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Singapore is safest place for business in Asia, says Coface

By Chris Howells | Posted: 29 June 2010 12:13 hrs

SINGAPORE: French trade credit insurer Coface said Singapore is the safest place for business in Asia.

It has upgraded Singapore's country rating to A1 to better reflect the financial commitments of local corporates to repay their debts. This is up from a rating of A2 during the financial crisis last year.

Ports are seeing more activity as global trade improves.

Experts said corporates are also in a better position to repay their debts and obligations.

At its first Country Risk Conference in Singapore, Coface said corporate non-payments have improved to about S\$100 million a month currently.

That's down from S\$376 million a month last year.

Jerome Cazes, CEO, Coface, said: "We decided to upgrade Singapore to A1. A1 being the best in our grades, it means that Singaporean corporates are excellent among corporates. They are highly likely to repay what they owe you. Before the crisis, Singapore was already A1, it was moved to A2 and then A2+ and now A1."

Coface also upgraded Japan to A1 but left Hong Kong and China on A2 and A3 respectively.

The firm said its A3 rating on China shows that there are fragilities among corporates as a result of expected credit tightening by the Chinese authorities this year.

Coface added that the appetite for risk mitigation tools among Asian corporates has grown.

Its credit covers on Asian companies have risen by 34 per cent from last December to S\$58 billion in April this year.

Speaking at the event, Singapore's Minister for Trade and Industry, Lim Hng Kiang said Singapore is set to facilitate more risk insurance to companies.

He said: "Asia alone will require almost US\$8 trillion in infrastructure investments over the next 10 years. Singapore can play a key role in providing political risk insurance to companies engaged in cross border investments in the region.

"We have therefore made efforts to boost capacity and attract expertise in the underwriting of specialised risks including areas such as trade credit and political risks insurance."

Coface facilitates trade by underwriting credit in global trade deals.

In ASEAN, Coface guarantees S\$12.8 billion of supplier credit on 28,000 companies.

Among them, 8,000 Singapore companies accounted for S\$4.6 billion. - CNA/vm









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