



News Bulletin

QUARTERLY NEWSLETTER OF THE EXPORT CREDIT GUARANTEE AGENCY OF OMAN SAOC

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EDITORIAL

The Export Credit Guarantee Agency of Oman (SAOC) is honoured as it will be hosting the Prague Club Berne Union meeting in Muscat this November. This will be the second time following the earlier meeting it hosted six years ago. We welcome all our members and invited key speakers to this meeting, in Muscat Oman. The meeting coincides with ECGA of Oman marking its 20th Anniversary celebrations since it commenced its operations in November 1991. It is also worth mentioning that many of the original members of the Prague Club especially from Eastern Europe have also completed 20 years since they were established at the same duration as ECGA of Oman. The Agency was the first ECA in the MENA Region to have joined and qualified as member of the Prague Club. Since then the Prague Club membership has expanded to include ECA members from many other countries in the Region.

This issue also includes *Congratulatory Message to ECGA of Oman 20th Anniversary* from the former Secretary of the Berne Union Ms. Kimberly Wiehl as well as *Memories by Mr. Robin Scott*, the former advisor who looks at the then EGFU historical development since inception of its activities in the early 90s. Significant progress have been achieved since then as the ECGA of Oman has actively continued to meet the growing needs for credit insurance of the exporters for covering the payment risks while remaining profitable and self sustaining through the years. The Agency's successes have been realized because of the support and confidence of the exporters which has allowed them to explore new buyers and far away markets thus contributing to the development and promotion of Omani non-oil exports. Notwithstanding tougher and volatile economic and market situation globally, ECGA of Oman continued to promote and meet the growing needs of its exporters.

The global economy has continuously been affected from the continued social and political upheavals and uprising in the MENA Region, rises in commodity prices, the euro zone debt crisis that has not only claimed Greece, Ireland and Portugal, but there are growing concerns that it will spread to Italy after its sovereign rating being downgraded by S&P due to poor prospects for growth as well as Spain where its economy is expanding too slowly. The financial crisis in Europe has become sovereign debt crisis with serious implications for the EU monetary union, banks and competitiveness of some countries. Europe's debt crisis is causing banks to reduce lending and hold on to cash. There are fears of another credit crunch or recession due to Europe's inability to overcome the debt crisis. Coupled previously with U.S. downgrade of its AAA ratings, had affected the volatility of the stock markets around the world as investor confidence was hammered. The rising inflation and higher than expected unemployment have all led to the slowdown in the economic growth. Overall the International Monetary Fund predicts global growth of 4% for 2011-2012.

According to the latest forecast from WTO, growth in global trade is also expected to slow down to 5.8% compared to 14.5% in 2010. It is encouraging that despite such global economic turbulences, exporters are more aware of the needs for credit protection and are actively utilizing the services of ECAs worldwide. This is to be expected as business risks have been growing in view of the uncertainty and volatility of global economy. This is in addition to social and political upheavals which aggravate credit risks.

While most economies have witnessed a slowdown in the face of Euro Zone crisis and the US debt, it is encouraging that S&P ratings services have affirmed Oman's ratings and removed it from negative credit worth in view of its promising economic outlook. It has also improved its Global Competitiveness Index as well as ranked as one of the world's top 30 countries for economic freedom. Oman's economy is expected to grow by 5.6% during the year. The level of non-oil exports has continued to increase. The total non-oil exports (excluding re-exports) for the previous year at RO.2448.2 million was still much higher than 2009 at RO.1849.5 million or a jump of 32.4%. For the first 3 months of 2011, the level of the Omani non-oil exports increased even more by 38.6% compared to corresponding period of 2010. Export Credit Guarantee Agency of Oman has contributed significantly for such remarkable growth of Omani non-oil exports by extending its credit insurance services to large number of existing and new exporters. In particular, with the availability of credit insurance protection for both exports and domestic sales, policyholders are more active in exploring new buyers and markets as well as increase their sales with existing buyers with confidence knowing that the risks of non-payment of export sales are insured and therefore minimized.

It is worth mentioning that the Omani exporters have appreciated the benefits of credit insurance and acknowledged the necessity for credit insurance as an essential tool in mitigating the risks for selling goods abroad on credit as it has allowed them to venture and trade with new buyers and enter non traditional markets as well. The Agency's other services to exporters including post-shipment as well as pre-shipment financing are available to provide additional support to the Omani non-oil exports.

Under the *Country Profile of Buyers of Omani Insured Exports*, the level of exports and imports between Oman and South Africa are revealed and the extent of Omani exports to that country. The Agency has insured a number of Omani products to South Africa including such items as aluminum profiles, biscuits, paints, confectionary, fish, baby diapers, dairy products, air fresheners, chemical products, polypropylene products, ceramic tiles, plastic products, packaging products, and acrylic and polystyrene sheets. Non-oil exports from Oman to South Africa have significantly increased in 2010 by almost five times the level of 2009.

The Bulletin under *Q&A* section, discusses a variety of questions and answers for information and benefit to our policyholders. These include duration it takes to approve credit limits, lodge of claims, value of sales contract in relation to the credit limits issued and overdue debt declarations.

As per the section of *Omani Insured Exporter by ECGA of Oman*, the Bulletin provides profile of Oman Pharmaceutical Products Co. LLC which is involved in the production of medicines located in Salalah. Its exports are to USA, Europe, Africa and Asia. The company has increased exports substantially over the years as it has availed credit insurance cover from ECGA of Oman to a number of its overseas buyers.



Nasir bin Issa Al-Ismaily
General Manager

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IN THE NEWS

1. The Autumn Prague Club Meeting to be in Muscat in November 2011

The Autumn meeting of the Prague Club will be held in Muscat, Oman from 14th to 16th November 2011. It will be hosted by the Export Credit Guarantee Agency of Oman in coordination with the Secretariat of the Berne Union that is the International Association of Investment and Export Credit. This is the second time that ECGA of Oman is hosting the meeting following the first in 2006. The meeting coincides with ECGA of Oman 20th Anniversary celebration since commencement of its operations. Related ECGA's anniversary articles Pages 5 - 7.



2. Chairman of Prague Club invited to attend the Berne Union meeting in Budapest

The Chair of the Prague Club Mr. Nasir bin Issa Al-Ismaily has been officially invited by the President of the Berne Union Mr. Angur Amour on behalf of the Management Committee of the Berne Union to attend and represent the Prague Club as the special guest to the Annual General Meeting of the Berne Union in Budapest, Hungary from 16 to 21 October 2011. The President of the Berne Union expressed the view that the presence of the Prague Club will reinforce the links between Berne Union and Prague Club members. It will further contribute to a better understanding of common interests between our two groups of the same community. A large member of ECAs are joint members of the two groups.



3. New ECA members joined the Prague Club

The national ECAs of Greece (ECIO) and Latvia (LGA) have been admitted as new members of the Prague Club. IE of Singapore has been admitted as an observer member. The new members have been invited to attend the upcoming meeting of the Prague Club in Muscat, 14-16 November 2011. With the admission of new members/observes the total number of ECAs in the Prague Club has now reached to 37.

4. Kimberly Leaves Post of Secretary-General of Berne Union

The Secretary-General of the Berne Union announced that Kimberly Wiehl has left her position of Secretary General. Ms Wiehl is taking a senior position in a family company.

For nearly 10 years, Ms Wiehl directed the professional activities of the Berne Union based at the Secretariat in London. During her tenure, she was successful in raising the profile of the industry through active partnerships with many of the world's major international institutions. Mr. Nasir Al-Ismaily the Chairman of the Prague Club noted: "She has been highly supportive of the Prague Club and has been very helpful in guiding the Prague Club to embrace best credit insurance practices as well as achieve its professional objectives. She has been highly inspirational to members of the Prague Club and her immense contribution in its development and remarkable progress are very well appreciated by its members. We wish her all the success in her new position" Related stories Pages 5&6.

5. ECGA issues New Export Policy for M/s AL Asateen Integrated Systems LLC

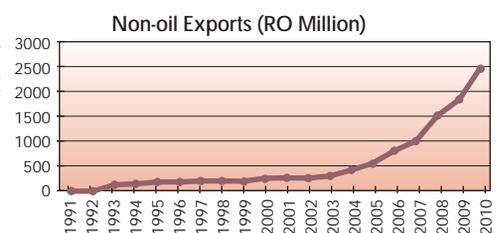
Export Credit Guarantee Agency of Oman has recently approved an application of new Export Credit Policy for AL Asateen Integrated Systems LLC. The General Manager of ECGA of Oman Mr. Nasir Al-Ismaily handed the Policy to Chief Executive Officer Mr. Mubarak Al-Mukhaini. He explained the importance of credit insurance and its advantages which brings to the exporters. On the other hand, Mr. Mubarak Al-Mukhaini was pleased by the support of ECGA of Oman as this will enhance more business and minimize credit risk as they are now insured with the Agency. Also attended was ECGA's Underwriter – Mr. Sulaiman Al-Shaibany (pictured).



6. Omani non-oil exports for first 3 months of 2011 rose by 38.6%

As per the latest foreign trade statistics, the level of Omani non-oil exports (excluding re-exports) for the first 3 months of 2011 increased to RO.717.6 million compared to RO.517.7 million for corresponding period of 2010. The level of re-exports on the other hand went up by 14.7% that is from RO.508 million to RO.582.6 million.

It is worth mentioning that the value of Omani non-oil exports (excluding re-exports) has increased from RO.1849.5 million in 2009 to RO.2448.2 million in 2010 representing a remarkable increases of 32.4%.



7. Aman Union Meeting held its 2nd Annual Meeting in Istanbul, Turkey

The Aman Union, the established association of Arab and Islamic countries held its third meeting in Istanbul, Turkey on 4th to 5th October 2011 hosted by Exim Turkey in coordination with the Secretariat General of the Aman Union. ECGA of Oman joined the Aman Union which operates under the joint auspices of the Islamic Corporation of Export and Investment Credit (ICEIC) - a member group of Islamic Development Bank and The Arab Investment and Export Credit Guarantee Corporation (Daman). Among the founding members of the Aman Union were the Export Credit Guarantee Agency of Oman as well as ECAs from Malaysia, Tunisia, Turkey, Algeria, Egypt, Indonesia, Jordan, Lebanon, Sudan and UAE. Mr. Nasir Issa Al-Ismaily the General Manager and Mr. Yasir Al-Mahrouqy, the Underwriter attended the meeting. Mr. Nasir Al-Ismaily delivered presentation on the experience of ECGA of Oman on its highly successful domestic credit insurance service which it has introduced to Omani credit insured exporters since 2003. Topics discussed included development of ECAs activities and their performances, underwriting issues, insuring risks in post-conflict countries, domestic credit insurance and international standards in export credit insurance industry.



8. Credit Alliance Regional Meeting held in Istanbul

Following the Aman Union meeting, the Regional Meeting of the Credit Alliance was also held in Istanbul on October 6th 2011. Both Mr. Nasir Al-Ismaily and ECGA's Underwriter – Mr. Yasir Al-Mahrouqy attended the Regional Meeting. It focused on number of issues including latest development and highlights of the Credit Alliance and Country Risks. The round table discussions, Africa – Middle/East of how members respond to turbulent events affecting credit risks was also discussed.



9. 3rd Annual Trade finance Middle-East conference held in Dubai

The 3rd Annual Trade Finance Middle-East Conference was held in Dubai from 27th to 28th September 2011 at Jumeirah Emirates, Tower, Dubai. Mr. Imaad Soud Al-Harthy – Head of Claims & Recoveries attended the conference. Among many topics discussed included the importance of political risk insurance (PRI) in the regional environment, PRI product in the region, expected claims after civil unrest in the region and how has affected the market, etc.

10. ECGA Officials attended IFRS Seminar

Ms. Rahma Khalfan AL Naamani-ECGA's Accountant and Anil Karnawat Internal Auditor attended the IFRS seminar organized by M/s KPMG on 3rd October 2011 at Al-Bustan Palace Hotel. The seminar was on the Overview of International Financial Reporting Standard (IFRS) and Annual Improvement Project and Amendments to IAS 1, as well as certain related key International Accounting Standards.

11. ECGA issued Domestic Credit Policy to M/s. Al Maha Ceramics Co. SAOC

Export Credit Guarantee Agency of Oman SAOC has recently issued Domestic Credit Policy to one of the reputed Omani exporters - M/s. Al Maha Ceramics Co. SAOC located in Sohar Industrial Estate covering its sales of ceramic tiles, against non-payment by their local buyers. The Policy was handed over by the General Manager of ECGA of Oman Mr. Nasir Al Ismaily to the Finance Manager of M/s Al Maha Ceramics Co. SAOC Mr. Ganapathy Subramanian. (pictured).

Al Maha Ceramics commented that "We, at Al Maha Ceramics Co. SAOC are keen to credit insure our exports as well as domestic sales with ECGA of Oman by which we are confident that our turnover will increase further. This is because of such services of ECGA of Oman is giving comfort towards mitigation of risk of non-payment by our buyers."



12. Oman has improved its Global Competitiveness Index and among the top countries for Economic Freedom

In its latest Global Competitiveness Report, issued on September 7, the World Economic Forum (WEF) ranked Oman 32nd out of the 142 countries covered in the annual study, an improvement of two notches from last year, and well up on its 41st placing in 2009. The Global Competitiveness Report measures long-term competitive fundamentals which drive the level of productivity in an economy and it turn the level of prosperity that the economy can reach. It is worth mentioning that Oman's ranking puts it above the emerging economies of Brazil, Russia and India and European Union member states Spain, Poland Italy and Slovenia. It is also worth mentioning that as per 2011 Economic Freedom for the World Report published by the Fraser Institute of Canada, Oman is ranked as one of the world's top 30 countries for economic freedom. Oman's ranking was up 15 places from 43rd to 28th.

13. S&P affirmed Oman's rating and removed from the credit watch

Standard & Poors (S&P) ratings services have affirmed its "A/A" long term and short term local and foreign currency ratings for the Sultanate of Oman and removed it from credit watch.

14. Oman's ranking third among Arab countries

The Sultanate ranked third among Arab countries in combating corruption, according to the Corruption Indices Report issued by Transparency International which released the details of the report via CNN and published it on its website. The report shows that the Sultanate achieved the third best performance in fighting corruption after Qatar (7.7 grades) and the United Arab Emirates (6.3 grades). Oman's anti-corruption rating was 5.3, according to the report.

The corruption index consists of 10 grades, the country that gets 10 points announced as free of corruption and the countries listed towards "0" grades as areas where corruption reaches its maximum and get a "zero" or suffering the highest level of corruption. Transparency International is a global network including more than 90 locally established chapters. These bodies fight corruption in the national arena in a number of ways. They bring together relevant players from government, civil society, business and the media to promote transparency.

15. The Emerging Market Risk Indicators for the Middle-East countries

As per the latest October 2011 of International Trade Finance Magazine (Issue No.604) published by Informa Professional, the Emerging Market Risk Indicators for the Middle-East countries are listed as follows:

Country	Preferred payment terms	Coface grading	Moody's sovereign rating	Fitch sovereign rating	ONDD short-term political risk rating	ONDD medium-to long- long-term political risk rating
Bahrain	ILC	A4	Baa1	BBB+	3	4
Iran	CIA	D	-	-	7	7
Iraq	CIA	D	-	-	6	7
Israel	OA	A4	A1	AA-	3	3
Jordan	OA	B	Ba2	-	3	5
Kuwait	SD/OA	A2	Aa2	AA+	2	2
Lebanon	OA	C	B1	B	5	7
Oman	OA	A3	A1	-	2	2
Palestine	CLC	-	-	-	7	7
Qatar	OA	A2	Aa2	-	1	2
Saudi Arabia	OA	A4	Aa3	AA	2	2
Syria	CLC	C	-	-	4	7
Turkey	ILC	A4	Ba2	BBB-	3	4
United Arab Emirates	OA	A3	Aa2	-	2	3
Yemen	CLC	C	-	BB-	4	7

OA = Open Account · ILC = Irrevocable Letter of Credit · CIA = Cash In Advance · CLC = Confirmed Letters of Credit

Q&A

QUESTIONS & ANSWERS

Q. How long does it take for ECGA of Oman to approve credit limit?

A. If the buyer is already known to ECGA of Oman, approval can be given quickly. In other cases, the actual length of time depends on how fast Agency can obtain credit information report on the particular buyer.

Q. How can Policyholder assist ECGA in processing the credit limit request faster?

A. First, the amount of credit limit requested should be realistic and based on your probable requirements in the foreseeable future.

Second, the policyholder should provide ECGA with the full and correct details of the buyer's company such as name, address and contact details.

Third, it is important that the policyholder discloses actual details of previous trading experience with payment history if any.

Fourth, if the policyholder has updated information on the buyer such as profile of buyers company, financial statements, should be attached with the request for cover.

Q. How can the policyholder lodge a claim with ECGA of Oman and what documentation it requires?

A. The claim by the policyholder should be lodged on the prescribed claim for loss form available at ECGA of Oman on request. The documents usually required by the Agency for processing the claim include the following:-

- Copy of the buyer's order and exporter's confirmation (i.e contract of sale).
- Copies of all unpaid invoices.
- Copies of all communications and correspondences related to the debt and your attempt to recover it.
- Copies of transport documents in evidence of exports such as Bill of Lading, Air Way Bill, Delivery Order etc.
- Documentary evidence relating to acceptance of debt or non-payment of bills by the buyer.

Q. Is it necessary to limit the value of sales contract to the value of the credit limit agreed by ECGA of Oman?

A. Not at all. It depends on the period over which the delivery of goods to be completed as per the sale contract. On a large contract, you may spread your dispatches over a period of time so that the amount outstanding for goods delivered is at any given time, within the approved limit. This means, the policyholder can undertake contracts of export sales greater than that of the credit limit agreed.

Q. When should the policyholder submit declaration of overdue debt and what will be the consequences of late submission?

A. Notification of all payments related to credit insured exports not received within 2 months from the due date should be sent to the Agency on before 10th of every month. Late submission amounts to violation of Clause # 6(b) of the Policy, and the related export sales are OFF cover. This requirement is important towards earlier action to avoid or minimize the loss.

HINTS TO EXPORTERS - GETTING PAID

ECGA of Oman advises its credit insured exporters the following measures in controlling their sales on credit to buyers:

- *Devise a control system for monitoring credit and age of debt, that is length of time an account is outstanding*
- *Make checks regularly – this could be an 'early warning' system*
- *Review and update information regularly – allow more or less credit, longer or shorter periods, as necessary*
- *One week before payment of settlement is due contact the buyer to ensure that there will be no problems or delays*
- *Sales and Accounts department should work closely together so that no more orders are taken from long-overdue customers (unless for very good reasons)*



Thank You from ECGA

Export Credit Guarantee Agency of Oman (ECGA) takes this opportunity to welcome all our guests in celebrating its 20th Anniversary since inception of its operations in 1991. The Agency conveys its utmost appreciation for cooperation and the support it has received through the years from the following among many others:-

1. *Omani Exporters - our highly valued clients.*
2. *Commercial Banks both Omani and Foreign for supporting our credit insured exporters availing various export finance facilities.*
3. *Reinsurers including our lead Reinsurers & Brokers for reinsuring our commitments and growing exposure to many countries including difficult and very high risks markets for which our ECGA's credit insured exporters are venturing into far away foreign markets and new buyers.*
4. *Our strategic partners in the Credit Alliance Network including COFACE through access of credit information on buyers, debt collection and other related support services.*
5. *Prague Club Berne Union Members for valuable exchanges of information and experiences of best practices in the credit insurance industry and benefit from other's expertise.*
6. *National and Multilateral ECAs through various cooperation agreements and signed MOUs.*
7. *Its dynamic staff.*

As well as all others who have been associated with the ECGA of Oman through the years.

With your support, the primary objective of the ECGA of Oman in supporting the development of the Omani non-oil exports through its valuable credit insurance, guarantees and financial services have long been realized while the Agency has remained profitable and self sustaining.

Congratulatory Message to ECGA on its 20th Anniversary

"As the former Secretary-General of the Berne Union, it is a great honour for me to congratulate the Export Credit Guarantee Agency of Oman SAOC on its 20th anniversary. I am sure that I represent all of the credit insurance community, when I say it has been a privilege and a pleasure to work together with ECGA of Oman, which is a longstanding member company in the Berne Union Prague Club.



Over the past 20 years, ECGA of Oman has established a strong business supporting the nation's exporters with insurance cover which helps them to expand their trade on a world wide basis. As the national export credit agency of the Sultanate of Oman, ECGA of Oman is a dynamic organisation that has built up a team of specialised and highly qualified personnel who actively serve the needs of its policyholders, banks and other business partners.

ECGA's ability to adapt to a changing environment is reflected in its business practice. The company's business has grown steadily since it was established and I have every confidence that the Agency will continue to meet and exceed the needs of its customers, even during the difficult economic times we are encountering today.

Since joining the Berne Union Prague Club in May 2001, the Agency has been an enthusiastic member which has wholly fulfilled its duties. It has been very actively engaged by regularly attending all the Spring and Autumn meetings as well as the specialist workshops.

It has been a pleasure to work together with the professional staff at ECGA, and in particular its General Manager, Mr. Nasir bin Issa Al-Ismaily. Mr. Al-Ismaily has undertaken the demanding role as the current Chair of the Prague Club, and over the past two years he has successfully led the professional activities of the association. His role has been especially challenging given the heightened risks worldwide, resulting in increased demand for risk cover for all players in the credit insurance market.

ECGA of Oman took on the special role as the host of the Prague Club meeting in December 2006, bringing delegates from all over the world to the beautiful city of Muscat, Oman. The meeting was immensely successful and I am sure every participant keeps a very special recollection of the event. In its 20th year, ECGA will be host to the Prague Club meeting this November, where the members will once again appreciate the warm hospitality, deep kindness and impressive generosity of their Omani hosts.

It is with great pleasure that I congratulate ECGA of Oman, its Chairman Sheikh Yaqoob bin Hamed Al Harthy and all of its staff on the special occasion of its 20th anniversary. "

Kimberly Wiehl

Former Secretary-General of the Berne Union

The Berne Union Prague Club

By **Fabrice Morel**, Director of the Berne Union

Created in 1993 with funding from the European Bank for Reconstruction and Development (EBRD), the Prague Club was initially designed for newly-founded ECAs from Eastern Europe who, at the time of their creation, did not meet the business thresholds for membership in the Berne Union. In the mid-90s, the Prague Club was very much a knowledge-building initiative where Berne Union members were happy to support and foster the development of nascent state backed export credit insurance schemes.

The group has come a long way since, and today the Prague Club shows a different profile. From five founding members – the ECAs of the Czech Republic, Hungary, Poland, Slovakia and Slovenia – the group has grown to 33 members in 2011, with further membership applications currently being considered. It has members from Estonia to New Zealand and from the Philippines to South Africa. Some member agencies have been in existence for 20 years or more, some are export import banks, while others focus exclusively on export credit insurance. The group is also proud to count no less than three multilateral institutions among its members.

Most members are government-owned. Some have private ownership, working on behalf of their government, and in 2009, the Prague Club accepted the first fully private company among its member. In that way, the Prague Club reflects the same diversity that is found in the Berne Union, and blends in very well in the overall Berne Union environment. It is interesting to note that all members of the Prague Club who qualified to join the Berne Union decided to remain members of the Prague Club as well. This is a testimony to the strong identity of the Prague Club and the so-called double members are eight of the current 33.

What unites members of the Prague Club is the wish to share information with fellow export credit insurance professionals, to discuss industry matters and to benefit from each other's experience to better fulfill their mandates to support their national exporters and clients. The Prague Club adheres to the same best practices as the Berne Union, encompassed in the Berne Union Value Statement, the Guiding Principles and the Operational Guidelines. Together with the decision to adopt the Berne Union value framework, the Prague Club also decided to adopt the official name of Berne Union Prague Club.

Meetings are at the heart of the activity of the Prague Club and, similar to the Berne Union, members meet twice a year. Members exchange knowledge among themselves and also benefit from the expertise of special guests from the Berne Union or from external institutions. Over the past three years, external experts from Factors Chain International, the European Commission, Auprès Consult, Guy Carpenter, Hannover Re, and Clyde & Co. have spoken at Prague Club meetings. The Prague Club is grateful to Berne Union members as well as to other institutions for participating in its culture of open exchange and helping its members to improve their business.

In 2011, Prague Club meetings took place in May in Thailand, hosted by EXIMBANK of Thailand, and in November in Oman, hosted by ECGA of Oman. The November meeting will also celebrate the 20th anniversary of ECGA of Oman whose General Manager, Mr. Nasir bin Issa Al Ismaily, is also Chairman of the Prague Club. ECGA of Oman was invited an Observer in 2000 at its meeting in Tashkent, Uzbekistan. It qualified as member of the Prague Club a year later. It was the first ECA in the MENA Region to qualify as member of the Prague Club.

In 2010, Prague Club members supported US\$28bn worth of exports, strongly up from the US\$24bn in 2008. The global financial crisis impacted the Prague Club in the same way as it impacted Berne Union members. Claims paid in 2010 were US\$169 million compared to US\$189 million in 2009. As premium income for the year was US\$319mn, the loss ratio for the Prague Club as a group was well above 54%. Historically, Prague Club members performed well in terms of recoveries. However, for 2010 total recoveries estimated at US\$30 million compared to US\$80 million in 2009.

Like their fellow Berne Union members, the members of the Prague Club have managed the crisis. They will continue to cover risks in order to support international trade flows and the global economy.



Nasir Al Ismaily
Chairman of the
Prague Club



Fabrice Morel

The members of the Prague Club benefit from each other's expertise, and the open exchange helps us to improve our business and support exporters.

Memories by Robin Scott – Former Advisor

1990 - 1994



Robin Scott

20 years is a long period of time to look back to the inception of the Export Credit Guarantee Agency of Oman (ECGA) but my memory goes back nearly 2 years earlier.

During the early months of 1990 the Government of the Sultanate of Oman believed that local manufacturers of non-oil products would benefit from more assistance in stimulating the sale

for export of their goods; but how should this be done. The Sultanate had previously gained experience from export credit initiatives when buying capital goods sourced from European and North American countries and a brief study had been made a year earlier of the background to the Export Credits Guarantee Department (ECGD) which had its HQ in London. Therefore it was natural that the Sultanate should look first to the Government of Britain for assistance.

The birth of ECGD goes back to the period shortly after the end of the first world war when there was seen to be an urgent need for a scheme which would give encouragement to UK manufacturers in their efforts to increase overseas trade. That scheme eventually led to the concept of export credit insurance and a separate UK Government Department was created to take this concept further. Since that period the Department's work has developed into one of the world's leaders in the field with the result that it has assisted many countries (some larger than others) in establishing export credit institutions.

In May 1990 ECGD was tasked by the British Government to identify a member of staff who not only had the expertise to be of help but to be willing to spend a length of time overseas away from his/her natural career path. The posting was to be a short term secondment of a year or so to the Oman Development Bank (ODB).

It had always been my ambition to follow in the footsteps of older colleagues who had been fortunate (in my view) to assist some of these developing countries - India, Singapore, Hong Kong - are a few of the many places that spring to mind. The Sultanate's initiative in 1990 came at the right time for me. I had worked for ECGD for over 30 years and reached a senior level. More importantly my experience extended over the major parts of the organization - from Underwriting, Finance, IT, Claims, to Marketing. I knew that a broad and in depth knowledge of all these areas was necessary for any candidate to be completely successful, particularly as he would be working without back-up from the UK.

In October 1990 my wife Patricia and myself arrived in Muscat. We could not have been made more welcome by ODB. Within a week we had moved into a furnished house in Medina Qaboos and a separate branch of ODB had been formed, headed up by the Deputy General Manager together with a full time Secretary/Typist and myself as Adviser. As my initial period of secondment was 18 months only it was important not to waste any time. Over the first 4-6 weeks meetings were arranged with most of the larger manufacturing companies in the capital area. We also met most of the other banks in Muscat as well as the Muscat Chamber of Commerce, manager of the Rusayl Industrial Estate and interested Ministries within the Government. The purpose of the meetings was to identify particular and general problems which impeded export growth and to gauge an accurate assessment of the

quality of the financial and economic infrastructure in the years leading up to 1990.

It soon became clear to me that most, if not all, export sales were sold on short terms of trade with 95% of business being to buyers in other Gulf states. The Banks were very willing to finance the post-shipment period of those sales but were becoming concerned about the lack of security on some of those sales. It should be remembered that 1989/90 was the time that Iraq invaded Kuwait and Operation Desert Shield was in its early stages. Over the next few weeks I prepared a report and made recommendations which went before a special working party established by the Minister for Development and by the Spring of 1991 authority was given for ODB to commence work towards the establishment of an export credit and financing institution which would be autonomous to the other work of ODB. The concept of credit insurance on an overseas debt was seen to be fundamentally different to the lending risks which ODB experienced on its traditional portfolio. A completely separate unit was considered desirable known as EGFU (Export Guarantee & Financing Unit). Later to be known as Export Credit Guarantee Agency of Oman (ECGA). That decision has been proved to be well founded.

Drafting of documentation and operating procedures was time consuming but the major difficulty was found to be the creation of a computerised system peculiar to the business being established. Every export credit company has to write its own system and ECGA was no exception. An accounting system could be bought off the shelf but a software house (OCS) was employed to analyse and write the programmes which would be needed to give management complete control of the risks underwritten and premium collected on declared export sales as well as future claims for loss. There was one further hurdle. A credit insurer cannot be expected to underwrite significant sums of risk without either a large capital base or the ability to transfer some of that risk to another party. The Reinsurance market could be approached but it was known that a positive decision was unlikely until ECGA could demonstrate a "safe pair of hands". In the meantime the Ministry of Finance was asked to be the Insurer of last resort and at the same time to make a significant financial provision direct to the autonomous branch. That provision was spread over the first five years of business.

However 6 months of extensive work enabled ODB to launch the detail of the scheme to the financial and export sector. This being the Autumn of 1991. I think it can be said that the launch was successful and the detail well received. In the weeks prior to final preparation it became clear to senior management of ODB that the complexity and importance of the work required a dynamic and sustained approach by staff and management alike. Some of the staff were already in place and being trained in the detailed procedures but there was further work to be done. ECGD was asked to agree that my secondment be extended for another year to allow for a "running in" period of the business and at the same time Nasir Al-Ismaily was transferred in to manage the branch. The unusual work was new to Nasir but he very quickly assumed a correct attitude to his managerial responsibilities and immediately took on board and appreciated the complex detail of the risks being underwritten. Over subsequent years the business has grown and developed to what we see today and is due entirely to his modern managerial style and the sustained effort of all the staff of ECGA. I left Oman in March 1994 with absolute confidence that ECGA would have a long and successful future.

ECGA OF OMAN WELCOMES PRAGUE CLUB TO MUSCAT

Export Credit Guarantee Agency of Oman(SAOC) welcomes all members including newly admitted members and observers of the Prague Club, invited speakers including those from SACE of Italy and the World Bank as well as special guests and officials of the Secretariat of the Berne Union to Muscat for attending the bi-annual autumn meeting of the Prague Club from 14th to 16th November 2011. ECGA of Oman is honoured for hosting this meeting for the second time in Muscat, Sultanate of Oman following the first meeting in December 2006. We hope you will have very useful meeting as well as the opportunity of exploring our beautiful city of Muscat.



Members of the Prague Club Berne Union as of October 2011

ECGA of Oman 	ATI - Multilateral 	BAEZ - Bulgaria 	ECGE - Egypt 
BECI - Botswana 	DHAMAN - Multilateral 	EGFI - Iran 	UZBEKINVEST Uzbekistan 
ECIC SA South Africa 	EGAP Czech Republic 	ICIEC - Multilateral 	EXIMBANKA SR Slovak Republic 
EXIMGARANT - Belarus 	EXIM R - Romania 	HBOR - Croatia 	KUKE - Poland 
IGA - Bosnia and Herzegovina 	JLGC - Jordan 	KECIC - Kazakhstan 	KREDEX - Estonia 
PHILEXIM Philippines 	VNESHECONOMBANK - Russia  (Observer)	MBDP - Macedonia 	MEHIB - Hungary 
NAIFE - Sudan 	UKREXIMBANK Ukraine  (Observer)	SID - Slovenia 	SEP - Saudi Arabia 
THAI EXIMBANK Thailand 	AOFI - Serbia 	ECIE - UAE 	LCI - Lebanon 
Qatar Export Development Agency 	ECIO - Greece 	LGA - Latvia 	NZECO-New Zealand 
IE - Singapore  (Observer)			

SERVICES TO EXPORTERS

EXPORT CREDIT INSURANCE

The Export Credit Insurance Scheme of ECGA of Oman aims to mitigate the risks involved to Omani exporters. While exporting goods it can be lucrative and rewarding, it can also be risky as there is always a possibility of the buyer may not pay. Under such circumstances, ECGA of Oman provides credit insurance cover which enables the exporter to minimize such risks of non-payment due to commercial and non-commercial risks. Thus the Agency enables you as an exporter to mitigate such risks of non-payment by buyers in foreign countries.

Risks Covered under Export Credit Insurance Scheme:

85% Commercial Risks:-

- Insolvency of the buyer
- Default by the buyer to the exporter after acceptance of goods.
- Failure or refusal to accept goods by the buyer which comply with the sales contract

85% Non-Commercial Risks:

- Delays in transferring funds from buyer's country.
- Any action of the government of the foreign country which wholly, or partly, prevent performance of the contract.
- Political events or economic, legislative or administrative measures occurring outside the Sultanate of Oman which prevent or delay transfer of payment,
- War, civil commotion or any other action in the buyer's country preventing performance of the contract.
- Cancellation or non-renewal of an import license or imposition of new restrictions on exports after date of contract.
- Failure or refusal on the part of a public buyer to fulfill any of the terms of the contract where ECGA of Oman has agreed that the buyer is a national government authority.

Benefits to Exporters:

- Minimize the credit risks and maximize opportunities by exporting goods abroad.
- Sell safely on credit terms and compete effectively to other suppliers.
- Derive better credit control by keeping tab on the buyers and credit limits as approved by ECGA of Oman.
- Assign your Export Credit Policy as additional collateral to a bank in order to obtain additional financing at better terms.
- Discount export bills at preferential interest rates with Banks.
- Provides greater financial liquidity and flexibility in administering foreign receivables portfolio.

Premium:

- Based on agreed modes of payments, credit period and country grading.

Fields of Activities Eligible for Export Credit Insurance:

- Export Credit Insurance is available to any Omani exporter, of any size operating in any industrial, commodity or service sector.

Credit Period:

- Short-Term Credit up to a maximum of 180 days, Coverage commences from the date of the export contract or from the date of shipment.
- Duly filled Application Form for Export Credit Policy
- Copy of Commercial Registration of the Establishment / Company
- Latest Audited Financial Accounts
- Profile of the Establishment / Company
- Information details of foreign buyers

"As Credit Insured exporter, while you trade at ease to international markets and reap the profits, ECGA of Oman will bear the risks"

COUNTRY PROFILE OF OMANI INSURED EXPORTS

SOUTH AFRICA



South Africa is located at the southern tip of Africa. The total area of the country is 1,221,037 square kilometers. The capital is Cape Town. The population of South Africa is 49,004,031 (July 2011 est.)

South Africa is a middle-income, emerging market with an abundant supply of natural resources; well-developed financial, legal, communications, energy, and transport sectors; a stock exchange that is the 18th largest in the world; and modern infrastructure supporting a relatively efficient distribution of goods to major urban centers throughout the region.

ECGA of Oman has insured Omani exporters to various products to South Africa including aluminum profiles, biscuits, paints, confectionary, fish, baby diapers, dairy products, air fresheners, chemical products, polypropylene products, ceramic tiles, plastic products, packaging products, and acrylic and polystyrene sheets. The total credit limits issued by the Agency to date amounted to RO. 2.18 million in which almost 28.5% under open account and remaining 71.5% are under Letter of Credits

During the year 2010, total non-oil Omani exports to South Africa reached were RO.30,087,609/- compared to RO.5,149,888/- in year 2009 which increased dramatically by 484.2%. The Omani exports to South Africa for the last 5 years are listed below:

YEAR	2006	2007	2008	2009	2010
EXPORTS	5,817,706	3,497,610	4,731,978	5,149,888	30,087,609
GROWTH %	134.6%	-39.87%	35.3%	8.83%	484.2%

Source: Foreign Trade Statistics – Directorate of Customs (ROP)

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

STRENGTHS

- Economic and political heavyweight on the continent
- Extensive natural resources (coal, platinum, diamonds, coal, and so on)
- Diversified industry and effective financial services
- Public-sector finances and indebtedness under control
- Good foreign debt profile: essentially medium-long term and rand-denominated
- Satisfactory business environment

WEAKNESSES

- Outlying geographic location
- Sensitivity to raw material prices
- Sensitivity to economic conditions in Europe and United States and to Asian competition
- Deficient transport and energy infrastructure
- Dependence on foreign capital inflows which are volatile in nature
- Severe inequality, high unemployment and shortage of skilled manpower
- 11% AIDS prevalence rate

Major economic indicators

Rating Country	USD billion or %	2008	2009	2010(e)	2011(f)
A3	Economic growth (%)	3.8	-1.8	2.8	3.5
	Public Sector Balance (%GDP)	-1.1	-7.6	-5	-4
Business Climate Rating	Current Account Balance (%GDP)	-7.1	-4	-3.5	-4.4
A3	External debt (%GDP)	26	27.7	24.7	26.8
	Foreign exch. res. In months of imports	2.9	4.4	4.1	4

e = estimate; f = forecasts

As per D&B COUNTRY RISK INDICATOR, most of the reputable ECAs provide full or ST cover for South Africa including US Eximbank, Atradius, ECGD and Euler Herms UK.

OMANI INSURED EXPORTER BY ECGA OF OMAN



Oman Pharmaceutical Products Co. LLC



Oman Pharmaceutical Products Co. LLC (ZYNOVA) is a business unit of Al Bahja Group in Sultanate of Oman. The facility for manufacturing finished dosage forms (medicines) is situated at Raysut industrial Estate, Salalah, in South of Oman. The plant is one of the most modern formulation units in the Gulf Region. This Plant in terms of quality standards is at par with the best in the world and has accreditations from most of the Regulatory Authorities of the developed world such as US FDA, UK MHRA, EU EMEA, TGA AUSTRALIA apart from OMAN MOH and GCC DR.

The fully integrated manufacturing facility offers a broad basket of blockbuster products, strong product development capabilities and all encompassing emphasis on total quality management. The design concept for the facility incorporates the latest technology in terms of layout, flow of men and material, HVAC systems and the treatment of water. The facility complies with all international regulatory guidelines and c GMP. This manufacturing facility is capable of producing oral solids such as tablets, capsules, dry powder for oral suspension, oral liquids such as suspensions, syrups and elixirs besides topical such as ointments, creams and gels. An outstanding feature of this Plant is the dedicated area for manufacturing hormones. This facility is only the one of its kind in the Gulf countries. This Plant employs 250 personnel from local and foreign nationalities.

At ZYNOVA all actions are driven by a single minded commitment to quality. The principles of total quality management pervade all departments and are a way of life for the workforce. The fully equipped, sophisticated quality control laboratories installed with latest computerized analytical instrumentation and equipment, control and test every stage of formulation development and production, from raw materials to packing materials and to finished products, besides in-process testing. Special emphasis is laid on validation, stability studies and bio-clinical studies.

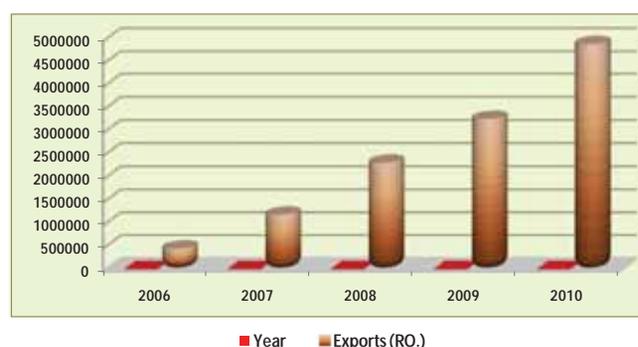
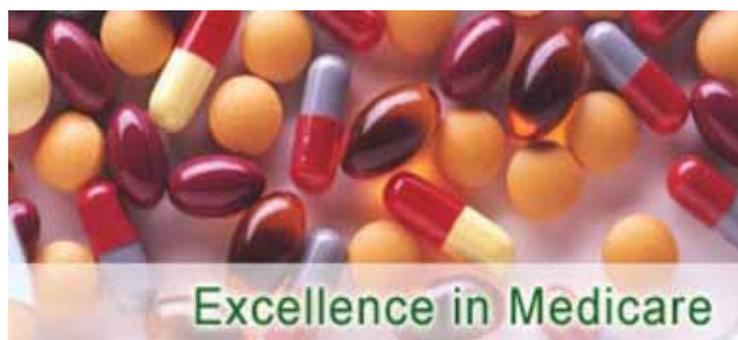
Complementing all the latest instruments and equipment is a dedicated team of highly qualified and experienced Scientists. Continuous training and up-gradation programs ensure that employees are kept abreast with the trends and demands of a dynamic regulatory environment.

Apart from developing and manufacturing generics and OTC products, the facility also offers contract manufacturing services to multinational corporations and large pharmaceutical organizations who would like to outsource products for toll manufacturing. This facility will also be suitable for filing Site Change application. Strengths in research, product development and marketing will lead many companies to consider ZYNOVA the partner of choice in the industry. Such alliances are part of ZYNOVA's strategy to supplement its expertise through partnerships, co-promotions and licensing agreements.

ZYNOVA has already tied up with multinational companies to manufacture products for European markets and is already supplying many products to Europe. ZYNOVA's first product is already approved by US FDA and is supplying the product to USA through it's distributor. There are 4 more products that are under registration with the US FDA authorities. ZYNOVA has over 70 products registered in the region and is already exporting its products to USA, Europe and parts of African and Asian continent.

The company commented that its exports have increased substantially over the years as it has availed assistance for credit insurance cover to a number of its various overseas buyers.

The total credit limits issued by ECGA of Oman on behalf of M/s. Oman Pharmaceutical Products LLC on their various buyers abroad consists of 57.9% under Letters of Credit and remaining 42.1% are on open account.



PRODUCTS OF M/S. OMAN PHARMACEUTICAL PRODUCTS CO. LLC



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



Felicitations & Wishes to
His Majesty Sultan Qaboos Bin Said
and the People of Oman
on the occasion of the
41st National Day

Scope of ECGA's of Oman Services

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 its 20 years of services provides confidence, encouragement and incentive to its credit insured 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 bears the risks."

For further information please contact:

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