



# News Bulletin

QUARTERLY NEWSLETTER OF THE EXPORT CREDIT GUARANTEE AGENCY OF OMAN SAOC

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3<sup>rd</sup> Quarter 2009

## EDITORIAL



The Third Quarterly issue of ECGA *News Bulletin* include the harmonization of premium rates for domestic credit insurance rates to those of export credit insurance following its approval by the Board of Directors of ECGA of Oman. Such move is expected to attract more of our export policyholders to credit insure their local sales as the premium rates for domestic business open account transactions for similar credit periods are the same as those of exports. This will be highly beneficial due to lower premium rates for domestic business as this constitutes an average reduction of 40% compared to the previous rates.

The impact of global financial crisis and its effects to credit insurance industry has been frequent topic of discussion among ECAs and most recently at the Prague Club of the Berne Union at its Spring meeting in Minsk, Belarus as well as Credit Alliance Country Risks Conference in Dubai hosted jointly by Export Credit Insurance of Emirates (ECIEC) and Coface in May. Such credit risk assessment are viewed not only in terms of actual claims paid to policyholders but also take into account current losses as well as potential losses as claims already paid are lagging indicators. These include paid and unpaid claims, overdue notifications as well as requests for rescheduling of payment of buyers by exporters. These up-to-date indicators for ECAs are considered critical and important as they constitute potential loss notifications by policyholders. In such difficult environment, ECAs are becoming more prudent and apply stricter underwriting decisions and conditions such as reduction or refusal of credit limits for buyers, limit countries exposure, reduction in the scope of percentage of cover or avoidance of certain sensitive sectors such as construction related, fisheries, etc. We at ECGA of Oman are of opinion that we need to support our exporters at this difficult times by guiding and working closely with them. As the demand for credit insurance services increases from exporters, so are the level of risks and exposure of buyers. Thus we always recommend to our exporters to be careful and not complacent in their selection of buyers while ECGA of Oman does its own due diligence in terms of assessing the credit risks accordingly. We need to support each other in these efforts as the Agency continues to encourage and promote Omani non-oil exports through its valuable credit insurance and guarantee services. Since the last quarter of 2008 and beginning of 2009, the Agency has received a number of overdue notifications from our credit insured exporters for outstanding payments from buyers in different countries. As revealed in the ECGA's Newsbulletin, there were a total of three claims paid since the beginning of the year of which two to France and the other to Greece. It is encouraging that significant and numerous notified claims to the Agency were subsequently settled by the buyers to exporters as a result of prudent recovery process initiated by the Agency in coordination with the respective policyholders. This is a reflection of positive signal of the recovery from credit and liquidity crunch that has previously impeded payments by buyers. We hope such recovery continues to sustain itself even though at a slower rate despite forecasted decline of 10% of global trade by the World Trade Organization for 2009. The worst may be behind us and that economy would experience an upturn, albeit slowly while other analysts are of the opinion that the present spurt in the market is likely to be

short-lived and that real recovery would only commence by the middle of 2010. The difficulty of obtaining recent and accurate financial information of buyers and how ECAs are coping with this situation in view of dynamic and volatile changes caused by the global financial crisis is of major concern to many ECAs. Excerpts of the presentation in the Bulletin entitled *Cooperation needs between ECAs and Credit Information Agencies* following the recent Regional meeting of Africa/Middle-East of Credit Alliance Network and Country Risk Conference in Dubai is also included. It is heartening that the Sultanate of Oman has excel in its ranking in the Region as most recently revealed by International Report as the most stable country. Under *Tips to Exporters* it discusses the payments mode under *Documentary Collections* and its advantages. It also describes the two types payments under collections that is Documents Against Payment (DAP) and Documents Against Acceptances (DAA) that our exporters uses to deal with buyers. Under the *Country Profile of Buyers of Omani Insured Exports*, the level of exports and imports between Oman and Italy is revealed and the extent of ECGA's of Oman credit insurance to Omani exports. It is interesting to note that the volume of export sales to Italy in 2008 has reached RO.9.0 million compared to RO.8.4 million in 2007 which represents an increases of 7.4%. ECGA has credit insured growing level of exports to Italy In our *Q&A* section, it devotes on questions pertaining to the needs, benefits, cost, indemnification of claims paid, etc so as to increase the awareness of our policyholders. As per the section on the *Omani Insured Exporter by ECGA of Oman*, the Bulletin provides profile of National Mineral Water Co. SAOG which as one of the successful Omani exporters that has experienced substantial growth of its bottling business for its natural mineral water, fruit drinks and flavoured water. ECGA of Oman has supported the company through the years by insuring its exports to many countries.

We hope you enjoy reading this issue

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

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# In The News

## 1. General Manager of ECGA of Oman elected as Chairman of the Prague Club

Mr. Nasir bin Issa Al-Ismaily, the General Manager of the Export Credit Guarantee Agency of Oman was elected as the new Chairman of the Prague Club of the Berne Union during its meeting in Minsk, Belarus on 10<sup>th</sup> June. He will succeed Mr. Csaba Simon of Hungary. This is the first time in the history of the Prague Club that the Chairmanship has been bestowed and elected nominee outside Europe. The Prague Club of the Berne Union consist 32 Export Credit Agencies (ECAs) from various countries. Most recent entrants who were admitted as Observers were Ukraine and Russia. Member of the Prague Club include national ECAs from Belarus, Bosnia & Herzegovina, Botswana, Bulgaria, Croatia, Czech Republic, Egypt, Estonia, Hungary, Iran, Jordan, Lithuania, Macedonia, Philippines, Poland, Romania, Saudi Arabia, Serbia, Slovak Republic, Slovenia, South Africa, Thailand, Uzbekistan, Sudan, Ukraine and Montenegro as well as multilateral ECAs which include Africa Trade Insurance Agency (ATI) based in Nairobi - Kenya, Arab Corporation for Investment and Export Credit in Kuwait and Islamic Corporation of Investment and Export Credit (ICIEC) which is a subsidiary of Islamic Development Bank based in Jeddah. The Export Credit Guarantee Agency of Oman has benefited through the years by being associated with this reputable international association operating under the auspices of the Berne Union which is an International Union of Credit & Investment Insurers. ECGA's membership and involvement with the Prague Club of the Berne Union has been very positive as it has benefited from the exchanges of information as well as experiences in the credit insurance, underwriting, claims and recoveries, country risks assessments, etc. with the other ECA members countries as well as from technical expertise and support provided by the Secretariat of the Berne Union. It is worth mentioning that ECGA of Oman was the first member in Middle-East/Africa Region to have qualified and joined the Prague Club in 2001. It also hosted the first meeting in the Region in Muscat in 2006. The meetings and workshops which the Secretariat of the Berne Union has organized for the Prague Club through the years has contributed immensely towards the sound and professional principles of credit insurance and maintenance of discipline in terms of international trade as well as observance of the Berne Union Understanding & Agreements.



Mr. Nasir Al-Ismaily

## 2. Prague Club Meeting held in Minsk -Belarus

The Prague Club held its first biannual meeting of the year 2009 in Minsk, Belarus from 8<sup>th</sup> till 10<sup>th</sup> June 2009 hosted by Exim-Grant of Belarus in coordination with the Secretariat of the Berne Union which is the International Association of Investment and Export Credit. The General Manager Mr. Nasir Issa Al Ismaily and the Underwriting Officer Mr. Suleiman Gharib Al-Shaibani of ECGA of Oman participated in the meeting. The Prague Club which operates under the auspices of the Berne Union –consists of ECAs from the emerging markets including Central and Eastern Europe, Africa, Middle East and Asia. Despite global financial crisis and economic slow down, the need for credit insurance by exporters has been growing and ECAs are mitigating such credit risks to exporters world wide. This was highlighted during the meeting in Minsk.

## 3. Oman ranked among the most stable countries of the world

A recent international report has ranked the Sultanate as the most stable among Arab and African states. The findings, published in the last edition of the US based Foreign Policy, were based on a survey conducted in collaboration with the US peace Fund. Oman was ranked at the top of its 2009 Index of countries in Africa and Arab region based on 12 social, economic, political and military indicators. Importantly, the report also listed the Sultanate alongside a number of “stable” countries in western Europ, in addition to the United States, Canada, Argentiba, Japan and South Koria. A total of 177 countries were covered in the survey. Norway, at 177, was ranked the most stable. Oman was placed 146h with a tally of points based on indicators such as economic criteria, public services, population density, migration, parity in education and job opportunities, democracy and human rights, and the size of foreign intervention, amongset others. The report is a further affirmation of Oman's unblemished international reputation as a oasis of stability.

## 4. General Steering Committee Meeting & Country Risk Conference, Dubai 2009

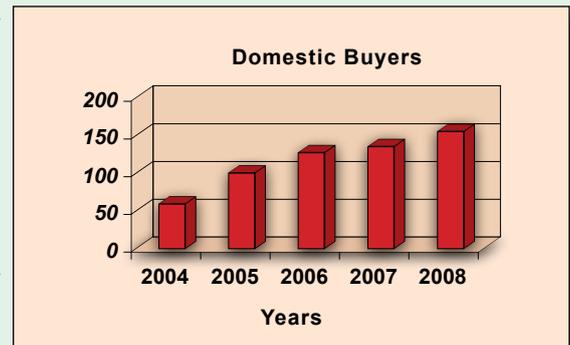
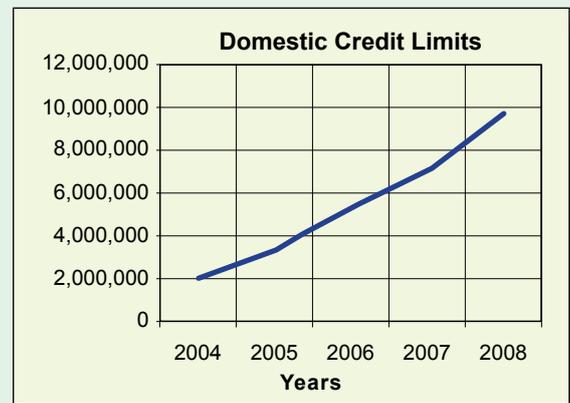
The Regional Meeting of the Credit Alliance for Africa/Middle-East Regional and the Country Risk Conference held in Dubai on 11<sup>th</sup> and 12<sup>th</sup> May 2009 hosted jointly by Export Credit Insurance of Emirates (ECIEC) and Coface Emirates Services (subsidiary of Coface). The General Manager of ECGA of Oman Mr. Nasir bin Issa Al-Ismaily, and two of its Underwriting Officers Mr. Sulaiman Gharib Al-Shaibany and Mrs. Sheikha Masood Al-Marhoobi attended the meeting and the conference. The meeting was opened by Mr. Saed Al Awadi, Chairman and Managing Director of newly established Export credit Insurance of Emirates.

## 5. ECGA Officers attended a credit insurance course in Ireland

Mr. Ahmed Khalfan Al-Balushi and Mrs. Sheikha Masoud Al-Marhuby two of ECGA's Underwriting Officers attended a credit insurance course in Dublin, the Republic of Ireland from 25<sup>th</sup> to 29<sup>th</sup> of May 2009 on various topics such as underwriting, pricing, credit insurance policy, renewal information, claims & recoveries, bonds and reinsurance organized by Atradius Reinsurance Ltd. It is relevant to mention that Atradius is one of the ECGA's reinsurers under the Quota Share Reinsurance Treaty. The seminar was attended by participants from various ECAs including Kenya, China, Kuwait, Germany, Bosnia Herzegovina, India, Bolivia and Slovenia.

## 6. Premium Rates for Domestic credit Insurance at par with Export rates

The Board of Directors of ECGA of Oman has approved the proposal to harmonize the premium rates for domestic credit insurance to be at par with those of exports. Domestic credit insurance has registered substantial growth in 2008. Domestic Credit Insurance Service has attracted a growing number of Omani credit insured exporters due to protection it provides against the risk of protracted default and insolvency of local buyers. It assists the exporters in their liquidity and debt management as well as mobilize resources in their export efforts. The domestic credit insured bills can also be discounted by the commercial banks by assigning the benefits to them under the Domestic Credit Policy. The graphs provide the yearly growth trend of the domestic credit insurance in terms of the credit limits issued to exporters as well as the number of domestic buyers issued against them during the year 2008. Since its introduction, the Agency has issued a total credit limit on open account basis of RO.9.7 million to cover exporters trading to 154 buyers with credit payment terms ranging from 30, to 90 and up to 120 days. Even though the percentage wise, the amount of credit limit issued for domestic business represent 3.8% of total compared to 96.2% of exports, this is expected to grow steadily in the near future as more exporters become more aware of the availability of domestic credit insurance service thus mitigating all of their credit risks be it domestic or exports receivables.



## 7. ECGA indemnifies claim of fish exports to Greece

Export Credit Guarantee Agency of Oman has indemnified claim for loss lodged by one of its credit insured exporters M/s. Oman Fisheries Company SAOG against non-payment of export sales of fish to a buyer in Greece. The cheque for the claim was handed over to the Representative of Oman Fisheries Co. SAOG by Mr. Imaad S. Al Harthy, the Senior Claim & Recovery Officer of ECGA of Oman at ECGA's offices. It is worth mentioning that the Agency has paid 3 claims to exporters since beginning of 2009. In the past ECGA of Oman has paid claims to exporters to various products which included exports of fish, mineral water, car batteries, marbles, potato chips, dairy products, detergents, aluminum profiles, biscuits, paints, copper grids, shoes, diapers, auto filters, furniture, tomato ketchup, stationeries mushrooms, polypropylene products, perfume, plastic product, chemicals packaging materials and thread. The Agency has to date identified claims to buyers in thirteen different countries.

## 8. The First GCC Meeting of Corporate Governance

The first GCC conference on Corporate Governance and their role in enhancing development, economic reform and avoidance of financial crisis was held in Muscat at Al-Bustan Palace Hotel from May 19<sup>th</sup> to 20<sup>th</sup>. ECGA's Accountant – Mrs. Rahma Al-Naamani attended the Conference. The conference stressed the importance of corporate governance in enhancing confidence and transparency and consider ways to activate the role of civil society institutions in contributing to development and economic reform programmes.

## 9. Impact of global financial crisis to GCC

The impact of the global financial crisis on corporates in the six countries of Gulf Cooperation Countries (GCC) is driven by their greater exposure to global economic contagion rather than by fluctuations in oil prices as per Moody's Special Service Report. Ample sovereign wealth funds are allowing GCC governments to maintain expenditure despite falling oil receipts thus limiting the impact on corporate profits. Additionally, the highly government support is bolstering Moody's ratings of GCC government owned corporates in the face of deteriorating fundamentals.

## 10. IMF ups 2010 forecast

The International Monetary Fund has revised its 2010 growth forecast sharply upwards to 2.4% from 1.9% in April 2009. The estimate has improved in view of the impact of stimulus measures taken by governments.

## 11. Importance of trade is vital for developing countries

Developing nation's trade represents 40-50 percent of their gross domestic product compared to an average of 15% for more advanced countries. Thus expected decline of 10% in 2009 global trade is expected to affect significantly many developing countries as they only now feel the full force on their trade and economic growth. The global downturn has hit trade hard, dampening both demand and supply, while the credit crunch has hampering financing.

## 12. Bankruptcies in Japan Rise

Corporate bankruptcies in Japan jumped 15.7 per cent in 2008 as the global financial crisis tore through Asia's biggest economy, a private survey showed. Last year 12,681 companies went under in Japan, leaving combined debts of 11.91 trillion yen (\$133 billion) – more than double the previous year. The local unit of failed Lehman Brothers was the biggest casualty, collapsing with debts of 2.43 trillion yen, the second largest in Japan/ post-war history.

It is worth mentioning that, the total ECGA's exposure to Japanese market is 1.7% of the total. It has insured such products such as fish, agricultural products, batteries, marble tiles, cables etc.

## TIPS TO EXPORTERS

### Documentary Collections

A documentary Collection is an operation whereby a bank collects a payment for a customer (seller) by delivering documents to the buyer. The bank acts as an Intermediary between the seller and the buyer. There are four parties to the documentary collection operation.

(1)	<b>Seller</b>	(3)	<b>Seller's Bank</b>
(2)	<b>Buyer</b>	(4)	<b>Buyer's Bank</b>

The advantages of Documentary Collection are as follows:-

- Provides higher security than settlement under open account
- In case of default, seller can request an official confirmation of non-payment from the bank which speeds up the recovery of the debt.
- Low cost involved.

Under a documentary collection one of the following terms of payment are laid down in the sale contract:-

#### **(a) Documents Against Payment (b) Documents Against Acceptance**

##### Documents Against Payment

This where the exporter/seller forwards the required shipping documents as per sale contract to the buyer's bank who is authorized to release the shipping documents to the importer against payment of export bills in order to take possession in goods.

Thus under the payment term of Documents Against Payment (DAP) the buyer is required to make payment of export bills before he takes delivery of the shipping documents from the bank in order to take possession of goods. This is due to the fact that the goods are consigned to the bank (title of goods). Thus non-payment risk will arise only if the buyer does not or refuse to accept the goods.

##### Documents Against Acceptance

Under this payment terms, the seller sends the required shipping documents as per sale contract to the buyer's bank who is authorized to release the documents to the buyer against his acceptance of a bill of exchange which is drawn payable at a fixed future date. In this way, the buyer gains possession of goods before payment is effected. Therefore, the seller bears the risk of non-payment till the maturity date of bill of exchange i.e the due date. The remitting (buyer's) bank will make the payment on the due date provided the buyer makes arrangement for availability of funds. Thus, non-payment risk will arise only due to the buyer's failure to arrange for funds on the due date.

## *Appreciation*

*The Export Credit Guarantee Agency of Oman (S.A.O.C) conveys its appreciation to the ECAs member countries of the Prague Club of the Berne Union for electing its General Manager – Mr. Nasir Issa Al-Ismaily as the Chairman of the Prague Club. This is a great honour to ECGA of Oman considering that the Chairmanship has been bestowed to an elected nominee from the Middle East, Africa and Asia for the first time.*



# Questions & Answers

## **Q.** What is trade Credit Insurance?

**A.** Trade Credit Insurance is also known as Accounts Receivable Insurance – It protects your business against the failure of your customer to pay its debts which can happen either as a result of your customer becomes insolvent or, because your customer fails to pay you within the defined time frame.

## **Q.** What credit terms can be protected?

**A.** Short-term trade receivables that are due generally in less than six months.

## **Q.** Who uses export Credit Insurance?

**A.** Any business selling on open account terms to other businesses are eligible and can benefit from Trade Credit Insurance.

## **Q.** Why should I consider Trade Credit Insurance?

**A.** ECGA's Credit Insurance Policy gives you peace of mind and complete confidence to grow your business safely. On average, between 40% and 45% of a company's assets comprise of trade debts. Sometimes the figure is far higher, and it is very difficult for a company to predict which client will default on payment. Almost 50% of all payment defaults arise from debtors with whom stable and long-term trade relationships have been established. The cost to a business of non-payment can be substantial. For example, if a company's profit margin is 5% and, one of its customers defaults on a debt of RO. 50,000/- the company will have to generate additional sales of RO. 1,000,000/- to make up for the lost profit. More importantly, the lost cash flow could be devastating. Non-payment weakens your company and lowers its investment capacity. ECGA's Credit Insurance policy helps in the management of your sales ledger and, will compensate your loss in the event of non-payment.

## **Q.** Can I cover just the accounts I am worried about?

**A.** No insurance program can work over the long-term if only the weak clients are selectively covered. Moreover, no one can accurately predict when a company may fail. ECGA underwrites on a whole turnover basis, thus providing the biggest value to its clients, which supports long-term relationships.

## **Q.** What are the benefits of Trade Credit Insurance?

**A.** The benefits include :

- Better credit control and protection against catastrophic bad debt losses.
- Stronger debt collection and recovery backbone.
- Growth in sales to new and existing customers by being able to offer credit.
- Improved working capital from your lender because you have enhanced the quality of your accounts receivable by availing of credit insurance services.
- Improved cash flow because you receive payment for unpaid accounts receivable that are insured.

## **Q.** How much does trade credit insurance cost?

**A.** Premiums are calculated as a percentage of your sales. This rate can vary depending on the trading history and historical debt loss of your company, your trade sector, and your customer base as well as terms of payment. The majority of businesses will find credit insurance to be highly cost-effective, even before taking into account the many additional benefits in the areas of sales development, risk and credit management, and bank financing.

## **Q.** What is the level of indemnity?

**A.** The level of indemnity typically ranges from 60% to 90%. However, this level varies depending on the policy terms, and on your experience and accounts receivable portfolio.

## **Q.** What if my company hasn't experienced credit losses?

**A.** Past history is no indicator of the future – unexpected losses can come from even your most reliable customers. Credit Insurance provides a safety net against unpredictable events that can affect you and your customers. If your customers are impacted by the bankruptcy of one of their customers, this could impact their ability to pay you, in which case Credit Insurance would ensure that your cash flow is not impacted negatively.

## **Q.** If I incur a loss, how soon will a claim be paid?

**A.** Generally, the claim will be paid in 6 months from due date or, in a month's time from receipt of a court order notifying bankruptcy.

## **Q.** Are any services available on-line?

**A.** With our online policy management system, you can make credit requests, file a claim, notify ECGA of payment extensions, and monitor your claims via the Internet.

# Cooperation needs between ECAs and Credit Information Agencies

*The following is the excerpts of presentation compiled and presented by Mr. Nasir Issa Al-Ismaily the General Manager of ECGA with regard to credit information and cooperation between ECAs and credit information agencies during the recent Regional Meeting of Africa/Middle-East and Country Risk Conference in Dubai 2009.*

Contents of Credit Information Reports & Quality of Services is of paramount importance to credit insurers and ECAs. Hence my presentation will address this issue as well as the vital and ideal communication needed between the suppliers of information that is credit information agencies and the customers or users of such credit information reports which in our case are ourselves credit insurers/ECAs. Thus information is the key between credit information agencies and ourselves credit insurers/ECAs.

The primary purpose of credit information reports as to assist credit insurers/ECAs to underwrite credit risks on buyers of policyholders and therefore the essence and reliability of the contents of credit information reports are crucial in assessing objectively such credit risks.

Credit Information reports are the backbone of our underwriting decisions as unreliable or inaccurate information will definitely lead to a wrong underwriting decision. Hence for credit insurers and ECAs to deal with highly reputable credit information agencies is vital.

In our case at ECGA of Oman since our inception, we have been dealing with a number of sources of information suppliers. These include MECOS, Dynamics Business Information (DBI) as well as through Coface data base in view of our association as partners within the Credit Alliance Network.

As credit insurer, the contents of credit information report on the buyer should include as much information and these are:

-	Date Business Established	-	Payment Behaviour
-	Corporate Registered Name	-	Commercial Morality
-	Business Background/Operations	-	Financial Strength
-	Legal Status	-	Ratings
-	Ownership	-	Names of Suppliers
-	Financials	-	Names of Buyers
-	Litigations/Court Actions	-	Any other Details
-	Maximum Credit Recommended		

The depths of availability of information also depends on the legal structure of the buyer as we already know information on private establishments and companies is difficult to access. As such entities are not willing to divulge such information to credit information agencies and hence more investigative work is done by such agencies in compiling such information. However for public owned companies, information is readily available and in the case of Oman such companies which are listed in our stock markets, information is not only readily available but up to date and as per Principles of Corporate Governance and Transparency, the financial statements are disclosed regularly through the internet and newspapers.

In view of geographical areas, Middle-East and Africa are still lagging behind in getting information of buyers than developed markets. Thus it is important for governments and other public organizations such as the Chamber of Commerce & Industry to inculcate to businessmen the advantages to them in disclosing information. A number of credit bureaus have recently been established in the Region.

Our experience of reports from credit information agencies have seen quite good through the years despite occasional undue delays, unwillingness of buyers to disclose information, lack of financial details in the credit information

report and delays in certain cases in getting information. These & others problems cited earlier are being faced by all these credit information agencies.

The methods/processes used by credit information agencies should be communicated to users of information so that they can appreciate the efforts of credit information agencies in getting information. Two way communications would be beneficial for both as sometimes such exchanges are vital as users may have valuable information which the credit information agency is not aware of it. Intuitive questions should be posed by credit insurers to credit information agencies which should include:

- 1 - How do they obtain information?
- 2 - How do they control it?
- 3 - Do they update it regularly?
- 4 - On which basis that is decided?
- 5 - What is the impact of external environment on the methods and process and the suppliers of information modified their rating system to take into consideration the prevailing credit crisis and its impact on companies into account, etc.
- 6 - And, importantly, do export credit information agencies explain or not all of these regularly to their customers/ credit insurers?

How this communication can be improved between suppliers and users of credit information is by cooperating with one another and identify main areas of weaknesses and see ways of how this can be improved. Thus mechanism need to be established to better share such information which could improve the quality and accuracy of information and generate greater confidence to credit insurers to underwrite business much better.

As an example, such dialogue of cooperation already existed in EU through which group of credit insurers are communicating with FEBIS (i.e Federation of Business Information Service) and ICISA. Such dialogue between credit insurers and credit information agencies will enforce the synergy and mutual interest of the two groups as well as generate trust.

Better communication and dialogue between the two groups is needed now than ever considering information is now even more dynamic and critical in view of the effects from the prevailing global economic environment and credit crunch which has affected many companies world-wide. Thus the need for up to date information is in demand by credit insurers in underwriting businesses for which credit information agencies are expected to provide to them promptly.

As I conclude, Both Credit Information Agencies and Credit Insurers need each other for getting reliable information and betterment of our credit insurance industry.



# COUNTRY PROFILE OF OMANI INSURED EXPORTS

## ITALY



Italy is situated in Southeastern Europe Northeast of Tunisia. The total area of the country is 301,230 square kilometers. The population of Italy is 58,126,212 (July 2009 estimation).

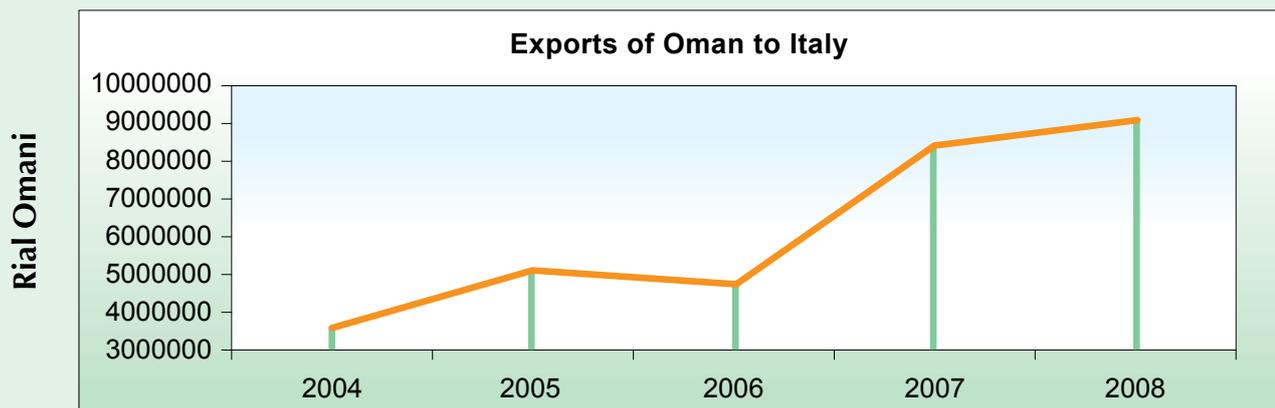
Export Credit Guarantee Agency of Oman (SAOC) has insured Omani exports to various products to Italy including PVC pipes, fish & marine products, garments, chainlink fencing, marbles, furniture, acrylic and foam sheets, polypropylene products, sulphochemicals products etc. The total credit limits issued by the Agency to date amounted to RO.2,338,500/- to 45 buyers, in which RO.1,372,500/- or almost 59% are on Open Credit and remaining 41% RO.965,675/- under letters of credit. The Agency has paid one claim to insured Omani exporters to

Italy amounted to RO.1,387/760 in 2003.

During the year 2008, total Omani exports to Italy were RO. 9,042,125/- compared to RO.8,420,930/- for the year 2007. The Omani exports to Italy for the last 5 years are listed below.

YEAR	2004	2005	2006	2007	2008
EXPORTS (R.O.)	3,571,372	5,071,686	4,663,707	8,420,930	9,042,125
GROWTH %	4%	42%	(8%)	81%	7%

FOREIGN TRADE STATISTICS – DIRECTORATE GENERAL OF CUSTOMS (ROP)



As per **D&B COUNTRY RISK INDICATOR**, for the month of May 2009 most of the reputable ECAs provide full or ST cover for Italy including US Eximbank, ECGD, Attribus and Euler Hermes UK.

“D&B has downgraded Italy’s country risk rating from DB2d (low risk) to DB3a (slightly risk) as the country’s economic prospect continue to deteriorate.”

# OMANI INSURED EXPORTER BY ECGA OF OMAN

## NATIONAL MINERAL WATER CO. SAOG

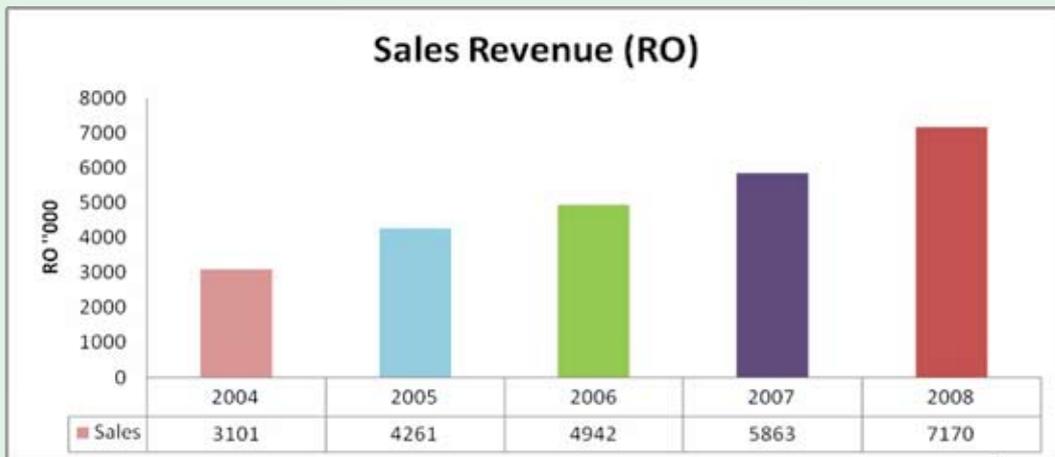


In line with the vision of His Majesty to develop Oman as a self sufficient progressive Country, National Mineral Water Co. SAOG (NMWC) was set up in 1979 with technical expertise from Evian, France – world leaders in the field of natural mineral water for bottling and distribution of mineral water. NMWC is a totally Omani owned Public Limited Company incorporated in Oman with its shares listed and traded in the Muscat Stock Exchange (MSM).

NMWC is the “ONLY” company in Oman in the water business which has a fully backward integrated manufacturing facility. The Company offers its natural mineral water in one of the widest packaging range from 100 ml to 5 gallon (18.9 Ltr). The Company has received ISO 22000:2005 certification in the year 2008.

NMWC’s flagship brands are Tanuf, El Jabal El Akhdar, Salsabeel and Assaha. These brands have quenched the thirst of millions over the last three decades. Besides natural mineral water, NMWC brands also offer value added thirst quenchers like JuJu fruit drink and Tanuf flavoured water. NMWC has one of the largest distribution set ups in Oman supported by 75 vehicles operating across the length and breadth of Oman with a network of 9 sales depots. NMWC is the exclusive distributor of Red Bull energy drink – a multinational brand with presence in more than 137 countries.

NMWC’s products are exported to GCC Countries and Pakistan for the last 10 years. The Company has credit terms of 60-90 days with most of the overseas customers. The terms of payment is covered by Letter of Credit or Bank Guarantee. NMWC has obtained coverage for all its exports from Export Credit Guarantee Agency, Oman, to minimize the risk of customers defaulting on payments. NMWC commented. “The commendable service rendered by ECGA Oman in insuring debts in international trade, enables the Company to focus on export development”.





## EXPORT CREDIT GUARANTEE AGENCY OF OMAN (S.A.O.C.)

### Benefits of ECGA of Oman Services to Exporters

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 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:***

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