Approval

The commercial banks/FDB would only seek approval from RBF if funds are to be obtained from RBF.

Commercial banks/FDB sourcing back-to-back finance from RBF must obtain RBF's approval for the eligibility of an export item under the Export Finance Facility.

Application

The Value Added Form (EFF 1) must be completed by the exporter and submitted to their banks/FDB for approval. Other forms pertaining to Pre-SEFF and Post-SEFF are EFF 3 and EFF 4.

Companies seeking approval for funds for the construction of up-market hotels are required to submit a separate form (EFF 2), to the commercial banks/FDB.

Application forms may be obtained from commercial banks, FDB and the RBF Website.

Further Information

For more information on the use of these Export Finance Facility, please contact your nearest commercial bank/FDB or RBF's Financial Markets Group on 322 3378 or 322 3351.

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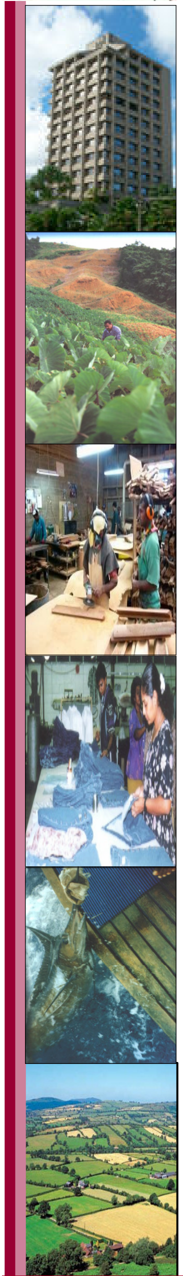
Reserve Bank of Fiji



Information on Export Finance Facility

A. Pre-shipment Export Finance (Pre-SEFF)

B. Post Shipment Export Finance (Post SEFF)

January 2007

"Leading Fiji to Economic Success"

Introduction

The Export Finance Facility (EFF) assists exporters in obtaining credit at concessional rates of interest. The EFF was introduced by the Reserve Bank of Fiji (RBF) in 1983 to help improve international competitiveness and also to ensure the availability of credit to the export sector.

Under this facility, lending institutions are able to obtain back-to-back finance from RBF for loans to exporters. The facility has a limit of $20 million as its total exposure and is available only through the commercial banks and Fiji Development Bank (FDB).

There are two types of finance available under the EFF:

- Pre-shipment finance (Pre-SEFF)
- Post shipment finance (Post SEFF)

Pre-shipment Finance

The pre-shipment finance allows an exporter to obtain credit from nominated commercial banks prior to the shipment of exports to facilitate the production of eligible goods for exports.

There are two types of schemes available under the pre-shipment finance:

- 90 Days Facility
- Lump Sum Facility

The **90-Days facility** is available to exporters for a maximum period of 90 days and is based on firm export orders.

An exporter may borrow up to the full amount of the export order subject to the drawdown rules i.e. 50 percent of the finance is available 90 days prior to the date of shipment while the balance of 50 percent will be available 45 days from the date of the first drawdown.

The **Lump Sum Facility** is available to exporters who export from stock or make regular monthly exports. The exporter will be entitled for up to 20 percent of their total value of exports of the previous 12 calendar months. The facility is repayable at the end of the six months from the date when funds were released. The exporter continues to enjoy the lump sum facility as long as their export performance is maintained.

Post Shipment Finance

The post-shipment finance allows eligible exporters to rediscount export bills following the shipment of exports.

The duration of finance is for a maximum period of 180 days.

Eligibility

All primary and secondary exporters (*excluding* exporters of sugar, molasses and gold) exporting to any destination qualify for EFF provided they satisfy the value added rules. As of January 2007, the eligibility list includes the export of green logs as well as rough unprocessed sawn timber.

The RBF reserves the right to amend the ineligibility list under this scheme. The facility is also available for exports of certain services e.g. architectural, engineering and maritime services and for the construction of up market hotels.

Value Added Rules

All exports (except those excluded under the eligibility criteria) under either the SPARTECA or Cotonou Agreements (known as LOME agreement prior to February 2000) automatically qualify for this facility. The item exported must have at least 50 percent domestic content from SPARTECA or Cotonou countries.

Exports to other destination must have at least 40 percent local (Fiji) value added.

Information on the Value Added Requirements can be obtained from commercial banks, FDB and the RBF Website (www.reservebank.gov.fj).

Interest Rates

The maximum interest rate charged to customers by their commercial banks/FDB under the EFF is set by the RBF from time to time.

Currently, finance to exporters under the EFF is available from the commercial banks and FDB at an interest rate of 6 percent per annum. The RBF refinances the commercial banks/FDB at 2 percent per annum.

No additional transaction fees and charges are to be levied on the EFF other than normal administrative charges.