

Pre-shipment Credit Guarantee

The Pre-shipment Credit Guarantee scheme is designed for credit insured exporters to obtain the required financing facilities from commercial banks at pre-shipment stage for purchasing of raw materials and to meet the necessary cost towards manufacturing, processing and packing of goods to be exported against sale contract which could be under Irrevocable Letter of Credit or confirmed Purchase Order. Pre-shipment period refers to the time from the date of an insured contract until the date of shipment.

It has been designed to exporters to obtain timely and adequate credit facilities from commercial banks.

Eligibility

- Export sales need to be insured by ECGA of Oman
- The exporter is a policyholder of the Export Credit Policy issued by ECGA of Oman

Fields of Activities Eligible for Pre-shipment Credit Guarantee:

- All sectors of the industry. Goods have to be either wholly or partly produced in Oman.

*"As Credit Insured exporter,
you can obtain through your banks
Pre shipment financing for your
working capital needs"*

Benefits

- It allows credit insured exporters to avail pre-shipment financing from the banks for their working capital financing in order to execute export orders abroad and avail more export business opportunities.
- It fills security gap needed by the banks to provide required financing to execute export orders.

Risks Covered by ECGA of Oman to Banks:

- Insolvency of the exporter
- Protracted default by the exporter

The salient features of the pre-shipment credit guarantee scheme are as follows:

- The guarantees are issued directly to commercial banks by ECGA of Oman on behalf of credit insured exporters. Thus, the exporters who wish to obtain pre-shipment financing should contact their banks who then would apply to ECGA of Oman for guarantee to provide such advances.
- The pre-shipment credit guarantee issued to commercial banks is normally valid till it is cancelled by ECGA of Oman or is terminated at the request of the bank after due notification.
- Each guarantee issued indicates a Permitted Limit up to which advances granted by the commercial banks to the credit insured policyholders are covered by ECGA of Oman. The permitted limit operates on a revolving basis i.e. advances granted to the exporter and outstanding at any given point of time should not exceed the permitted limit.
- Approval to extend pre-shipment financing is subject to discretion of the banks. They will submit the proposal for Pre-shipment Credit Guarantee to ECGA of Oman, to consider issuing such guarantee to cover the financing amount.