

Publication : ZDNet Asia
Heading : S'pore, Japan safest biz destinations in Asia
Date : June 30, 2010
URL : <http://www.zdnetasia.com/s-pore-japan-safest-biz-destinations-in-asia-62201089.htm>

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S'pore, Japan safest biz destinations in Asia

By [Kevin Kwang](#), ZDNet Asia on June 30, 2010 (1 hour 3611 seconds ago)

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Summary

Local firms in Singapore and Japan are "highly likely" to repay their loans on time and investors can conduct business in both countries without fear of suffering bad debts, says new report.

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SINGAPORE--Businesses operating out of Singapore are "excellent" among their global counterparts in terms of repaying their loans on time. This has helped push the Republic's credit rating back up to the top-tier category in the latest country risk assessment, alongside Japan, according to a global credit insurer.

France-based Coface has upgraded Singapore's country rating from A2+ plus to A1 during its Country Risk Conference held here for the first time on Tuesday. According to local news reports, the country's credit revision reflected the increased financial commitments of local companies to repay their debts, compared to 2009 during the financial crisis.

Additionally, Coface noted that corporate non-payments in Singapore have improved to about S\$100 million (US\$71.67 million) a month currently, down from S\$376 million (US\$269.48 million) a month last year.

"We decided to upgrade Singapore to A1, which means that Singaporean corporates are excellent among [their global counterparts]. They are highly likely to repay what they owe you," said Coface CEO Jerome Cazes, as quoted in a [report](#) by broadcaster *Channel NewsAsia Singapore* (CNA). "Before the crisis, Singapore was already A1; it was then moved to A2 [during the recession] and [later] A2+ and now A1."

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The credit insurer uses seven grades to measure a country's credit risk rating: A1, A2, A3, A4, B, C and D, according to its Web site, which added that the ratings are updated "regularly".

Other regional ratings released by Coface include Malaysia and Hong Kong, which were given an A2 rating, while China and Thailand scored an A3 each.

Elaborating on China, the credit insurer said its A3 rating indicates there are "fragilities among [local] corporates" as a result of expected credit tightening by the Chinese government this year.

Coface also pointed out that its credit cover on Asian companies rose by 34 percent from last December to S\$58 billion (US\$41.57 billion) in April this year.

Within the Asean region, the insurer currently guarantees S\$12.8 billion (US\$9.17 billion) of supplier credit on 28,000 companies. Among these, 8,000 Singapore-based firms accounted for S\$4.6 billion (US\$3.3 billion), the report added.

Cross-border insurance

Besides fulfilling its financial commitments, Singapore is also projected to facilitate more risk insurance to companies, the report stated.

The country's Minister for Trade and Industry Lim Hng Kiang said at the event that Asia will require almost US\$8 trillion in infrastructure investments over the next 10 years and Singapore can play a "key role" in providing political risk insurance to companies engaged in cross-border investments within the region.

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