

EXIM Thailand Accelerates Expansion of Financial Facilities to Support Thai Entrepreneurs' Adaptation to Cope with International Trade and Investment Risks and Drive Positive Export Growth in 2020

EXIM Thailand has highlighted its 26th Anniversary celebration with the continued commitment to working alongside Thai exporters and investors in international markets to boost Thailand's competitiveness in a sustainable manner. It will collaborate with business partners from both public and private sectors in exploring new business opportunities in parallel to expansion of financial facilities and provision of news and information as well as training and incubation courses so that Thai exporters and investors can adjust themselves amid the prevailing imbalances in economic, political, social and environmental circumstances. Measures are put in place to alleviate short-term impacts on the entrepreneurs in combination with promotion of import of machinery and technology for upgrading Thai goods toward higher value added and relieving impact of the Thai baht appreciation in order to prevent contraction of Thai export in 2020.

Mr. Pisit Serewiwattana, President of Export-Import Bank of Thailand (EXIM Thailand), revealed at a press conference on the occasion of EXIM Thailand's 26th Anniversary at EXIM Thailand's Head Office on February 17, 2020 that the year 2020 will be a **Year of Global Rebalancing** to mitigate "risks" in multiple dimensions that have affected economies of various countries around the world including Thailand. These include **1. Economic dimension**, particularly *the trade wars* that originated from the prolonged imbalance of the U.S.-China trade which prompted the U.S. to raise import tariffs on Chinese goods and China retaliated by doing the same on imports from the U.S., hence likely pressure on Thai and international trade atmosphere in this year; *currency volatility* across the world as a result of ample liquidity and volatile interest rate directions; and *commodity prices*, oil prices in particular, which stay at low levels caused by the excess supply of oil that has brought prices of several goods that normally move in the same direction as oil prices to stay at low levels as well; **2. Political and social dimensions** where persistent conflicts among several countries have dampened business operations, people's purchasing power and global economy; and **3. Environmental dimension**, such as natural disasters and epidemics, which could hinder economic activities especially trade and investment that are interconnected around the world.

Thai economy is a small open economy which heavily depends on foreign markets as well as having low bargaining power. This is coupled with the prevailing current account surplus and unsustainability as a result of structural imbalance of international trade. Thai export is mainly volume-driven rather than price-driven due to its low added-value. Meanwhile, import of consumer goods is in a much higher proportion than that of import of machinery and technology for investment purpose. This has pushed Thai baht to strengthen and thus Thai exporters have recorded lower revenues in Thai baht term and lost competitive advantage to foreign competitors.

In the face of the above-mentioned global risks in economic, political and social as well as environmental dimensions along with Thailand's structural problems in international trade, Thai entrepreneurs have to deal with international trade and investment risks and difficulties in 2020.

- **As a short-term measure**, EXIM Thailand has a policy to help and support Thai exporters and investors with financial tools like credit and export credit and investment insurance facilities, foreign exchange hedging tools as well as special programs and packages.

- **As a long-term measure**, EXIM Thailand has made available financial facilities and services that will assist Thai entrepreneurs in rebalancing and restructuring Thai export and import to uplift competitiveness through support for their modification or replacement of machinery and product development to increase value added to Thai products. This will be carried out alongside responding to the government policy in supporting investment in the EEC and development of Thai industries, particularly S-curve industries, to build up innovation industry base and provision of news and information together with holding of training and incubation courses through EXIM Excellence Academy (EXAC).

All the above efforts are aimed at driving Thai export in 2020 to turnaround to a positive growth amid the current global trade and economic challenges.

In view of EXIM Thailand's operating results in 2019, the Bank's total outstanding loans reached a record high since its establishment amounting to 121,868 million baht, a 13,279 million baht or 12.23% growth year-on-year, comprising 38,900 million baht in trade finance and 82,968 million baht in investment finance. Provision of credit facilities contributed to a business turnover of 197,106 million baht, of which 106,749 million baht or 54.16% came from SMEs. Outstanding SME loans amounted to 43,123 million baht. This contributed to the Bank's net profit of 507 million baht as of the end of December 2019. NPLs ratio stood at 4.60%, with NPLs amounting to 5,606 million baht. Allowance for doubtful accounts was 11,171 million baht, a 1,787 million baht increase from the corresponding period of the previous year. Of the total allowance, 7,804 million baht was minimum provisioning requirement by the Bank of Thailand, which represented a ratio of loan loss provision against the regulatory requirement of 143.15%, hence enabling the Bank to maintain a strong financial status.

In respect of export credit and investment insurance business, in 2019 EXIM Thailand recorded 121,372 million baht in accumulated insurance business turnover, up by 28,924 million baht year-on-year, of which 22,592 million baht came from SMEs, representing 18.61% of the Bank's accumulated insurance business turnover.

As regards support for Thai entrepreneurs' expansion of international trade and investment in 2019, EXIM Thailand had a total accumulated loan approval amount of 92,367 million baht for international projects, with outstanding loans accounting for 47,454 million baht as of the end of December 2019. The Bank has also continued its support for Thai trade and investment in the CLMV which recorded consistent economic growth and remain a major destination of Thai entrepreneurs' business expansion. As of the end of 2019, outstanding CLMV loans amounted to 30,774 million baht, a 1,333 million baht growth from the end of 2018. EXIM Thailand's representative offices in Yangon, Vientiane and Phnom Penh have now been in operation and worked closely with Thailand Teams led by Thai Ambassadors in the respective countries. The Bank is also in the process of preparing for the opening of a representative office in Vietnam.

"In the backdrop of the current global imbalances and risks in various dimensions that have inevitably weighed on businesses around the world, Thai entrepreneurs have to keep up with the situation and continue to penetrate markets for international trade and investment. EXIM Thailand is fully equipped to partner Thai entrepreneurs and support their export and investment endeavors to ensure that they can carry on their businesses stably and uninterruptedly. At the same time, Thai exporters and investors should have long-term plan to achieve higher competitiveness, especially in terms of quality improvement. They should also leverage on the current situation where Thai baht appreciation allows for greater investment in innovation and technology, particularly in the government-promoted S-curve industries and EEC areas. This will help enhance Thailand's sustainable competitiveness in the digital world of today," added Mr. Pisit.

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