

The translation of the interview published in NIN,
October 24, 2013

Tailwinds to Exporters

For all Serbian exporters Serbian Export Credit and Insurance Agency (AOFI) is a unique financial system which offers a package of products in the domain of financing and insurance at one place with very short-term implementation under favourable interest rates together with professional and very useful market information for clients.

Since its foundation in 2005 AOFI has achieved significant results in some of the areas of its scope. AOFI has been most active within short-term financing. Namely, 1,389 loans have been approved in the amount of almost 472 million EUR. The turnover in the Sector for Factoring has reached the amount of 288 million EUR for eight years, and there have been 182 insured clients with over 6,000 approved limits.

In respect to guarantee issuance for exporters, there is a lot of work ahead for AOFI in order to cover the needs of Serbian exporters, because AOFI has issued only 16 guarantees in the value of 83 million EUR for eight years.

The decrease of foreign trade deficit of Serbia is possible to achieve by the increase of export. The boost of export activities is strategic interest of the country and AOFI will intensively work on that in the following period. One of the most important pillars for our exporters is the strengthening of their competitiveness abroad through more powerful financial support and export insurance. Next to this type of support offered by AOFI, the important precondition for the increase of Serbian exports is the strengthening of the role of SMEs in the total export, namely the enlargement of the assortment and the quality of exported goods and services of SMEs.

During the first half of 2013 the Republic of Serbia achieved the export in the value of 6,084 million EUR. It is evident in the geographical structure of exports that the largest volume of export is from the regions of Sumadija, West Serbia and Vojvodina. In respect to the type of business, the highest volume of export was achieved in processing industry – 90.7% (motor vehicles and trailers – 17.8% of the total exports; the share of the food industry is 10.8; metal industry – 7.6%; rubber and plastic goods – 7.4% and chemical products – 6.9%).

In 2013 the majority of the exporters within AOFI portfolio come from food industry (23%), mostly from Belgrade, West Serbia and Vojvodina regions.

Serbian Export Credit and Insurance Agency has been established in 2005 following the model of Export Credit Agencies in developed European countries. Next to the short-term loans, AOFI offers credit insurance thus enabling secure collection of foreign receivables. This is followed by the service of factoring aimed to financing

receivables against sold goods or services at foreign markets. The biggest clients within AOFI's insurance portfolio are Tarkett, Umka, Beohemija, and Petrohemija, which insured all its exports at AOFI. Finally, AOFI issues performance guarantees, bid bonds and other types of guarantees.

Today, AOFI is focused on strengthening its functions. The priority is to increase the potential for issuing guarantees. Our goal is to introduce payment guarantees for SMEs, and guarantees for import of equipment, machines and raw materials. Thereby, these new types of guarantees enable the increase of credit potential of the companies at the commercial banks, and at the same time the loans become cheaper due to additional collateral instrument – AOFI's guarantee.

AOFI plans to bring into focus the support to SMEs through new credit lines - medium-term loans. Also, we intend to introduce the insurance in the name and on behalf of the state which will ensure the collection of large state's export transactions.