

EXIM Thailand Launches “EXIM 4 SMEs” Service to Help Thai SMEs Face Global Financial Crisis

EXIM Thailand launched a new facility called “EXIM 4 SMEs” to enhance the competitiveness of SME exporters with annual export values up to 100 million baht while reducing their worries about non-payment from overseas buyers.

Mr. Pruektichai Damrongrut, Deputy Finance Minister, presided over the launching of “EXIM 4 SMEs” facility, the Bank’s latest export credit insurance product extended to SMEs exporters with export values not exceeding 100 million baht per year. The product launching ceremony organized at Centara Grand at CentralWorld on March 26, 2009 was witnessed by Dr. Narongchai Akrasanee, Member of the Economic Advisor Team to the Prime Minister and Chairman of the Board of Directors of the Export-Import Bank of Thailand (EXIM Thailand), and Dr. Apichai Boontherawara, EXIM Thailand’s President.

EXIM 4 SMEs is a new addition to the export credit insurance products (EXIMSurance) aimed at raising Thai SMEs’ confidence in starting or expanding export businesses in traditional or new markets despite increasing non-payment risks from overseas buyers caused by the global financial crisis. Under this new facility, EXIM Thailand will help examine buyers credit information and assess their payment ability. The Bank will also recommend competitive payment terms to exporters and pay compensation in case of non-payment after goods are shipped. Moreover, the EXIM 4 SMEs policy can be used as collateral for a loan from financial institutions as claim payment right is transferable to the lending bank.

“EXIM 4 SMEs is a cost-effective export credit insurance product for SMEs with a premium rate 35% lower than the normal policy. Application is easy with only one-week approval period. Insurance coverage is up to 90% of loss realized and starts from the signing date,” said EXIM Thailand’s President.

In addition to a new product launch, EXIM Thailand organized a seminar titled “EXIMSurance : Thai Exporters’ Way to Survive” to furnish Thai exporters particularly SMEs with knowledge and understanding about international trade risks and risk management. In his keynote address, Dr. Narongchai Akrasanee said that the world’s financial woes may lead to significantly shrunken worldwide economic and trade activities. Thai exporters must, therefore, be prepared to handle a rapid decrease in purchase orders from overseas buyers and other risks including non-payment and foreign exchange rate risks. The crisis is likely to directly affect Thai exporters of garments, furniture, modified starch, rubber products, air conditioners, and plastic products, who rely heavily on traditional markets. Meanwhile, Thai exporters of raw materials such as fabric and yarn, automotive parts, computer accessories, and circuit boards would also be affected indirectly as they constitute part of the global supply chain. International trade prospects in the near future may be worse than expected if protectionism or trade barriers are imposed by each country. Hence, Thai exporters would be forced to adjust their production and marketing strategies while applying EXIMSurance as a risk management tool.

Mr. Somporn Chitphentom, EXIM Thailand's Executive Vice President, said that, within the past decade, trade transactions under open account (O/A) increased from 44% to 66% while those under letter of credit (L/C) in which banks serve as intermediary between buyers and sellers declined from 42% to 27%. This trend denotes intensifying risks relating to international trade and may cause exporters who cannot bear the cost of offering more flexible credit terms to lose their competitive edge. Meanwhile, buyer bankruptcy is projected to sore globally amid the current financial turbulence. EXIM Thailand, therefore, realizes the need to provide Thai exporters with EXIMSurance products which serve as an efficient tool for international trade risk mitigation, buyer credit assessment, international market acquisition and liquidity enhancement. This is to provide Thai exporters, SMEs in particular, a haven from non-payment risk so that more time could be dedicated to efficient production and marketing planning which will, in turn, help maintain and expand their market shares.

Interested exporters can apply for EXIMSurance at Business Promotion Department 1, 2 at EXIM Thailand Head Office or branches nationwide. Another easy access to EXIMSurance is via 10 other participating financial institutions, namely, Bangkok Bank Public Company Limited, Krung Thai Bank Public Company Limited, Kasikornbank Public Company Limited, TMB Bank Public Company Limited, BankThai Public Company Limited, Siam Commercial Bank Public Company Limited, Siam City Bank Public Company Limited, Small and Medium Enterprise Development Bank of Thailand, Government Savings Bank and Islamic Bank of Thailand.

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