
U.S. Ex-Im Bank Opens for Business in Burma/Myanmar

By Christopher R. Wall, Michael P. Schumaecker and Aaron R. Hutman

The U.S. Government has taken another important step in helping to reintegrate Myanmar (referred to as Burma for official purposes) into the global economy. On February 6, 2014, the Export-Import Bank of the United States (Ex-Im Bank) announced the opening of financial support for qualified short-term and medium-term U.S. export sales to Myanmar. Over the past 18 months, the United States has substantially removed sanctions on business with Myanmar and has expanded economic and trade support on a step-by-step basis in response to political and economic reforms. The recent announcement by Ex-Im Bank will play an important role in opening a new market for U.S. exports.

Businesses looking to engage in the Myanmar market can now seek export-credit insurance, loan guarantees and direct loans (depending on credit) from Ex-Im Bank. Also available are Ex-Im Bank's working capital guarantees, which can help U.S. exporters or their suppliers obtain funds to produce or buy goods or services for export to Myanmar.

Support for short and medium-term export sales is now available for "public sector" borrowers and guarantors (at least 50% owned by the Myanmar government). This support includes short-term insurance for sovereign transactions with repayment terms of 180 days or less and for capital goods transactions of up to 360 days. For medium-term transactions (typically up to five years), loan guarantees and loans are available for sovereign transactions. Before Ex-Im Bank will consider an application for a public sector transaction it will require an indication of support by the Myanmar government.

Although Ex-Im Bank is now legally open for business in Myanmar, it is still "off cover" for public sector transactions with a term over seven years and for all private sector transactions without regard to term. Being "off cover" means that Ex-Im Bank is unable to consider routine transactions falling into those categories. However, Ex-Im is willing to consider support for private sector obligors as well as terms over seven years if the transactions have financing arrangements that eliminate or externalize country risks,

such as asset-backed financings and lease structures for aircraft, project finance structures that generate offshore revenues and transactions that provide credit support from entities outside of the country.

U.S., EU, and Canadian sanctions regimes now broadly permit the export of goods to Myanmar and related transactions. Many U.S. companies are actively participating in or considering entry into the Myanmar market. A number of companies, individuals and government agencies in Myanmar remain subject to sanctions under the U.S. List of Specially Designated Nationals and Blocked Persons (SDN List) and sanctions lists of other jurisdictions, including certain airlines. U.S. companies looking at Myanmar and considering Ex-Im Bank financing should proceed cautiously and vet their business partners as well as the potential involvement of local Myanmar financial institutions.

With over 55 million people, broad development needs and a strategic location between India, China and Thailand, Myanmar is actively seeking engagement and import sources from developed economies. However, it is still important for businesses to monitor sanctions and other potential legal issues.

If you have any questions about the content of this alert, please contact the Pillsbury attorney with whom you regularly work, or the authors below.

Christopher R. Wall (bio)
Washington, DC
+1.202.663.9250
cwall@pillsburylaw.com

Michael P. Schumaecker (bio)
New York
+1.212.858.1433
michael.schumaecker@pillsburylaw.com

Aaron R. Hutman (bio)
Washington, DC
+1.202.663.8341
aaron.hutman@pillsburylaw.com

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