

President and Chairman

March 14, 1985

Dear Mr. President:

By letter of July 13, 1982, pursuant to Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, Eximbank submitted a statement to the United States Senate with respect to a transaction involving U.S. exports to Colombia. A copy of that letter is attached.

The project involved is a large opencast coal mine located in the Cerrejon region of northeast Colombia. It is being developed as a joint venture between Carbones de Colombia S.A. (Carbocol) and International Colombia Resources Corporation (Intercor), a wholly-owned affiliate of Exxon Corporation. Carbocol and Intercor are each responsible for financing half of project costs. Intercor will be the project operator. The project includes a 15 million metric ton per year steam coal mine and related infrastructure. Total capital costs are currently estimated at \$3.3 billion. Full design capacity is expected to be reached in 1989; however, initial coal shipments began in February 1985.

Eximbank's letter of July 13, 1982, referred to financing for Carbocol covering \$500 million of U.S. export sales to the project, although it was stated that the Bank would be in a position, because of an outstanding preliminary commitment, to increase its financing for additional U.S. procurement of up to \$350 million. We therefore now wish to advise that financing for 85% of that total of \$850 million in export sales has been authorized in three tranches, as follows:

<u>Date Authorized:</u>	<u>August 10, 1982</u>	<u>September 30, 1982</u>	<u>March 7, 1985</u>
<u>Financing Plan:</u>			
Cash Payment	\$ 75,000,000 (15%)	\$ 22,500,000 (15%)	\$ 30,000,000 (15%)
Eximbank Credit	375,000,000 (75%)	112,500,000 (75%)	130,000,000 (65%)
Private Credit-Guaranteed by Eximbank	<u>50,000,000 (10%)</u>	<u>15,000,000 (10%)</u>	<u>40,000,000 (20%)</u>
Total U.S. Costs	\$500,000,000	\$150,000,000	\$200,000,000

<u>Date Authorized:</u>	<u>August 10, 1982</u>	<u>September 30, 1982</u>	<u>March 7, 1985</u>
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<u>Eximbank Interest Rate:</u>	12.0%	12.0%	11.2%
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<u>Eximbank Fees:</u>	2.0% Credit Application Fee
	0.5% Credit Commitment Fee
	0.125% Guarantee Commitment Fee
	0.5% Guarantee Fee

<u>Repayment Terms:</u>	30 semiannual installments beginning 7/10/87 for disbursements through 12/31/86, and 7/10/90, for disbursements from 1/1/87 through 12/31/89 with private credit repaid from early installments.	20 semiannual installments beg. 7/10/90 with private credit paid from early installments.
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<u>Security:</u>	Guarantee by the Republic of Colombia
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The financing authorized March 7, 1985, was based on a preliminary commitment approved for issuance to Carbocol on June 24, 1984, and covered amounts that are expected to be disbursed in the final 2 - 2½ years of project construction. U.S. exports to be supported by the most recent financing package include off-highway dump trucks, bulldozers, heavy electric mining shovels, bottom dump coal cars, rock drills as well as supplies and engineering services. Financing competition for many of these items continues to be offered by export credit agencies in Canada, Japan and the U.K.

We trust this information will be of assistance in keeping Congress advised of Eximbank support for the project. If Eximbank loan or guarantee authorizations are contemplated beyond the present level we will submit a new statement of notification to Congress in accordance with the provisions of the Export-Import Bank Act.

Sincerely,

(signed) William H. Draper III

William H. Draper III

The Honorable George Bush
President of the Senate
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