



# News Bulletin

QUARTERLY NEWSLETTER OF THE EXPORT CREDIT GUARANTEE AGENCY OF OMAN SAOC

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## EDITORIAL

I am pleased to introduce the second quarterly issue for 2011 of ECGA of Oman News Bulletin. It is worth mentioning that the rapid global events since the beginning of the year have had varying effects in the international markets including higher level of both commercial and non-commercial risks for businesses. The clamour for political reforms across the MENA Region, consequences of natural disasters in Japan and the on-going EU sovereign debt crisis have all increased the level of risk including credit insurance thus posing challenges for ECAs in meeting the growing needs of exporters.

As per the IMF, the global economy is expected to grow by 4.4% this year as against 5% last year. On the other hand, growth in global trade is expected to slow to 6.5% in 2011 after record breaking expansion of 14.5% in 2010.

Following the Prague Club Berne Union meeting in Phuket, the important contribution of its members in covering global international trade through its various credit insurance services was acknowledged by the Secretariat and highlighted by key note address by President of the Berne Union Mr. Angus Armour. Export credit insurance has been one of the effective ways of promoting exports. ECGA of Oman is honoured as it will host for the second time the Prague Club meeting in November 2011.

With the increases in both commercial as well as non commercial/political risks, exporters are expecting to experience more payment incidents including late payment delinquencies and insolvencies of buyers as well as transfer payment beyond their control due to political upheavals including wars, civil commotions, etc. Thus ECGA of Oman advises exporters to be credit insured against such risks. They should also be diligent and careful in dealing with buyers as the levels of credit or commercial risks have been volatile world wide.

ECGA of Oman services and support for exporters have been growing. It has significantly insured a number of Omani products in many of the MENA markets despite social and political unrests. As of December 2010, the total credit limits for the MENA Region amounted to RO.204.3 million which constitutes almost 72% of total limits issued to exporters. On the other hand, global underwriters may be cautious and decline to extend political risk insurance for many countries in the region due to fallout from the recent events. There may be little appetite among underwriters to absorb such risks even at a higher premium. Even though many other ECAs in other countries including reinsurers have cut limits, ECGA of Oman has been actively supporting its exporters and encouraged them to avail ECGA's credit insurance cover. The need for political risk insurance has increased significantly bringing pressure in underwriting capacity and pricing. This is because apart from the commercial risks which provides protection against protracted defaults of payments by buyers, the country or political risks coverage is even more important now as events of such nature as civil commotions, riots, wars or any other action in the buyer's country preventing performance of the contract or delay in a transfer payments can affect entire buyers in particular market and therefore riskier. Hence such events unfolding at a rapid pace in the MENA Region have increased the needs for both credit as well as political risk insurance.

It is encouraging that Oman has maintained its rating in 2011 as per the latest *Global Political Risk Map* issued by Aon and is the only GCC country along with Qatar that have maintained such low risk rating. This is similar rating to a number of Central and Eastern European member countries. It is also worth mentioning that Oman's ratings under OECD classification as of end of March 2011, has remained the same as in 2010.

This issue, also provides the highlights of the operational performances of the Agency for the year 2010 following the Annual General Meeting of the Export Credit Guarantee Agency of Oman held in March 2011 presided by His Excellency the Chairman Sheikh Yaqoob bin Hamed Al-Harthy. The Meeting reviewed the message from the Board of Directors for the past year. The report noted that the Agency has been actively extending its valuable services to exporters in promoting Omani non-oil exports during the year despite global financial crisis and economic slow down. It has issued total credit limits of RO.280 million as of end of 2010 compared to RO.258.6 million in 2009 insuring exports to 102 countries world wide. The policyholders have valued credit insurance as an essential tool in mitigating the risks of non-payment as it provides necessary protection in covering such risks both commercial and non-commercial thus exploring new markets and buyers.

Notwithstanding tougher market conditions due to high level of payment risks, ECGA of Oman continued to meet growing needs of exporters for credit insurance services while remaining self sustaining. It has always managed successfully to reinsure its growing exposure through international reinsurance market.

The level of Omani non-oil exports for 2010 was RO.2448.2 million compared to RO.1849.5 million in 2009 which represents remarkable increases of 32.4%. It is encouraging that despite daunting challenges and impact from the global financial crisis and fragile recovery world-wide, Omani non-oil exports have gone up remarkably.

Under *Hints to Exporters*, the Bulletin highlights the importance of identifying the risks factors on the buyer and suitable methods of payment while the Agency insures payment risks.

Under the *Country Profile of Buyers of Omani Insured Exports*, the level of exports and imports between Oman and Singapore is revealed along with the extent of ECGA's of Oman credit insurance to Omani exports. The value of non-oil exports sales from Oman to Singapore in 2009 has substantially increased by more than 87% compared to 2008.

The Bulletin under its Q&A section, discusses a variety of questions and answers for the information and benefit of our policyholders. These include credit limits approval, liquidity, benefits of credit insurance, pre-shipment and post shipment covers as well as the various needs of exporters which are being met by ECGA's services. Under *Do's and Don'ts on Claims*, it reminds policyholders what they are required to do and not to do when not being paid by the buyer and lodging claim.

An article entitled "ECGA of Oman unwavering support to exporters" discusses the scope of credit insurance support and commitments including the GCC and other Geographical Regions world-wide.

As per the section on the *Omani Insured Exporter* by ECGA of Oman, the Bulletin provides profile of Tawoos Agricultural System LLC as one of the successful Omani exporters that has utilized the services of ECGA from the very beginning. It has experienced substantial growth of exports through production of various vegetables and fruits.

Thanks,

**Nasir bin Issa Al-Ismaily**  
General Manager

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# IN THE NEWS

## 1. Annual General Meeting of ECGA of Oman

The Annual General Meeting of the Export Credit Guarantee Agency of Oman (S.A.O.C.) was held on March 19th, 2011. The meeting was presided by H.E. Sheikh Yaqoob bin Hamed Al Harthy, the Chairman where it reviewed the past performance of the Agency for the year 2010. The primary objective of the Agency is to support and encourage Omani non-oil exports through its credit insurance service, guarantee and financial support to exporters.

ECGA of Oman has continued to extend its credit insurance service to many Omani exporters. The level of Omani non-oil exports for the first 9 months of 2010 was RO.1858.2 million compared to RO.1223.5 million for the corresponding period in 2009 which represents significant increases of 51.9%. Thus the growth of the Oman non-oil exports have been remarkable and encouraging.

It is worth mentioning that the total credit limits issued to exporters by the Export Credit Guarantee Agency of Oman as of the end of the year 2010 were RO.280.0 million compared to RO.258.6 million in 2009. It covered exports to 4935 buyers compared to 4728 buyers to 102 countries world wide. The level of credit insurance service extended to exporters for their local buyers have also registered significant growth as more exporters are availing domestic credit insurance to mitigate credit risks for their local buyers too.

The Agency has not only remained self sustaining but has actively meet the growing needs of the exporters. It has managed successfully to renew its reinsurance treaties with international private reinsurers in view of its track record and experiences.

ECGA of Oman has continued to benefit from its association as member of the strategic international Credit Alliance Network under the auspices of Coface of France. It is also an active member of the Prague Club of the Berne Union which is an International Union of Credit and Investment Insurers as well as the one of the founders of the Aman Union which operates under the auspices of the Arab Investment and Export Credit Guarantee Corporation (AIGC) and the Islamic Corporation of Export and Investment Credit (ICIEC).



*Annual General Meeting of the Agency*

## 2. Prague Club Meeting held in Phuket, Thailand

The first bi-annual meeting of the Prague Club of the Berne Union of the year 2011 was held in Phuket, Thailand from 30th May to 1st June hosted by the Exim Thailand in coordination with the Secretariat of the Berne Union.

Mr. Nasir bin Issa Al-Ismaily, the Chairman of the Prague Club presided over the meetings. The meetings were also attended by the President of the Berne Union Mr. Angus Armour. Also attended was Secretary General of the Berne Union – Ms. Kimberly Wiehl as well as the President of Exim Thailand Mr. Kanit Sukonthaman. Also Mr. Fabrice Morel – Director of Berne Union (pictured) as well as special invited speakers/panelists and participants from different ECAs member countries. Mr. Suleiman Gharib Al-Sheibani the Underwriting Officer of ECGA of Oman also attended its workshop and the meetings.

The meetings discussed a number of issues including the follow-up of the last meeting which was held in Zagreb, Croatia in September 2010 as well as reconfirmation of the minutes of its previous meeting which were then approved by the members accordingly.

New developments that have taken place since the last meeting in Zagreb by the members were reported during the meeting as well as recent developments of respective ECAs were highlighted including products, organizational issues as well as business developments.

Mr. Nasir Al-Ismaily welcomed TASDEER of Qatar Development Bank as the latest ECA member that has joined the Prague Club. The membership of the Prague Club has been growing consisting of countries in Eastern and Central Europe, Middle-East, Africa and Asia.

The key note speech was delivered by Mr. Angus Armour President of the Berne Union who is also Managing Director & CEO of Export Finance & Insurance Corporation of Australia. He commended the high quality exchanges of the Prague club meeting which is of similar standard as the Berne Union Meeting. His presence at the Prague Club meeting further demonstrates cooperation of the Berne union in enhancing better understanding between our two groups of the same community.

Panel discussion of MENA countries including Egypt, Tunisia, Libya and Bahrain were discussed in view of the political uprisings in the Region and the extent of the effect of credit risk and payment experiences by buyers in the MENA Region. Also respective presentations were made by Export Credit Guarantee of Egypt (ECGE), Saudi Export Program (SEP) as well as Export Credit Insurance of Emirates (ECIE). ECGA of Oman also shared its own payment experiences.

Other countries discussed included payment experiences on Belarus, Kazakhstan, Ukraine and Uzbekistan.



*Mr. Nasir Al-Ismaily, chairing of the Prague Club Meeting in Phuket, Thailand*

The meeting also looked at risk assessment as public buyers. Separate presentations from MEHIB – ECA of Hungary as well as the Arab Investment & Export Credit Guarantee Corporation (Dhaman) were provided. In addition, presentation on medium and long term transactions for credit insurance was delivered by ECIC of South Africa.

A number of topics were also discussed facing ECAs. These including buyer fraud, policy pricing as well as offering of discounts for policyholders that manage their policies very well and various forms of ECAs support for SMEs including areas of risk mitigation and financing.

Other issues discussed were trade between affiliates, limits on banks, limiting expenses for debt collection as well as premium and maximum liability for ECAs.

The claim and recoverable roundtable discussion centered on the presentation from a claim case by SID – the Export Credit Agency of Slovenia and lessons learnt from it.

The Director at the Berne Union Mr. Fabrice Morel delivered separate presentations of the business trends for 2010/11 of the Berne Union and the Prague Club. The credit insurance business has grown compared to previous year. These include both short term as well as medium and long term credit insurance and investment guarantees. The Chairman of the Prague Club – Mr. Nasir Al-Ismaily then thank on behalf of all other members the host – Exim Bank of Thailand for their hospitality for hosting the meeting for the second time. Mr. Nasir Al-Ismaily also thank the members of the Prague Club, various speakers / panelists and other participants to the meeting for their active and useful participation as well as the Secretariat for extensive preparation of the agenda of the meeting.

He also welcomed them for the coming meeting of the Prague Club in Muscat in November 2011. This will be the second time that ECGA of Oman will be hosting this meeting following the earlier meeting in 2006.



Above Mr. Nasir Al-Ismaily, the Chairman of the Prague Club, on his right is the President of the Berne Union Mr. Angus Armour and his left Ms. Kimberly Wiehl, the Secretary General of the Berne Union and President of Exim Bank of Thailand Mr. Kanit Sukonthaman

### 3. ECGA indemnified claim for loss to M/s. Sadolin Paints (Oman) Ltd.

Export Credit Guarantee Agency of Oman SAOC has indemnified a claim for loss lodged by one of its credit insured exporters - M/s. Sadolin Paints (Oman) Ltd. against non-payment of export sales of paints by a buyer in Qatar. The cheque for the claim payment was handed over by the General Manager of ECGA of Oman Mr. Nasir Al-Ismaily to the Representative of M/s. Sadolin Paints (Oman) Ltd. Mr. Mohammed Said Al-Kindy, Also present was the Finance Manager of the Company Mr. P. K Muralidharan. (pictured)



### 4. 34th ADFIAP Annual Meeting

The 34th Annual Meeting of Association of Development Financing Institution in Asia and Pacific (ADFIAP) was held in Kyrenia in North Cyprus on 20th till 23rd April, 2011. The meeting was hosted by TRNC Development Bank. The conference was represented by Mr. Ahmed bin Mohammed Al-Abdaly Head of Administration. ECGA of Oman was admitted as member of ADFIAP in June 2009.

### 5. Contract for ECGA of Oman building signed

The contract for ECGA of Oman building at Airport Heights was signed. Representing the contractor was Mr. Hassan Baker of Hassan Juma Trading and Contracting Co. while representing ECGA of Oman was its General Manager – Mr. Nasir bin Issa Al-Ismaily. (pictured)



### 6. Two of ECGA's Officers participated in the training course in Dubai

Two of ECGA's Underwriters - Mr. Suleiman Gharib Al-Sheibani and Mr. Yasser al Mahrouqi participated in the underwriting course in Dubai on April 4th and 5th 2011 organized under the auspices of the Aman Union – the Association of Arab and Islamic ECAs in collaboration the Export Credit Insurance Company of the Emirates (ECIE).

### 7. Political and Economic Risk Map 2011 issued by AON

**The Year 2011 Political and Economic Risk Map** has been published by AON Limited. As shown on the map next page, the global political risks for 2011 has been revised from previous year following the political upheavals that have taken place in a number of North Africa and Middle-East countries with several countries in the Region being downgraded due to higher level of risks. It is encouraging that Oman has maintained its rating as in 2010. The Sultanate and Qatar are the only GCC countries that have relatively lower risks level similar to a number of Central and Eastern European countries including Slovenia, Slovakia, Poland, Romania and Bulgaria as well as India, Singapore, Malaysia, Botswana, Namibia and South Africa. These countries are second after low-risk mostly OECD countries.



## 2011 Political Risk Map

**AON**



Aon offers a comprehensive solution to Political Risk, combining analysis and risk management consulting with individually structured insurance programmes. To access an interactive version of the map, please visit [www.aon.nl](http://www.aon.nl)



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### 8. ECGA's Staff visited the ICIEC in Jeddah

In the light of cooperation agreement signed between ECGA of Oman and Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), two of ECGA's staff Mr. Imaad Saud Al Harthy - Head of Claims and Recoveries and Mr. Ahmed Khalfan Al-Balushi Senior Underwriter visited of the Islamic Development Bank for familiarization and training program from March 19th to 24th 2011. The program included such areas as underwriting, claims, debt collection and recoveries as well reinsurance and other related areas and activities.

### 9. ECGA Officer participated in the 12th Annual Bond Seminar in Amsterdam- Holland

The 12th Annual Bond Seminar in Amsterdam, Holland was held on April 13th to 15th 2011 hosted by National Borg - one of the reinsurers of ECGA of Oman under the Quota Share Reinsurance Treaty. Mr. Ahmed bin Khalfan Al-Balushi Senior Underwriting Officer attended the seminar.

### 10. 32nd Annual Credit Insurance Seminar in Dublin, Ireland

Mr. Yasir Al-Mahrooqi, Underwriter of ECGA of Oman attended credit insurance course in Dublin on 23rd till 26th May, 2011 organized by Atradius which is one of the reinsurers of the Agency under the Quota Share Reinsurance Treaty. The seminar discussed several topics including underwriting, claims, recoveries, as well as reinsurance. The seminar was attended by participants from various ECAs worldwide. Atradius hosted similar training in the past to number of ECGA's officers.

### 11. Oman's non-oil exports increased for during the year 2010

As per the statistics, obtained from Directorate General of Customs, Royal Oman Police, the total Omani non-oil exports for 2010 amounted to RO.2448.2 million compared to RO.1849.5 million for of 2009. This represents remarkable increases of 32.4%. Moreover, Oman's re-exports to other countries increased to RO.1921.7 million by the end of December 2010 from RO1834.8 million for the same period of 2009 which represents a growth of 4.7%. Thus the growth of the Omani non-oil exports was higher than the growth rate for re-exports.

### 12. Exports & Re-Exports: Challenges and Opportunities Workshop held

A workshop on exports and re-exports: challenges and opportunities was held at Bank Muscat Headquarters on Wednesday, 1st June 2011. The workshop focused on highlighting the significance of the export and re-export market in Oman, identify operational and other challenges faced by exporters in Oman, and shed some light on the opportunities and solutions experienced by others and available to all. A number of Omani manufacturing companies attended who are also ECGA of Oman policyholders in the workshop, which was organized by Bank Muscat. Mr. Imaad S. AL-HARTHY, Head of Claims and Recoveries and Mr. Yasser S. AL-MAHROOQI, Underwriting Officer attended the workshop representing Export Credit Guarantee Agency of Oman.

# Q&A

## QUESTIONS & ANSWERS

**Q. As a credit insured exporter, what attention I should pay when I receive credit limit approval from ECGA of Oman?**

A. You should ensure that the name and address of the buyer shown in the credit limit approval is the same party with whom you have entered into the sale contract. A minor variation in the name of the Company can mean another separate legal entity. You should also pay particular attention to the approved credit limit amount, the payment term as well as any specific conditions stipulated or endorsement attached to the credit limit approval.

**Q. How can credit insurance ensure liquidity of the credit insured exporter’s company?**

A. Outstanding receivables are usually representing a substantial amount in the Balance Sheet of a manufacturing/trading company. Bad debts losses can severely affect liquidity and profits. Therefore, late payment or non-payment of sales proceeds pose a considerable threat to financial performance as well as liquidity of the company if no measures or precautions are taken. By insuring outstanding receivables against non-payment, the company ensures its cash flow and mitigate the risks. Also the exporter can assign the benefits under the Policy to their bankers as a collateral security to have their business financed by the bank.

**Q. What are the benefits offered by a Credit Insurance Policy?**

A. The protection offered by a credit insurance policy will enable your business to expand into new areas and to deal confidently with buyers of whose credit standing you had not been sure. Thus ECGA of Oman provides the safest and most professional back up services for companies who have or are likely to have an exposure to credit risks.

**Q. Can I obtain cover for pre-shipment as well as post shipment periods?**

A. Yes, Export Credit Indemnity Cover is available for pre-shipment period i.e. from the date of contract to date of shipment, if you company is carrying any risks of loss. A Contract Policy can be issued by ECGA of Oman to the exporter for such shipment. The extent of pre-shipment risk depends upon the type of goods produced. If non-standard or made to individual buyer’s specification, then pre-shipment cover will be given. Otherwise post shipment cover only.

**Q. How does the Export Credit Guarantee Agency of Oman meets the various needs of Omani exporters?**

- A. The Agency meets the needs of exporters by providing a range of facilities and services which include the following:-
  - Export Credit Insurance Services which provides cover to Omani exporters for export sales against Commercial and non-commercial risks.
  - Domestic Credit Insurance Services to credit insured exporters extending cover for local sales against non-payment due to commercial risks of default and bankruptcy of the local buyers, so as to mitigate the risks
  - Post-shipment Financing of export bills with Commercial banks at concessional rate of interest.
  - Pre-shipment financing facilities to exporters through commercial banks against guarantees issued by ECGA for working capital requirements so as to meet and enhance their export sales.



## DO'S & DON'TS ON CLAIMS

Please do	Please do not
Inform ECGA of Oman immediately if a loss is likely from the buyer.	Ignore warning signs of a bad debt of the buyer.
Consult ECGA of Oman on every action you intend to take to recover overdues.	Incur recovery costs without approval from ECGA of Oman
Complete your claim form in full and send all relevant documentation timely to ECGA of Oman	Hang on to any sum recovered against a claim which has been paid by ECGA of Oman as major share of it belongs to the Agency.
Submit your claim before the Date of Ascertainment of Losses.	Resell goods without approval from ECGA of Oman
Continue vigorous recovery action prior and after payment of your claim as agreed with ECGA of Oman	Write off any amount of overdue debt without written consent from ECGA of Oman

# SERVICES TO EXPORTERS

## PRE-SHIPMENT CREDIT GUARANTEE

The Pre-shipment Credit Guarantee scheme is designed for credit insured exporters to obtain the required financing facilities from commercial banks at pre-shipment stage for purchasing of raw materials and to meet the necessary cost towards manufacturing, processing and packing of goods to be exported against sale contract which could be under Irrevocable Letter of Credit or confirmed Purchase Order. Pre-shipment period refers to the time from the date of an insured contract until the date of shipment (or acceptance by the buyer) – that is the period up to the time credit period begins.

It has been designed to exporters to obtain timely and adequate credit facilities from commercial banks.

### Eligibility:

- Export sales need to be insured by ECGA of Oman
- The exporter is a policyholder of the Export Credit Policy issued by ECGA of Oman

### Fields of Activities Eligible for Pre-shipment Credit Guarantee:

- All sectors of the industry. Goods have to be either wholly or partly produced in Oman.

### Benefits:

- It allows credit insured exporters to avail pre-shipment financing from the banks for their working capital financing in order to execute export orders abroad and avail more export business opportunities.
- It fills security gap needed by the banks to provide required financing to execute export orders.

### Risks Covered by ECGA of Oman to Banks:

- Insolvency of the exporter
- Protracted default by the exporter
- The salient features of the pre-shipment credit guarantee scheme are as follows:
- The guarantees are issued directly to commercial banks by ECGA of Oman on behalf of credit insured exporters. Thus, the exporters who wish to obtain pre-shipment financing should contact their banks who then would apply to ECGA of Oman for guarantee to provide such advances.
- The pre-shipment credit guarantee issued to commercial banks is normally valid till it is cancelled by ECGA of Oman or is terminated at the request of the bank after due notification.
- Each guarantee issued indicates a Permitted Limit up to which advances granted by the commercial banks to the credit insured policyholders are covered by ECGA of Oman. The permitted limit operates on a revolving basis i.e. advances granted to the exporter and outstanding at any given point of time should not exceed the permitted limit.
- Approval to extend pre-shipment financing is subject to discretion of the banks. They will submit the Proposal for Pre-shipment Credit Guarantee to ECGA of Oman, to consider issuing such guarantee to cover the financing amount.

### Pre-shipment services are highly beneficial to SMEs because of the following:

- Mitigate credit risks sales of their buyers by availing both domestic as well as export credit insurance.
- Discount their sales bills through commercial banks at preferential interest rates, considering their sales are insured by ECGA of Oman
- Obtain necessary financing for SMEs working capital needs as both of the policies that is Export Credit Policy as well as Domestic Credit Policy can be assigned by SMEs to their commercial banks thus filling the traditional security gap.
- Allow SMEs to obtain direct pre-shipment financing from commercial banks as ECGA of Oman can give guarantees to commercial banks for such financing.

### Documents Required:

- Duly Filled Proposal Form for Domestic Credit Policy
- Information details of local buyers

*“As Credit Insured exporter, you can obtain through your banks Pre shipment financing for your working capital needs”*

### HINTS TO EXPORTERS

#### Focusing on Foreign Market Risk and Methods of Payment.

When you're selecting a method of payment in an export transaction, you need to identify the primary risk factors and then evaluate them to choose the one that's best for you. Remember:

Getting an order is only one step in the process. You also have to make sure that you're going to get paid. Being paid in full and on time is critical to success, and the level of risk in extending credit is a major consideration. Whatever method of payment you agree with the buyer, make sure you mitigate the credit risks through ECGA's credit insurance service.

## ECGA of Oman Unwavering Support to Exporters

**As global underwriters are restricting credit insurance cover in view of the global turbulences including the on-going political and social upheavals in the MENA Region, ECGA of Oman has actively supported its exporters to avail its services especially now with such higher level of both commercial and political risks.**

The Agency through the years has attracted a growing number of Omani exporters, which has provided them with ample opportunities of selling their products not only to neighboring GCC markets but also to non-GCC countries. In the following article, it discusses the scope of credit insurance support and commitments to various regions of non-GCC markets vis-à-vis GCC markets.

The Export Credit Guarantee Agency over the years has managed to credit insure Omani non-oil exports to more than 102 countries world-wide. Even though the five neighboring GCC countries because of their geographical proximity constitute 61.0% of the total exposure, credit insured business to non-GCC countries has been growing rapidly.

For the purpose of analysis, the non-GCC countries have been classified by their respective regions Americas, Europe, Australia, New Zealand, Asia, Non GCC Arab Countries and Africa.

As per the latest statistics from ECGAs, data base, the total credit limits issued to exporters amounted to RO.280.0 million.

The break-down details for the respective regions and credit limits issued as of December 31st, 2011 are as follows:-

Geographical Regions	Credit Limit Amount (in million)	% of Total Credit Limit
<b>Europe</b>	41.42	<b>14.8</b>
<b>Non-GCC Arab countries</b>	19.80	<b>7.1</b>
<b>Asia</b>	24.80	<b>8.8</b>
<b>Americas</b>	15.10	<b>5.4</b>
<b>Africa</b>	6.80	<b>2.4</b>
<b>Australia &amp; New Zealand</b>	1.38	<b>0.5</b>
<b>Total Non-GCC countries</b>	109.30	<b>39.0</b>
<b>GCC countries</b>	170.70	<b>61.0</b>
<b>Total</b>	<b>280.0</b>	<b>100.0%</b>

As can be observed from above apart from GCC countries, Europe is the largest region for approval of such limits as it constitutes 14.8%, followed by Non- GCC Arab countries at 7.1%, Asia 8.8%, Americas 5.4%, Africa 2.4% and remaining 0.5% to Australia and New Zealand.

In terms of the number of buyers in those regional markets which are insured by ECGA, the distribution is as follows:-

Region	Number of Buyers	% of Total Buyers
<b>Europe</b>	527	<b>10.7</b>
<b>Asia</b>	504	<b>10.2</b>
<b>Non-GCC Arab countries</b>	413	<b>8.4</b>
<b>Africa</b>	177	<b>3.6</b>
<b>Americas</b>	176	<b>3.5</b>
<b>Australia &amp; New Zealand</b>	40	<b>0.8</b>
<b>Total Non-GCC countries</b>	1837	<b>37.2</b>
<b>GCC countries</b>	3098	<b>62.8</b>
<b>Total</b>	<b>4935</b>	<b>100.0</b>

Non-GCC countries constitute over 37.2% of the total number of insured buyers. Again Europe still dominates of largest number of buyers outside the GCC Region at 10.7% followed closely by Asia at 10.2% non-GCC Arab countries at 8.4% and remaining to other Regions.

As can be expected the GCC Region comprises over 62.8% of the total number of buyers and this should be expected in correlation to the amount of huge proportion of credit limits issued to this Region. It is also supported by the fact that 81.3% of total shipments of actual business declared by exporters to ECGA, are from the GCC countries. This is followed by Europe, Asian, Other Arab Countries and Africa.



The detailed break-down of credit limits approved under various modes of payments that is between secured letters of credit and non-secured payments to non-GCC regions are listed as follows :-

Region	Modes of Payment (Figures in Million RO)		% of Open Account to Total Limits
	Letters of Credit	Open Account	
Europe	23.1	18.6	15.8%
Non-GCC Arab Countries	16.6	3.2	2.7%
Africa	4.5	2.3	2.0%
Asia	20.6	4.3	3.7%
Americas	13.2	1.9	1.6%
Australia & New Zealand	1.1	0.3	0.2%
<b>Total - Non-GCC</b>	<b>79.1</b>	<b>30.6</b>	<b>26.0%</b>
<b>GCC</b>	<b>83.4</b>	<b>86.9</b>	<b>74.0%</b>
<b>Total</b>	<b>162.5</b>	<b>117.5</b>	<b>100.0%</b>

It can be observed from above data, that among non-GCC countries, Europe constitutes the highest amount of open account as it constitutes 18.6%. This is followed by Australia and New Zealand hitherto the amount is small. Even though Africa is third in the list in terms of higher percentage of open account business its credit limit issued is still very negligible compared to other regions. Considering open account business is very risky, the five GCC countries constitute RO.86.9 million or almost 74% of such mode of payment. This is to be expected considering the Region has also the largest number of buyers for which the exporters are credit insured and therefore significantly higher level of exposure.

The break-down of claims paid by the Agency to buyers and various GCC countries are listed below:

Region	Number of Claims	Claims Paid (Figures in 000 RO)	%
Europe	12	58.3	12.8
Non-GCC Arab Countries	2	11.6	2.6
Americas	2	11.4	2.5
Asia	1	3.1	0.7
Australia & New Zealand	-	-	-
Africa	-	-	-
<b>Total Non-GCC</b>	<b>17</b>	<b>34.4</b>	<b>18.6</b>
<b>GCC</b>	<b>21</b>	<b>370.1</b>	<b>81.4</b>
<b>Total Claims</b>	<b>38</b>	<b>454.5</b>	<b>100.0%</b>

Europe has the largest amount of claims paid outside the GCC Region at more than 12.8% followed by Non-GCC Arab Countries at 2.6% and Americas at 2.5%. However, the GCC Region constitutes more than 81.4% of total amount of claims paid and almost 55% of total number of buyers for which claims were paid. This could be due to high level of open account limits issued to the Region than countries for claims paid while for Australia & New Zealand as there were no claims registered, hence no recoveries.

As any other ECAs, the ECGA has actively pursued the recovery of the claims paid in coordination with the exporters. The break-down details of recoveries made on claims paid are listed as follows:

Region	Recoveries (Figures in '000 RO)	% of Total Recoveries
Europe	12.00	7.2
Americas	1.1	0.7
Australia & New Zealand	-	-
Asia	-	-
Non-GCC Arab Countries	-	-
Africa	-	-
<b>Total Non - GCC</b>	<b>13.1</b>	<b>7.9</b>
<b>GCC</b>	<b>152.6</b>	<b>92.1</b>
<b>Total</b>	<b>165.7</b>	<b>100.0%</b>

Thus within Non- GCC Regions the largest recoveries were in Europe at 7.2%, followed by America at 0.7% of the total recoveries. No recoveries were made to Asia and Non-GCC Arab countries.



## List of countries which ECGA of Oman has insured exporters

1. Algeria	22. Egypt	43. Japan	64. Pakistan	85. Sweden
2. Angola	23. Eritrea	44. Jordan	65. Papua New Guinea	86. Switzerland
3. Armenia	24. Ethiopia	45. Kazakhstan	66. Philippines	87. Syria
4. Australia	25. France	46. Kenya	67. Poland	88. Taiwan
5. Austria	26. Finland	47. Korea (South)	68. Portugal	89. Tanzania
6. Azerbaijan	27. Gambia	48. Kuwait	69. Puerto Rico	90. Thailand
7. Bahrain	28. Germany	49. Lebanon	70. Qatar	91. Togo
8. Bangladesh	29. Ghana	50. Libya	71. Romania	92. Trinidad
9. Belgium	30. Greece	51. Madagascar	72. Russia	93. Tunisia
10. Botswana	31. Guinea	52. Malaysia	73. Rwanda	94. Turkey
11. Brazil	32. Hong Kong	53. Malawi	74. Saudi Arabia	95. Uganda
12. Brunei	33. Honduras	54. Maldives	75. Senegal	96. Ukraine
13. Burkina Faso	34. Hungary	55. Malta	76. Serbia	97. United Arab Emirates
14. Burundi	35. Haiti	56. Mauritius	77. Seychelles	98. United Kingdom
15. Canada	36. India	57. Mexico	78. Singapore	99. United States
16. Chile	37. Indonesia	58. Morocco	79. Slovakia	100. Vietnam
17. China	38. Iran	59. Mozambique	80. Slovenia	101. Yemen
18. Cyprus	39. Iraq	60. Nepal	81. South Africa	102. Zambia
19. Czech Republic	40. Irish Republic	61. Netherlands	82. Spain	
20. Denmark	41. Italy	62. New Zealand	83. Sri-Lanka	
21. Djibouti	42. Ivory Coast	63. Nigeria	84. Sudan	

## List of Products insured by ECGA of Oman

- Acrylic Sheets	- Chocolate	- Hygienic Products	- Printed Materials
- Adhesives Lables	- Color Profile Sheets	- Insecticides	- Processed Dates
- Agricultural Products	- Computer Programs	- Leather Products	- Radiators
- Air Conditioners	- Computer Softwares	- Marble	- Rice
- Air Freshners, Perfumes	- Computer Stationeries	- Mattresses	- Sanitary Ware
- Aluminium Profiles	- Confectionery	- Mayonnaise	- Seafood Products
- Animal Casings& Skin	- Copper Lugs	- Melamine Tableware	- Security And Safety Equipment
- Animal Feed Concerntrates	- Corrugated Cartons	- Metal Bars	- Shampoos
- Auto Motive Batteries	- Dairy Products	- Metal Cans	- Soaps
- Auto Motive Fillers	- Egg Trays	- Milk Powder	- Sofas
- Auto Motive Spare Parts	- Electric Water Heaters	- Mineral Water	- Steel Fabrication
- Baby Diapers	- Electrical Cables	- Mud	- Steel Furniture
- Beds	- Electrical Items	- Packaging Products	- Stone And Mineral
- Beverages	- Electrical Switchgears	- Paints	- Sulphonic Acid
- Biscuits	- Electrical Transformers	- Paper Products	- Tea
- Calcium Silicate Bricks	- Fiber Optic Cables	- Perfumes	- Textile
- Carbon Dioxide	- Fish	- Pharmaceuticals	- Tomato Ketchup
- Carpets	- Flour	- Pipes & Fittings	- Upvc Doors & Windows
- Cement	- Foam Sheets	- Plastic Products	- Vegetable Oil
- Ceramic Stone	- Food Items.	- Polypropylene Products	- Vinegar
- Ceramic Tiles	- Footwear	- Garments	- Water Pumps
- Chainlink Fences	- Furnitures	- Poultry Products	- Wires & Nails
- Chemical Products	- Garments	- Powder & Liquid Detergents	- Woven Bages
- Chips	- Grit	- Precision Castings	

# COUNTRY PROFILE OF BUYERS OF OMANI INSURED EXPORTS

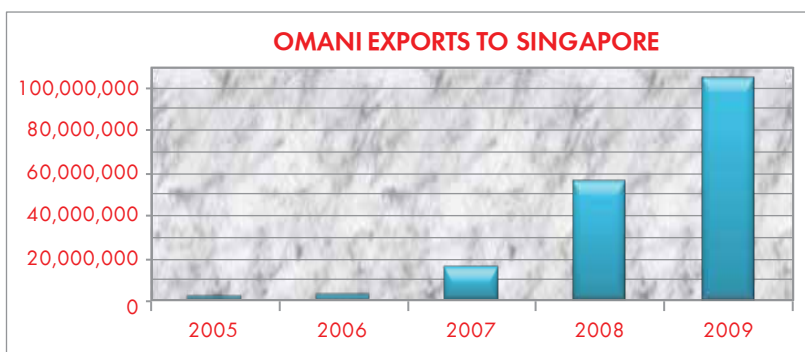
## SINGAPORE

Singapore is situated between Malaysia and Indonesia in South East Asia. The total area of the country is 697 sq km. The population is 4,740,737 (July 2011 estimated).

Singapore's economy rebounded strongly thanks to the recovery of international trade and the expansionary policies that spurred domestic demand. Exports, which represent 210% of GDP, grew strongly, which led to restocking in the manufacturing sector. (electronics, engineering, pharmaceuticals, petrochemicals)

Export Credit Guarantee Agency of Oman (SAOC) has insured exports to various Omani products to Singapore such as perfumes and cosmetics, drugs and pharmaceutical products, fresh and frozen fish, aluminium extruded profile, marble tiles batteries and accessories, biscuits and wafers, dairy products etc. Almost 12.6% of total credits issued to exporters by ECGA of Oman are on open account and 87.4% under letters of credit. The Agency has so far not paid any claims against insured Omani exports to Singapore.

During the year 2009, total Omani exports to Singapore reached RO.104,065,333/- compared to RO.55,516,852/- for the year 2008 the level of Omani non-oil exports to in 2009 has increased substantially by 87.4% compared to 2008. The Omani exports to Singapore for the last 5 years are listed below:-



YEAR	2005	2006	2007	2008	2009
EXPORTS	1,516,417	2,200,689	15,745,178	55,516,852	104,065,333
GROWTH %	(-1.8%)	45.1%	615.5%	252.6%	87.4%

FOREIGN TRADE STATISTICS - DIRECTORATE GENERAL OF CUSTOMS (ROP)

According to COFACE Hand Book of Country Risk 2011, the following profile is extracted on Singapore.

### STRENGTHS

- Very high quality-competitiveness
- Development of high value-added sectors (chemicals, pharmaceuticals, finance)
- Large inflows of FDI spurred by an advantageous tax regime, political stability, and an excellent business environment
- Major exporter of capital in Asia via the public holding company Temasek

### WEAKNESSES

- Economy dependent on foreign demand
- Shortage of skilled labour
- Aging of the population
- Latent social tensions in a context of increasing inequality and rising long-term unemployment among the less skilled

### Major economic indicators

	USD billion or %	2008	2009	2010(e)	2011(f)
Business Climate Rating					
A1					
Rating Country					
A1					
Economic growth (%)		1.8	-1.3	15.0	4.5
Public Sector Balance (%GDP)		1.4	-1.0	-0.7	-0.4
Current Account Balance (%GDP)		18.6	17.9	19.0	18.3
Foreign Debt (%GDP)		13.2	11.1	10.0	9.6
Foreign Exchange Reserves (in months of imports)		6.4	5.7	5.6	5.4

As per D&B COUNTRY RISK INDICATOR issued in December 2010 most of the ECAs provide full cover for Singapore including US Eximbank, ECGD, Atradius, Euler Hermes UK, COFACE and ECGA of Oman. D&B recommended SD terms for business with new customers, but Open Account terms are usually acceptable.

# OMANI INSURED EXPORTER BY ECGA OF OMAN



Tawoos Agricultural Systems LLC. was established in 1989. It started its commercial agriculture venture in the same year with a goal of producing high yield crops meeting the international quality at low cost. Company’s main farming operations are located at a 320 hectare farm near Sawadi in the Wilayat of Barka and rented farms in Dhofar.

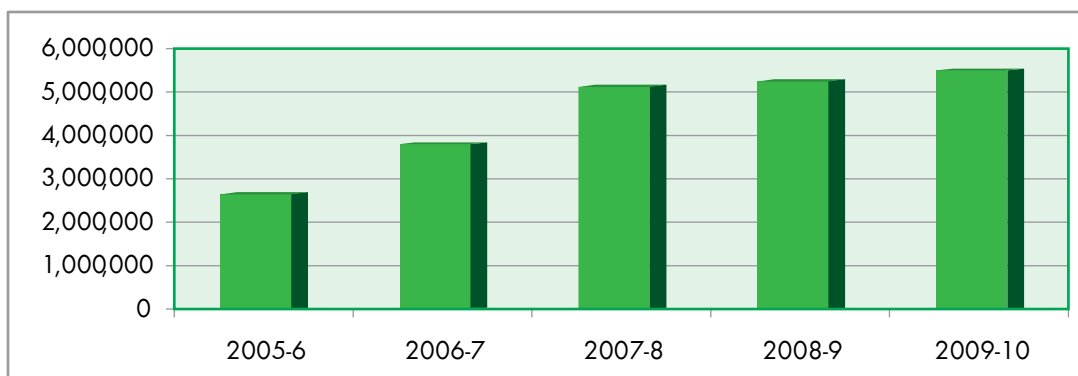
The main produce range includes beans, broccoli, carrots, cabbage, iceberg lettuce, colour pepper, tomatoes, cherry tomatoes, melons, sweet pepper, pumpkins, sweet corn etc.

Its products are well received in local and export market. The premium produce are sold under its own “Desert Magic” brand. “Desert Magic” has the distinction of being an Omani brand. About 70% of the produce of Tawoos Agriculture is exported to Japan, Europe and GCC countries.

Tawoos Agriculture has won Exporter of The Year award and Exemplary farm award in the past. Recently it has been awarded with the Global GAP certification for its farming, packaging and export shipping operations. This certification is necessary for exports to Europe. Tawoos Agriculture adheres to stringent European standards for health, safety and environment as they relate to agricultural operations.

Tawoos Agriculture has been availing the facilities of ECGA’s credit insurance and guarantee services for the last 20 years since 1991 which has facilitated for the growth of exports and to mitigate the risk associated with export business.

Exports in the last 5 years:



PRODUCTS OF TAWOOS AGRICULTURAL SYSTEMS LLC





## Export Credit Guarantee Agency of Oman (S.A.O.C.)

### Scope of ECGA's of Oman Services

As the Agency will be marking its 20th Anniversary this November 2011, the Omani exporters have long recognized and appreciated that one of the major keys to success is to insure with ECGA of Oman for safe export business. The Agency through the years provides confidence, encouragement and incentive in support of its valuable services to exporters.

## ECGA of Oman is here to help you minimize your risks

### BUYER'S RISK

- ❖ Buyer's insolvency/bankruptcy
- ❖ Buyer's failure to pay
- ❖ Buyer refusing delivery of goods

### COUNTRY RISK

- ❖ Foreign exchange transfer delay
- ❖ Import bans or cancellation of import licence
- ❖ Payment moratorium
- ❖ War, civil disorder, natural disasters

Other benefits of services provided to credit insured exporters include domestic credit insurance, post shipment financing through bills discounting by commercial banks as well as issuance of guarantees to commercial banks for pre-shipment financing needs of the exporters.

**The key to success is to avail ECGA's services for safe export business. As credit insured exporters, while you trade at ease and reap the profits, ECGA of Oman will bear the risks."**



For further information please contact:

### EXPORT CREDIT GUARANTEE AGENCY OF OMAN (SAOC)

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