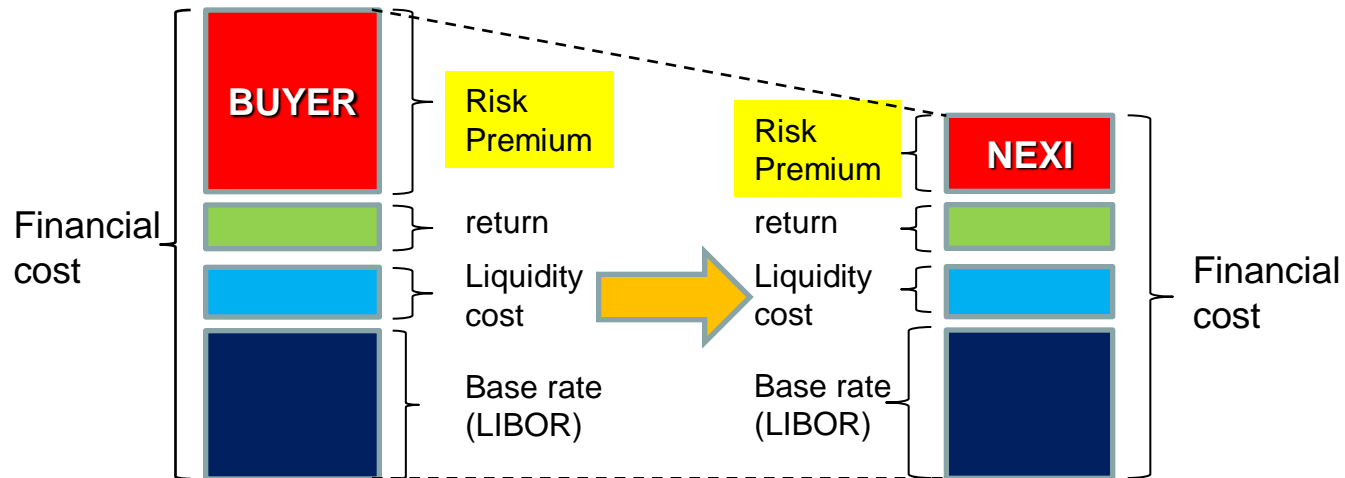
- Provides such trade/investment insurances as:
 - Export Credit/ Buyer's Credit Insurance
 - Overseas Investment Insurance
 - Overseas Untied Loan Insurance
 - Loan/Investment Insurance for Natural Resources and Energy
 - Reinsurance for other ECAs

- For more information, visit <http://nexi.go.jp/e/>

3. Export Credit Insurance: both “political” and “commercial” risk covered.



Once NEXI covers.....



4. Major considerations on NPP: ECAs perspective



- Nuclear Policy of Host Gov.

To avoid delay & cancellation;

- Stable Nuclear policy?
- Stable Social acceptance?

- Well designed financial structure.

To reduce financial risk & cost;

- Host Gov. support? (e.g. guarantee)
- Credible buyer and sponsor etc?
- Sound Market structure?

- Funding

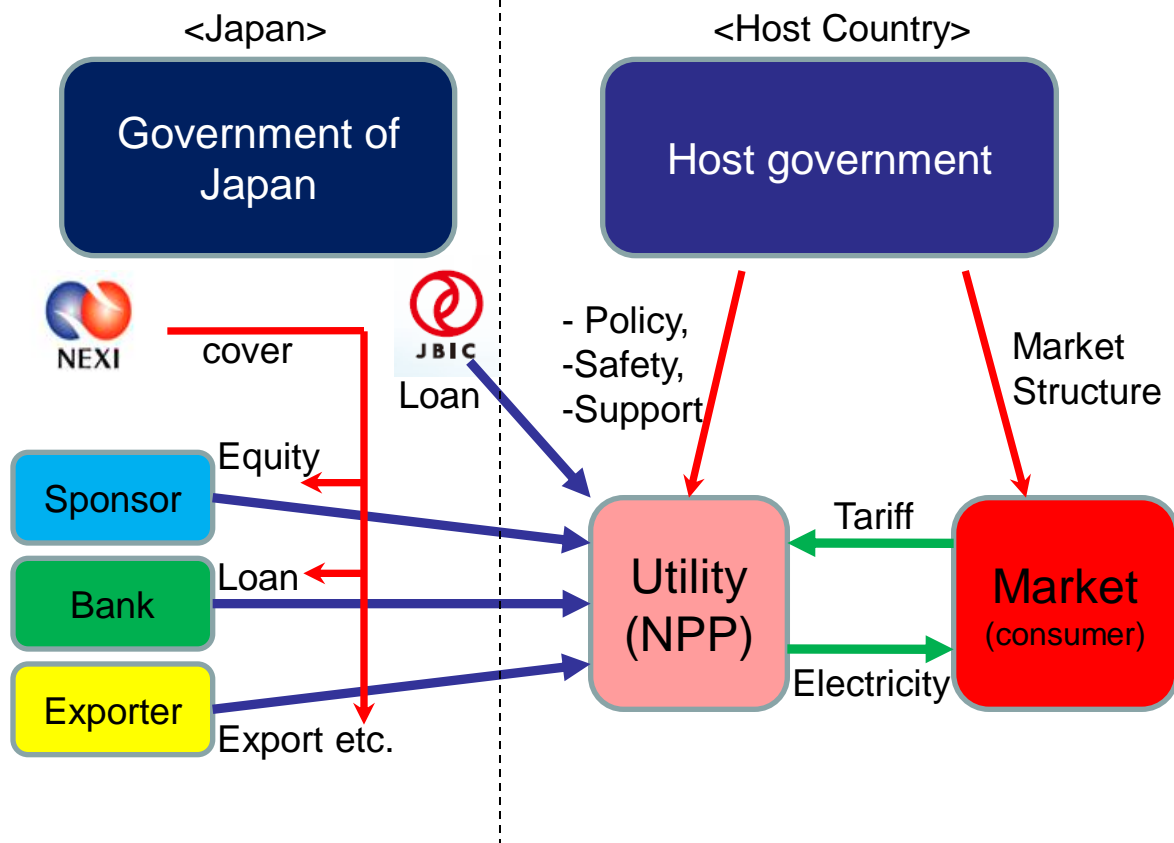
- Capital market access?

- Environment & Safety standard.

- Reasonable regulation?
- Sound Nuclear Damage regime?

>>> **OECD rules**, possible answer to these questions.

Structure of NPP
(illustrated example)



5. OECD Rules on the Export Credits



OECD arrangement <Nuclear Sector Understanding>

- Down payment: more than 15%
- Local cost: supported by ECAs up to 30%
- Minimum premium rate: formula of calculation prescribed.
- Maximum repayment terms
 - 10 yrs(for OECD countries, 8.5yrs)
 - power plant : 12yrs → **Nuclear: 18years**
- Minimum Interest rate
 - 100bsp on the funding cost (government bond)
 - **Nuclear: 100 to 130 bp**

OECD recommendation on environment and officially supported export credits

- For nuclear power plants, **environmental impact assessment (EIA)** required.
- ECAs is to assess the projects against **national standards and, where appropriate**, the following benchmarks;
 - ✓ World bank safeguard policy
 - ✓ IFC performance standards
 - ✓ Regional Development bank standards
- **Nuclear safety issues** would be touched in the new text of the recommendation, which would be adopted soon.