

## Around the Globe

# In South Korea, SCGP Supports Sales of Many Products

The financial crisis that began in Asia in 1997 created a renewed demand for GSM-102 credit guarantees in South Korea, as well as interest in other credit programs administered by FAS. The Supplier Credit Guarantee Program (SCGP) first became available for this market in fiscal 1999—and has proven a versatile tool for U.S. exporters and Korean importers alike.

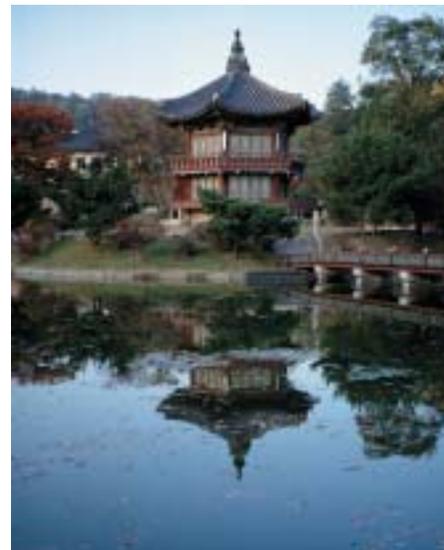
The program has supported sales of a wide range of U.S. products in this market, including fruits (canned and fresh), seafood, wines and wood. In fiscal 2001, SCGP registrations (i.e., USDA guarantees of 65 percent of sales values) for South Korea totaled \$2.52 million. So far in fiscal 2002, registrations have surged to \$6.6 million.

This substantial rise in program use has occurred partly in response to seminars that the FAS Agricultural Trade Office and Office of Agricultural Affairs conducted in the

fall of 2001 with specifically targeted potential importers. While importers often claimed to be familiar with the program, the seminars served to bring them up to date on program changes and increased benefits.

Importers agree that SCGP regulations have caused no inconvenience in executing sales, and are generally pleased with the ease of program operation. Importers also find the longer financing period allows them to better manage their cash flows, a critical factor in peak import seasons, such as before the Lunar New Year.

Terms of financing individual sales under the program have varied widely, depending on the U.S. supplier. Probably the most attractive terms were those of a transaction of 90 days of credit with no interest. In another case, the supplier was willing to extend the tenor of credit from only seven days without the program to 45 days with SCGP coverage. Finally, one importer described a case where he received 60-day financing with SCGP coverage, but in return he had to pay interest of 8 percent.



23029

The 65-percent coverage helps U.S. exporters manage their business risk, while allowing them to provide greater payment flexibility to their customers.

Users have generally reported great satisfaction with the program so far. And the SCGP could open additional opportunities for U.S. suppliers in this market. As more and more U.S. exporters learn of these prospects, use of the SCGP in Korea will expand. ■



23036

*This article was contributed by:*  
 Agricultural Trade Office  
 Seoul, South Korea  
 Tél.: (011-82-2) 397-4188  
 Fax: (011-82-2) 720-7921  
 E-mail: [atoseoul@uriel.net](mailto:atoseoul@uriel.net)  
 Web site: [www.atoseoul.com](http://www.atoseoul.com)

Office of Agricultural Affairs  
 Seoul, South Korea  
 Tél.: (011-82-2) 397-4297  
 Fax: (011-82-2) 738-7147  
 E-mail: [agaff@kornet.net](mailto:agaff@kornet.net)  
 Web site: [www.atoseoul.com](http://www.atoseoul.com)