

**EXIM Thailand Promotes Foreign Exchange Forward Contract
and Export Credit Insurance to Help Sustain
Thai Exporters' Competitiveness amidst Yuan Devaluation**

Mr. Suthanai Prasertsan, Acting President of Export-Import Bank of Thailand (EXIM Thailand), revealed that while China's Central Bank's announcement of cutting the Yuan reference rate to be more in line with market's mechanism has resulted in cheaper Chinese export products raising its respective competitiveness, the overall impact on Thai export of goods and services remains limited as Baht and Yuan move in the same direction. However, if China further devalues its currency and Yuan becomes weaker than Baht, the price effect on Thai products and services will be more pronounced. Notably, Thai products competing with China's both in the export and import markets would face a more intensified competition.

According to EXIM Thailand's Acting President, meanwhile some Thai intermediate products using China as a production base for export to the third countries may benefit from the current situation. These products include rubber, automotive parts and electronics. Thai exports for China's domestic consumption, however, may become less competitive, fetching lower prices and facing falling demand such as tapioca and fresh fruits, though such impact may be marginal. As one of Thailand's most important trade partners, China is the second largest export market commanding 10.8% of Thailand's exports while occupying first place among Thailand's overall imports accounting for 18.8% of the total import values.

Mr. Suthanai said that under the present circumstances, EXIM Thailand stands ready to assist Thai exporters, especially SMEs who have limited fund or tolerance for foreign exchange volatility. Through Foreign Exchange Forward Contract, exporters will be able to know in advance the amount of export proceeds under the predetermined exchange rate stipulated in the contract. Further, EXIM Thailand's Export Credit Insurance will allow Thai exporters to offer more flexible and competitive payment terms to their overseas buyers shielding them from worry or uncertainty about non-payment risks caused by commercial reasons, such as buyer's bankruptcy, default or refusal to take delivery of goods, or political risks arising from restriction on remittance of hard currency, new regulations prohibiting importation, occurrence of war, riot, revolution or coup d'etat.

"Thai exporters are encouraged to continue to improve product and service quality to enhance their competitiveness while not relying excessively on price competition or speculative profits on exchange rates. They are invited to take advantage of EXIM Thailand's Foreign Exchange Forward Contract facility to help mitigate foreign exchange risks and Export Credit Insurance to curb risks arising from international trade so that they could trade confidently and achieve sustainable growth," said Mr. Suthanai.

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