

Support Framework for Small and Medium Sized Enterprises

Presenting:

The Export-Import Bank of Trinidad and Tobago Limited

A Platform for an Explosion in Trade



Ownership of EXIMBANK

Wholly owned by the Government of
Trinidad and Tobago



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The Evolution of EXIMBANK

■ From EXCICO

1973



■ To EXIMBANK

1997

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The Evolution of EXIMBANK

- One of three Export Credit Agencies (ECAs) operating in the entire English-speaking Caribbean region
- Our alliances
- Further developing our brand

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EXIMBANK's Products

- Export Credit Insurance
- Post-Shipment Financing
- Pre-Shipment Financing and Guarantee

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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.

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Export Credit Insurance

What does this do for exporters?

- 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.

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Export Credit Insurance

What does this do for exporters? (continued)

- Exporters must therefore constantly review their exposure to overseas buyers even those with whom they continue to enjoy a long and satisfactory trading relationship.
- 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.

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Export Credit Insurance

What does this do for exporters? (continued)

- Exporters can obtain protection against **Political and Commercial Risks** (also called **Comprehensive Risks**).

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Export Credit Insurance

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.

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Export Credit Insurance

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.

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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.

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Post-Shipment Financing

What is it?

- 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.

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Post-Shipment Financing

What does this mean for exporters?

- Exporter's working capital cycle is shortened.
- Allows for increased production levels.
- Cost effective risk protection against buyer defaults.

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Post-Shipment Financing

What does this mean for exporters? (Continue)

- 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.

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Post-Shipment Financing

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)

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Post-Shipment Financing

How does it work?

- 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.

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Pre-Shipment Financing

What is it?

- 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.

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Pre-Shipment Guarantee

How does it work?

- 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.

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Sectors Covered by EXIMBANK

All exporting entities, large and small,
inclusive of:

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

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Our Mandate

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

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We open doors to the world.

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Thank you!

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