



By fax and mail

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10 January 2012

Ms YUE Tin Po
Clerk to the Panel
Commerce and Industry Panel
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Fax: 2869 6794

Dear Ms Yu,

Hong Kong Export Credit Insurance Corporation (ECIC)

I refer to the meeting of the Commerce and Industry Panel held on 20 December 2011 in which Members of the Panel requested further written information on the Guidelines for determining meeting agendas for the ECIC Advisory Board and its Sub-Committees, as well as new enhancement measures launched by the ECIC on 5 December 2011.

Guidelines for determining meeting agendas for the ECIC Advisory Board and its Sub-Committees

According to the Guidelines for determining meeting agendas for the ECIC Advisory Board and its Sub-Committees endorsed in August 2011, the agenda for each ECIC Advisory Board meeting will be developed by the Commissioner of the ECIC in consultation with the Commerce and Economic Development Bureau (CEDB) and the Chairman of the ECIC Advisory Board. For its two Sub-committees (i.e. the Investment Committee and the Audit Committee), the membership of which consists of ECIC Advisory Board members, the agenda shall be developed by the ECIC in consultation with the chairman of the respective sub-committees. Although the ECIC Advisory Board would endorse the planned agenda items for the full Advisory Board and its sub-committees at the beginning of each year, both the ECIC and members are free to suggest agenda items to the respective chairman or raise other matters as necessary at the meetings.

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The Guidelines also specify that the ECIC Advisory Board would advise on a wide variety of matters pertaining to the ECIC including but not limited to matters relating to corporate planning, business performance, investment, staff remuneration, internal control, and significant change(s) of major policies and procedures. Matters requiring approval of the Government under the Hong Kong Export Credit Insurance Corporation Ordinance (Chapter 1115), or as instructed by the Government (e.g. Corporate Plan, Annual Report, the follow-up work on the Director of Audit's Report), will also be submitted to the ECIC Advisory Board for advice.

New enhancement measures launched by the ECIC on 5 December 2011

The ECIC was established in 1966 under the Hong Kong Export Credit Insurance Ordinance. It was created by statute with the aim of encouraging Hong Kong export trade by providing Hong Kong exporters, who offer credits to overseas buyers and clients, with export credit insurance protection against non-payment risks arising from commercial and political events.

Over the years, the ECIC has been providing timely support to the export community in Hong Kong. The fragile US economy and European sovereign debt problem is holding back the business of many small and medium enterprises (SMEs) in Hong Kong, especially those whose major trading partners are in the traditional markets. In view of the uncertain global trade prospects, the ECIC launched on 5 December 2011 three new enhancement measures to support exporters, especially SMEs, in order to encourage and support Hong Kong export trade. The three enhancement measures are as follows:

(a) Policy Fee Waiver

At present, each policyholder is required to pay an annual policy fee of \$1,500 to cover the administration cost of the policy. Under the new enhancement measure, all existing and new policyholders can benefit from waiver of annual policy fee as long as the policy commencement date falls within December 2011 to November 2012. As at 4 January 2012, there are 739 Hong Kong exporters benefited from the waiver.

(b) Free Credit Assessment Service

The ECIC has offered each Hong Kong exporter three free credit assessments and consulting service of buyers with effect from 5 December 2011 in order to help them better understand and manage their risks. To enjoy the service, an exporter has only to follow a simple procedure by providing the buyer's name and address. As at 4 January 2012, 51 exporters submitted 90 buyer applications for the free credit assessment services.

(c) Expedite Processing Time of Credit Limit Applications valued at \$1 million or below

From 5 December 2011 onwards, the ECIC has shortened the processing time for credit limit applications (CLAs) for \$1 million or less from four days to three days upon receipt of adequate information. As at 4 January 2012, 1 015 credit limits to 508 policyholders with application amount of \$1 million or below were issued within three working days after receipt of adequate information.

In addition to these three enhancement measures, the ECIC will continue to organise seminars to encourage exporters to manage credit risks prudently, to promote the benefits of the enhanced measures and to share with exporters its experience in credit risk assessment and monitoring, as well as the latest market information. Positive response has been received from the ECIC's customers since the launching of the three new enhancement measures.

If you have any further enquiries, please feel free to contact me or our General Manager, Ms Cynthia Chin at 2732 9977.

Yours sincerely,



(Ralph Lai)
Commissioner

c.c. Secretary for Commerce and Economic Development
(Attn.: Ms Linda Lai / Mrs Candy Yeung)