

Small exporters to have guarantee support

The Ministry of Finance (MOF) recently issued interim measures on the administration of special guarantee funds for the financing of small and medium-sized foreign trade enterprises, to encourage guarantee agencies to offer services for these SMEs.

The fund will be mainly used in the following three ways. Firstly, guarantee agencies providing services for the financing of small and medium-sized foreign trade enterprises, will be granted a subsidy of no more than two percent of the total amount guaranteed.

Secondly, guarantee agencies will be encouraged to provide low-cost guarantee services. Under the prerequisite of not increasing other fee standards, guarantee services will be rewarded for the financing of small and medium-sized exporters with a service charge rate lower than 50 percent of the benchmark lending rate of banks for the same period.

Thirdly, the local governments of regions with under-developed credit guarantee services will be supported to finance the establishment of guarantee agencies and carry out guarantee services for the financing of small and medium-sized foreign trade enterprises.

They will be granted no more than 30 percent of the total funds from the local governments. Subsidies to support the establishment of guarantee agencies should not exceed 30 percent of special funds allocated to local governments by the central government.

Meanwhile, the Measures also specify qualification requirements for small and medium-sized foreign trade enterprises. They should have real export turnover in 2008 or 2009.

Guarantee agencies applying for special funds must have the following three qualifications. Firstly, they must be set up according to the law and possess independent legal personality. Secondly, they must have a sound fiscal administrative system and withdraw, manage and use various types of reserve funds according to regulations. Thirdly, they must have good accounting, tax-paying and bank credit.

In addition, the MOF will adopt random inspections to strictly prevent improper fund utilization and management.

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