

EXIM Thailand Fosters Collaboration with Export Development Canada to Boost Thai-Canadian Trade and Investment and Launches Post-shipment Revolving Credit for SMEs Secured by Export Credit Insurance Policy

EXIM Thailand has entered into a cooperation pact with Export Development Canada (EDC) to promote and enhance value of trade and investment between Thailand and Canada. The Bank has also introduced a new export credit facility “EXIM IBD Global” with a credit line up to 40 million baht and secured only by an export credit insurance policy, in conjunction with a forward contract facility to hedge foreign exchange risk. This aims to ensure exporters’ post-shipment working capital availability and their access to compensation in case of non-payment by overseas buyers while being protected against foreign exchange risk.

Mr. Pisit Serewiwattana, President of Export-Import Bank of Thailand (EXIM Thailand), and Mr. William Brown, Regional Vice President, International Business Development, Export Development Canada (EDC), jointly signed an MOU to promote Thai-Canadian trade and investment and Thai and Canadian entrepreneurs’ trade and investment endeavors beyond their borders, through supports and referral of projects of mutual benefits, business matching, sharing of technical, financial and trade information and experience, and personnel skill and potential development.

EDC has been an exemplary model for export credit agencies around the world, with success stories in financial support and facilitation for large corporates and SMEs helping relieve their dependence on state funds and in innovation of export credit insurance facilities. EDC has envisaged favorable opportunities in Asia for Canadian entrepreneurs while EXIM Thailand has aimed at supporting Thai exporters to expand their markets to Canada to a greater extent. Further, Canada is a country with significant industrial progress and extensive research and development (R&D) achievements and Thailand has been large corporates’ production bases targeted to achieve a higher level of manufacturing technology. Such factors create good prospects for closer Thai-Canadian trade and investment cooperation, especially in the Eastern Economic Corridor areas and involving such target industries as aviation, comprehensive healthcare, renewable energy, biotechnology, automotive parts, and high value-added services like R&D, establishment of regional operating headquarters (ROH), and logistics. Such efforts are expected to bring mutual benefits to both Thailand and Canada, as well as ASEAN at large, and help strengthen Thailand’s manufacturing structure and competitiveness in the marketplace.

Canada is the world’s 10th largest economy. With population of high purchasing power and composed of a significant number of Asian Canadians, it is a high potential market for Thai goods, particularly foods and innovative products. Major export goods from Thailand include canned and processed seafoods, rubber products, rice and computers and parts, while main import goods from Canada are precious stones, gems and jewelry, silver and gold billets, paper pulp and paper scrap, fertilizer, and plant and animal pesticides.

Mr. Pisit further said Thailand's export value in 2018 has continued its upward trend driven by export to new frontiers and increased value of products in four main sectors, i.e. automobile, electronics, machinery and oil price related goods. However, amid the prevailing global volatility, Thai exporters have increasingly been exposed to certain risks. Such risks include international trade wars, financial market volatility, political conflicts, and natural disasters, any of which may hurt overseas buyers and result in their failure to pay for goods and services, hence growing concerns among Thai entrepreneurs and exporters in their international trade and investment. EXIM Thailand has thus come up with a new product, **EXIM IBD Global**, a post-shipment revolving credit facility for SME exporters with a credit line up to 40 million baht per exporter to be offered at a discount rate of Prime Rate -2.00% per annum throughout the project tenor, in conjunction with a forward contract facility in the value equal to the credit facility amount and secured only by an export credit insurance policy and an individual or a juristic person.

The prospective borrower of EXIM IBD Global credit facility is required to first obtain an **“EXIM IBD Global Insurance”** policy. The facility is applicable to exporters each with export in the value of up to 500 million baht per year and under payment term of up to 120 days. Insurance protection covers more than 137 countries around the world. SME exporters may apply for the credit facility from today until the end of November 2019. In this regard, they will be eligible for **free-of-charge analysis of data on the first two buyers and a rebate of 0.25% on the discount rate** in case they manage to persuade their buyers on whom export credit insurance has been taken out to make payment for goods directly through EXIM Thailand, and **a 50% reduction of the collection fee** under D/P or D/A payment conditions.

“EXIM Thailand has developed this revolving credit facility to respond to the needs of SMEs that may have limited capital base. The facility will help boost their liquidity and safeguard against international trade uncertainties regarding foreign exchange, foreign buyers and destination countries, so that exporters can venture into their target markets with confidence and without concerns about buyers' default payments or loss of income due to foreign exchange fluctuations. In addition, we have expanded collaboration with our partners in both public and private sectors, at home and overseas alike, to open up opportunities for and add value to businesses of Thai entrepreneurs,” added Mr. Pisit.

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