

EXIM Thailand Stands Ready to Help Thai Exporters **Hit by Eurozone Debt Crisis**

EXIM Thailand is ready to help alleviate the plight of Thai entrepreneurs affected by eurozone debt crisis by easing interest rates and other conditions in regard to their late payment and export bills negotiations. Meanwhile, the Bank also provides export credit insurance and buyer/bank risk assessment service to help boost Thai exporters' confidence in doing businesses and offering appropriate payment terms to their European counterparties.

Mr. Kanit Sukonthaman, President of Export-Import Bank of Thailand (EXIM Thailand), said that EXIM Thailand is ready to assist Thai entrepreneurs hit by eurozone debt crisis through various measures such as 1) Easing conditions relating to default interest rates charged on exporters facing delayed payment by overseas buyers; 2) Easing interest rates and other conditions concerning discounted export bills for exporters receiving late payment from eurozone buyers; 3) Offering Export Credit Insurance service with coverage for non-payment risk from overseas buyers; and 4) Providing Buyer/Bank Risk Assessment service to determine buyer or buyer bank's creditworthiness, enabling Thai exporters to arrange competitive payment terms with foreign buyers.

EXIM Thailand's President added that, meanwhile, Thai exporters should be prepared to cope with impacts of eurozone debt crisis which include: **1) Product sale stagnation.** This can be prevented by adjustment of their export product offerings to suit eurozone economic conditions and requirements such as strict adherence to manufacturing standard to avoid product refusal or payment default, reducing product size to allow for salesprice reduction or fixing, adding product value or strengths through creativity enhancement, and exploring new markets; **2) Higher non-payment risk.** This can be mitigated by purchasing export credit insurance to cover every shipment while opting for low-risk payment terms and conditions. **3) Baht fluctuation impact.** This can be prevented by using foreign exchange forward contract service and incurring revenues and expenses in the same currency. **4) Price fluctuation in raw materials and commodities.** This can be mitigated by efficient production cost and inventory management, seeking alternative raw material sources, contract farming, and sourcing raw materials from countries with weaker currencies.

The eurozone debt crisis started in the PIIGS countries, comprising Portugal, Ireland, Italy, Greece and Spain, which are not Thailand's major trading partners in Europe. Thai export to PIIGS accounted for only 1.6% of Thailand's total export value. However, with substantial intra-European economic linkage, the aggravating debt problems could pose increasing threats to Thai export growth.

June 18, 2012
Public Relations Division
Office of Top Management