



MOF and 11 Financial Institutions Jointly Launch **“Export Credit Insurance” Promotion Campaign**

Eleven state-owned specialized financial institutions and commercial banks signed an MOU to collaborate under the Joint Export Credit Insurance Facility to help Thai exporters manage risks associated with international trade amid the global financial crisis. This cooperation aims to promote Export Credit Insurance as an essential tool for international trade risk aversion.

Mr. Pruektichai Damrongrut, Deputy Finance Minister, presided over the Memorandum of Understanding (MOU) signing ceremony on the Joint Export Credit Insurance Facility at the Ministry of Finance (MOF) on March 24, 2009. The MOU features collaboration between Export-Import Bank of Thailand (EXIM Thailand) and 10 other 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.

The joint campaign resulted from a 5-billion-baht capital injection into EXIM Thailand by the MOF that will enable the Bank to expand its Export Credit Insurance Facility to protect Thai exporters from non-payment risks from overseas buyers afflicted by the global downdraft. It will also provide the participating banks’ customers with easy access to EXIM Thailand’s export credit insurance coverage as they can apply for the service directly with their primary banks. Moreover, since claim payments are transferable to lending banks, exporters can expand their export credit lines by utilizing EXIM Thailand’s export credit insurance policy as additional loan collateral.

With EXIM Thailand’s export credit insurance, exporters can propose more competitive payment offers to buyers in more than 200 countries worldwide. The insurance facility covers commercial risks incurring from buyer bankruptcy, buyer’s refusal to pay or take delivery as well as political risks derived from restriction or prohibition of remittance of hard currency, new regulation prohibiting importation, occurrence of war, revolution or riot that obstructs payment. The rate of indemnity is up to 90% of actual loss. In addition, EXIM Thailand helps analyze buyer’s credit information and assists in debt collection in case of non-payment. Such support will help Thai exporters maintain their shares in existing markets and increase their presence in new markets, while enhancing Thailand’s chance of achieving the targeted Gross Domestic Product growth.

According to a leading international credit insurance agency, the number of business insolvencies in the United States is predicted to soar in 2009 to 62,000, up from 28,322 in 2007. The figure in Japan is forecast to increase to 17,000 (from 14,091 in 2007). Meanwhile, the figures in the United Kingdom and France are expected to rise to 38,200 (from 22,832 in 2007) and 62,700 (from 50,012 in 2007) in 2009, respectively.

For 13 years since the introduction of EXIM Thailand's export credit insurance in 1995, 78% of the total claim payments were caused by buyer's non-payment, 20% buyer bankruptcy and 2% buyer's refusal to accept products delivered. The largest proportion of claims derived from buyers in the jewelry and accessories business (58%), followed by other industries such as furniture (11%), canned food (9%), plastic products (8%) and bicycle tyres (2%).

March 24, 2009