

## **EXIM Thailand Launches New Year Schemes to Help SMEs Reduce Cost and Debt and Access Financial Facilities for Export Business Improvement to Cope with Global Economic Volatility in 2020**

Mr. Pisit Serewiwattana, President of Export-Import Bank of Thailand (EXIM Thailand), revealed that, the 2019 global economic and trade expansion at 10-year low rates of 3.0% and 1.1% respectively and the prevailing low inflation and interest rates have dampened Thailand's international trade. Coupled with the rising number of global players from new frontier markets who were able to build up their own production bases, the increasing labors-turned-entrepreneurs and greater role of online trade, exporters have to bear higher costs in addition to those incurred on improvement of product and service quality to meet international standards that involve increasing rules and regulations, aiming to boost their competitiveness amid the intensifying risks from global economic and political uncertainties. Therefore, EXIM Thailand has launched new product programs called **“EXIM Liquidity Enhancement for Exporters”** and **“EXIM Relieving Debt Burden for Clients”** to support SME exporters, both new and existing clients in all sectors, so that they have higher business liquidity and lower debt burden in the face of possible decrease in purchase orders against fixed monthly costs and expenses. They can drawdown revolving credit to meet the incoming orders and develop their products and services for higher value added and higher competitive edge to cope with global market uncertainties going into 2020.

**EXIM Liquidity Enhancement for Exporters** is aimed to support SMEs that are exporters, importers for export-oriented producers, and producers for exporters. They are offered short-term and long-term loan choices to reduce their debt repayment burden and enhance their business liquidity with higher working capital to fund their export activities or improvement of their machinery, factories, manufacturing technology, etc. Each loan carries a maximum 7-year tenor, credit line of up to 20 million baht per borrower, and an interest rate of 3.99% per annum for years 1-2. It can be secured by a letter of guarantee from Thai Credit Guarantee Corporation (TCG) in conjunction with other collateral assets. Moreover, no TCG credit guarantee fee is chargeable up to four years. Total credit approval is targeted at 2,000 million baht.

**EXIM Relieving Debt Burden for Clients** is aimed to support SME clients who do not require additional credit facilities but reduction of installment repayment of short-term and long-term loans. **For long-term loan clients, a loan rescheduling can be approved for up to two years.** In case of rescheduling for not more than one year, the Bank will grant a reduction of interest rate by 0.125% per annum. **As for short-term loan clients, an increase in loan drawdown proportion and reduction of interest rate will be granted.** Each client may drawdown up to 95% of L/C value and 85% of P/O value and have interest rate cut down by 0.125% per annum for one year. Total support amount is targeted at 4,000 million baht.

Both schemes are available from December 2019 until 31 December 2020. Approximately 15,700 million baht is expected to be injected into the economic system to create 5,200 job opportunities, increase liquidity and relieve debt burden for more than 750 SME exporters. This will enable SMEs in the export value chain to carry less debt burden and lower operating costs, as well as to develop their products and services for higher competitive advantage.

EXIM Thailand President further said that exports of countries in several regions around the world have currently tended to contract in line with global economic slowdown and as repercussion from the trade war. Thai export in 2019 has also been on a shrinking trend for the first time in four years, predicted at 2.0%, which is however still lower than those of such countries as South Korea 10.7% since early 2019, Indonesia 7.8%, Malaysia 5.0% and Japan 4.6%. Thai export in 2020 is forecast to expand by 0-2%. In view of this, EXIM Thailand has rolled out schemes toward the end of 2019 to assist Thai exporters, particularly SMEs who are the key engine to drive Thai export and economic growth, in running their businesses with adequate liquidity and ongoing development to ensure their competitive potential under the increasing international trade barrier circumstances. They are expected to be part of the stimulators of Thai export recovery in 2020 based on the following three strengths: **1. High resilience of Thai goods** comprising agricultural and processed agricultural products that are of international standards, products that can well respond to global mega-trends and suit behaviors of consumers in each generation, e.g. cosmetics, ornamental accessories, medical instruments, pharmaceuticals, electrical appliances and motorcycles; **2. Market distribution** At present, Thai exporters have well balanced their export to new and existing markets, thus allowing certain export items to substitute for those from China, such as rubber products, apparel products, electrical appliances and household appliances. Some Thai foods and electrical appliances can also penetrate Japanese market, especially those to serve the Olympic Games to be hosted by Japan in 2020. Moreover, approximately 50% of Thai export today has gone to new frontier markets like India, Vietnam, Hungary, Poland, Nigeria, Morocco and Mexico, to accommodate their healthy economic growth rates of more than 5%, higher purchasing power of new generation consumers, and consistently high demand for Thai goods; **3. Greater investment in new export value chains** Increase in foreign direct investment and investment by Thai investors has been seen especially along the Eastern Economic Corridor (EEC) which offers both tax and non-tax benefits to investors. This has accordingly enhanced Thai export value or innovation as well as environmental friendliness toward long-term, sustainable competitiveness.

“EXIM Thailand has rolled out the New Year schemes as a fast track to relieving problems facing exporters, especially SMEs, who are in a large number and play a key role in driving Thai economy amid the global economic downturn today to ensure private entities run their businesses uninterruptedly and are not shaken by the sluggish economy to the extent of massive redundancy and subsequent impacts on household economy. The schemes are also intended to promote development of Thai goods and service production and export all through the value chain to meet international standards. This should accordingly grow strong Thai SME business with greater competitive edge in response to global trade and trend and with solid market share, and bring about fresh business opportunities, which will pave way for Thailand’s economic and social development toward sustainability,” added Mr. Pisit.

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