

EXIM Thailand Opens Brainstorm Forum

Pointing out Export Market Penetration Will Revive SMEs and Launches

“EXIM Supply Chain Financing Solution” to Boost Liquidity End-to-End

Dr. Pasu Loharjun, Chairman of Export-Import Bank of Thailand (EXIM Thailand), delivered an opening speech for the **“EXIM Solution Forum” Ep. 1 on the topic “SMEs Looking Forward to Global Supply Chain”** organized online for the media and the general public on June 23, 2021. He said it was the first time for such a brainstorm forum held to put forward existing pain points for discussion and seek solutions in a bid to drive Thailand’s international trade and investment on a sustainable basis. The forum aims to address the country’s prevailing structural problem, with SMEs representing the majority of entrepreneurs but being unable to fully drive Thai export and economy. One possible solution to this problem is a collaboration between such a financial institution as EXIM Thailand and the business sectors to build a strong supply chain. Large entrepreneurs may sustainably and generously support and strengthen SMEs with financial and risk management tools in place as a mechanism to enable all business sectors to continue operations uninterrupted even amid emerging waves of the COVID-19 pandemic rampaging across the world.

Dr. Rak Vorrakitpokatorn, EXIM Thailand President, as a speaker on the topic **“SMEs Looking Forward to Global Supply Chain”** said that the **“paradox”** structure problem for Thai SMEs is that Thai SMEs accounts for 3.1 million or 99.5% of Thai entrepreneurs in the entire system, but their roles contribute only to 35% of the GDP has mainly stemmed from the fact that most SMEs distribute their products domestically, with SME exporters representing less than 1% of SMEs in the entire system. There are also several restrictions to domestic market expansion, some of which are Thailand’s low economic growth of only 2% for the past decade, small market size, population of only 66 million, and the country on the way to being an aging society with people aged more than 60 representing 18% of the population.

EXIM Thailand President further said that one way for SMEs to survive is **to be part of international trade connectivity**. To achieve this, there are 2 guidelines. One is to upgrade SMEs to be exporters. This may take some time in developing their knowledge base and enhance their experience in various areas. The other which can be implemented right away is **to support SMEs’ participation in exporters’ supply chain**. Export entities that are strong and efficient in managing supply chains may support SMEs so that they are able to distribute their products more and longer than before under such healthy supply chains. At present, a number of SMEs have taken part in the export supply chain one way or another with Thai export dependent on local content representing almost 70% of total export value.

Dr. Rak said that, due to the COVID-19 pandemic, global supply chains have deviated in several dimensions and in all stages from raw material procurement and manufacturing to product transportation and distribution, sales and the products. Trade models have shifted to relying more on raw material sources in nearby areas. Automation has increasingly been adopted to lessen communication among labor force in the manufacturing process. Transportation has been planned to be through more diverse channels. Insurance has also been taken out and trade credit terms adjusted to cover potential risks. Online sales have increasingly been popular and products launched need to meet new global trends with uniqueness to build brand awareness and loyalty.

EXIM Thailand President further said that, based on the Bank's Dual-track Policy, i.e. support for large entrepreneurs for national development alongside provision of full-fledged services for development of SMEs as professional exporters, EXIM Thailand is fully equipped to support SMEs' linkage with the supply chain in international trade cycle with the launch of a new credit facility scheme titled **"EXIM Supply Chain Financing Solution"** to boost liquidity for SMEs that are suppliers of large entrepreneurs (sponsors). The credit facility requires no additional collateral security and invoices can be used in application for the credit facility through the digital platform at a special interest rate and with a maximum credit line of 25% of the latest annual sales with reference to the strong credit standing of the sponsors. Under this scheme, SMEs can access the financial source more conveniently and at lower cost as well as with higher flexibility via online transactions and no need to travel to the Bank. Meanwhile, the sponsors who are EXIM Thailand's customers will get additional credit terms from SMEs that are trade partners with good relationship, which will accordingly be conducive to future business expansion.

A strong supply chain under EXIM Thailand's support is **Siam Global House Plc., importer-exporter and center of construction materials and lifestyle products** offering more than 270,000 items of products and covering a large number of suppliers, such as **Vision Glass and Door Industrial Co., Ltd.**, a medium-sized enterprise distributing decorative glass and door products, **Karshine Co., Ltd.**, a medium-sized enterprise distributing car wash products, **Udon Kao Charoensub Co., Ltd.**, a small-sized enterprise distributing imported processed wood, **M.J. Parawood Co., Ltd.**, a small-sized enterprise distributing wood furniture, and **W. Plastic (2002) Co., Ltd.**, a small-sized enterprise distributing plastic products.

"Thai economic recovery and development has to start from the foundation, that is, development of SMEs so that they can form an economic driving force and go through capital and bargaining restrictions leveraging on their business partners to reach out to fresh opportunities that will lead to mutual growth in a stable and sustainable manner, reduce inequality and lack of access to financial sources among SMEs, stimulate digital trade and transactions for business sectors and consumers' more convenience, and strengthen Thai businesses and industries throughout the supply chains so that all sectors are strong and ready to get started with new opportunities post COVID-19," added Dr. Rak.

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Sustainable Development and Corporate Communication Department