

Export Import Bank of Trinidad and Tobago Limited

Support framework for Small and Medium sized enterprises

The Export Import Bank of Trinidad and Tobago Limited (EXIMBANK), the successor to the Export Credit Insurance Company Limited (EXCICO) is an entity wholly owned by the Government of Trinidad and Tobago.

EXCICO was incorporated in 1973 in response to a growing need for support to our local manufacturing sector, which was at the time actively pursuing opportunities in the export market. The Government recognized that the export market was by and large uncharted waters for most of our manufacturers. The risk associated with sales to unknown business entities outside of the traditional comfort zones was generating anxiety within the emerging export sector.

EXIMBANK was formed in 1997, using the base of insurance clients already on the books of EXCICO, but taking the products and services to a new scope – offering a more comprehensive package of financing services, inclusive of direct financing for export related transactions.

The name change and the additional services have generated a diversification of the company's market and EXIMBANK has been on a constant growth path during the past eight years.

EXIMBANK is one of three Export Credit Agencies (ECAs) operating in the entire English-speaking Caribbean region, the other such agencies being in Barbados and Jamaica. We serve principally the Trinidad and Tobago market, meaning that our trade transactions would generally involve at least one partner based in Trinidad and Tobago, but we are open to discussions with businesses operating outside of our domicile. We enjoy an excellent working relationship

with our Caribbean counterparts, and have in the past explored the synergies for the mutual benefit of our organizations.

Our alliances do not stop with our Caribbean friends, however, as we have also been able to establish alliances with a number of other ECAs in the Latin American region, mainly through our membership in the Association of Latin American Export Credit Agencies (ALASECE), but also through relationships developed through the years with specific agencies in certain territories.

Locally, we have developed very strong alliances with the premier business organizations, namely, the Trinidad and Tobago Manufacturers' Association, The Business Development Company, The Tourism and Investment Development Company, the Chambers of Commerce, etc.

These alliances have enabled us to build our networking capability with the various sectors, thereby enabling us to have a first hand feel for the strengths, weaknesses, opportunities and threats facing our businesses.

We continue to develop our brand, while preparing ourselves for the challenges of our economies that are already well in to the process of globalization, with trade barriers falling at a rate much faster than a mere few years ago we would have ever imagined. We are mindful of the thrust towards the Latin American markets as the most logical alternatives to our traditional Caricom markets, and we have equipped ourselves with the relevant expertise for forging ahead into the vast opportunities offered by our Latin neighbours.

Ladies and Gentlemen,

I have spent some time giving you an overview of the evolution of the EXIMBANK, starting with our inauguration in 1973 and leading to today's date.

But what is our role in supporting Small and Medium Business Enterprises?

Our operations are

Bullets of products

1. Export Credit Insurance
2. Post-Shipment Financing
3. Pre-Shipment Financing And Guarantee

Explanation of products

1. Export Credit Insurance

- What is it?
 - Risk protection to Exporters against payment default by foreign buyers on goods and services exported on credit terms.
 - Gives exporters the confidence to venture into emerging markets thereby expanding the export thrust.
- What does this mean for exporters given the market dynamics of today?
 - The market dynamics of today are characteristic of the new ideology of “Free Trade” where borderless markets now form an important part of the financial landscape.

- Buyers overseas are demanding much longer credit terms and therefore failure to provide such credit will likely result in a curtailment of export sales.
 - Exporters must therefore constantly review their exposure to overseas buyers even those with whom they continue to enjoy a long and satisfactory trading relationship.
 - Our Export Credit Insurance gives the commercial banks the confidence to join with us in supporting these export transactions, thereby assisting Exporters to become net earners of foreign exchange.
 - With EXIMBANK's Export Credit Insurance Policy, Exporters can obtain protection against Political and Commercial Risks (also called Comprehensive Risks).
- Political Risk
 - Import controls in the buyer's country
 - An outbreak of war involving the buyer's country, civil war, or any other such political disturbance
 - Any such risks occurring outside this country and beyond the control of the exporter
 - Diversion of the shipment to another destination, resulting in non-delivery of goods within the contracted delivery time.
 - Commercial risk
 - Insolvency of the overseas buyer (e.g. the buyer's business company going into receivership)
 - Deliberate default by the overseas buyer on goods already accepted.

2. Post-Shipment Financing

- What is it?
 - Short term financing
 - Essentially a discounting of the Exporter's receivables, covered under EXIMBANK's Export Credit Insurance.
 - Bridges the gap for manufacturers between the costs expended on production and the receipts from export sales.
 - EXIMBANK's Post-Shipment Financing Facility can be accessed directly or through our joint financing arrangement with any of the commercial banks.
 - By using this facility the exporter receives 85% to 100% of the value of the export invoice, upon shipment.

- What are the benefits?
 - Exporter's working capital cycle is shortened.
 - Allows for increased production levels.
 - Cost effective risk protection against buyer defaults.
 - The Exporter is granted the option to provide greater credit terms to the foreign buyer perhaps even more than other international competitors can. This creates a clear competitive advantage in today's market place.
 - The challenges of the current economic environment and today's globalized market place require Exporters to optimize their use of the various facilities available in order to achieve that very important competitive edge.

- How does it work?
 - Exporters are able to convert a credit sale into a cash sale thereby freeing up their capital for further exports.
 - Amount Discounted 85% - 100% of invoice value.
(Negotiable)

- Export Credit Insurance - Calculated as a percentage of the invoice value and is based on the buyer's rating and the terms of trade. (Refer to schedule of premium rates.)
- Discount Interest - Calculated on the amount discounted from the date of the discount transaction to the date payment received from the buyer.

3. Pre-Shipment Financing and Guarantee

Pre-Shipment Financing

- Direct financing to assist in the manufacturing/processing of export orders (payment of wages, purchasing of raw materials, equipment, etc).
- Offered at competitive rates and allows qualified exporters to meet confirmed export orders to reputable overseas buyers.

Pre-Shipment Guarantee

- Guarantees repayment to commercial lenders on working capital loans, or on revolving lines of credit advanced to qualifying exporters thereby enabling them to meet confirmed export orders.
- EXIMBANK's liability under this guarantee is discharged immediately upon shipment.

Sectors Covered by EXIMBANK

- All exporting entities, large and small, inclusive of:

- Manufacturers
- Exporters of agricultural products
- Service providers
- Distributors

OUR MANDATE

While our mandate does not specifically cover the energy sector, we have worked with a number of downstream entities in this sector.