

Philexport Asks Banks to Relax Pressure on Exporters

Contributed by
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Owners of exporting companies and the local bankers in Cebu have heeded the governor's call to convene on April 21, 2009 at the Capitol to discuss mutually beneficial and "win/win" solutions regarding exporters' degenerating credit worthiness and souring loan accounts.. The meeting was agreed upon by both exporters' groups and the bankers club of Cebu during a meeting arranged by Gov. Gwen Garcia at Capitol's Social Hall last March 24, 2009.

Exporters complained that some banks have threatened to call on some distressed loan accounts on account of the deteriorating export markets abroad. These actions of some banks have allegedly added undue pressure on most exporters who are struggling to survive the effects of the global recession. While some export companies are streamlining operations to wait out the crisis and prepare for the expected recovery next year, other export companies have unfortunately opted to shut down operations or to retrench a big percentage of their workforce..

Governor Gwen Garcia appealed to the bankers to consider the plight of the exporters who are presently on a survival mode. Governor Garcia reminded the banks that preterminating on exporters' loans will be more counterproductive while foreclosing exporters' loan collaterals will deliver even more catastrophic consequences. The governor instead that the banks will be in a better stead to help the exporters now rather than let them go down the drain.

The bank representatives assured the governor that they will discuss the matter among themselves to come to a mutually beneficial resolution of the issue. Though he added that banks have their own company policies on distress loans as well as revenue targets that have to be achieved. They also pointed out that all banks operate under the supervision of the Bangko Sentral ng Pilipinas which mandates banks to maintain strict liquidity ratios and meet minimum reserve requirements.

Though some banks deny that they are applying pressure on their client exporters, some banks have been named by exporters to be applying pressure on them. The banks suggested that exporters and their bankers should sit down and discuss problems on a case to case basis as each situation might be unique to the other.

Finally, the bankers have assured the governor that they will bring along their credit officers to the capitol on April 21, 2009 to advise exporters who may need some expert help from thirdparty banks.

Philexport Cebu President, Jay Yuvallos promised to invite exporters who may have common concerns with some banks to join the meeting on April 21, 2009 so they can air their side and ask the banks for more consideration and leniency during these trying times.