

RESERVE BANK OF FIJI



PRESS RELEASE

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Phone : (679) 331 3611

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Fax : (679) 330 1688

E-mail : info@rbf.gov.fj

RESERVE BANK ANNOUNCES CHANGES TO EXPORT FINANCE FACILITY

The Reserve Bank of Fiji today announced changes to its export finance facility that will enable more exporters to have access to the facility. The export finance facility (EFF) is a scheme whereby the Reserve Bank provides funds to the commercial banks and Fiji Development Bank for on-lending to exporters. The scheme was introduced in 1983 and is designed to assist the export sector by ensuring the availability of credit at relatively low interest rates.

The changes effective from today are:

1. The interest rate charged to commercial banks and Fiji Development Bank for back-to-back financing under the EFF will now be aligned to the 182 day Treasury Bills market rate with a cap of 2 percent. The banks can on-lend the funds to exporters with a maximum added margin of 4 percent. This will enable exporters to benefit from reduced EFF rates in times of low market interest rates.
2. The local value added content (LVAC) requirement of 40 percent has been removed. Therefore, exporters with LVAC below 40 percent can now qualify for advances under the facility.
3. Under the pre-shipment lump sum facility, the loan eligibility amount has been increased from 20 percent to 50 percent and is now based on the LVAC value instead of total exports value. Thus, exporters with higher LVAC would benefit from greater EFF funding.
4. This list of ineligible exports has been extended to include re-exports.

More information on the export finance facility can be obtained from the Reserve Bank, the Fiji Development Bank and the commercial banks.

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