

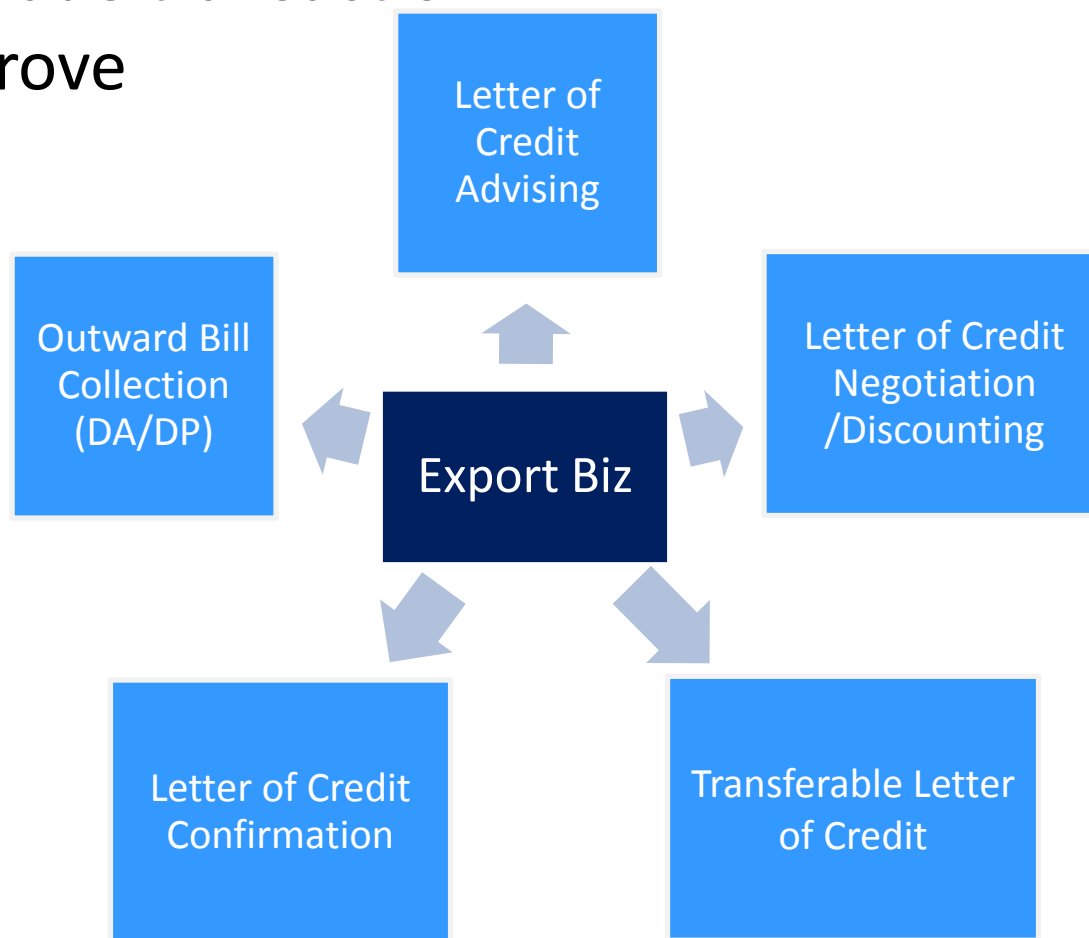


# **Palm Oil Export Financing - Products & Services**

Khalimah Haron

15<sup>th</sup> May 2018

We Manage your trade transaction efficiently and improve your cash flow

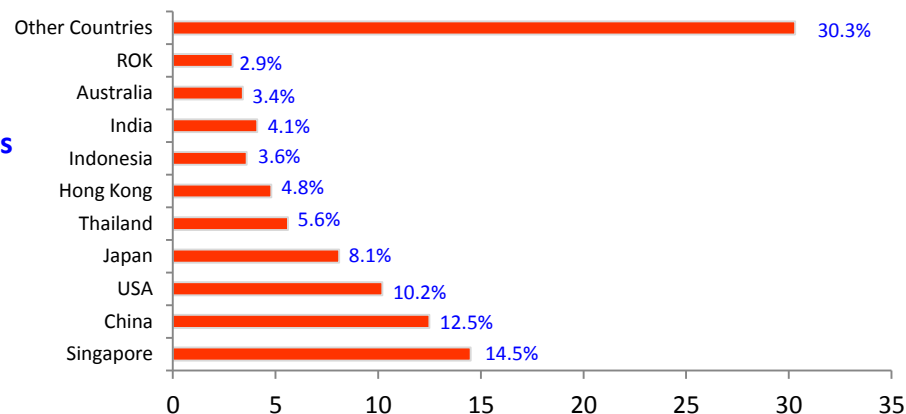


# Malaysia Export Statistics ; 2017

No	Products	Amount Billion (MYR)	Percentage %
1	Electrical & Electronic Products	343.00	36.7
2	Petroleum Products	71.99	7.7
3	Chemicals & Chemical Product	68.58	7.3
4	<b>Palm Oil</b>	<b>46.12</b>	<b>4.9</b>
5	LNG	40.46	4.3
6	Machinery Appliances & Parts	40.21	4.3
7	Manufactures of Metal	38.00	4.1
8	Optical & Scientific Equipment	32.42	3.5
9	Crude Petroleum	27.97	3.0
10	Rubber Products	26.31	2.8
11	Other Products	200.33	21.4

Source :  
Miti , Matrade & Department of  
Statistic

## Export Destinations Top 10 Major Export Countries



# Palm Oil ; the Industry



Plantations

Oil Mills

Bulking

Refinery

Shipment

## Major Exporting Countries

China

India

Europe

Pakistan

USA

RM46.12  
Billion

- Palm oil exports from Malaysia, the world's second largest producer, are expected to pick up in the coming weeks as buyers stock up ahead of Ramadan which begins in mid-May this year
- Cargo surveyor *Societe Generale de Surveillance* reported that exports in the same duration rose 13.6% as shipments to China, Pakistan and India improved.

Source : The Edge 20<sup>th</sup> March 2018

# Palm Products Exporters

No	State	Number of Palm Products Exporter
1	Selangor	96
2	Johor	74
3	Kuala Lumpur	22
4	Sabah	20
5	Penang	14
6	Sarawak	8
7	Perlis	8
8	Perak	7
9	Kedah	3
10	Melaka	3
11	Negeri Sembilan	3
12	Pahang	3
	Total	261



PALM STEARIN RBD PALM STEARIN CRUDE PALM KERNEL OIL PALM FATTY ACID DISTILLATE  
SHORTENING **CRUDE PALM OIL** MARGERINE PALM ACID OIL DOUBLE FRACTIONED PALM  
OLEIN PALMITIC ACID SOAP NOODLES PALM KERNEL **RBD PALM OLEIN** METHYL ESTER  
GLYCERINE VANASPATI PALM KERNEL DIETHANOLAMIDE


Source : MPOB ; Directory of Malaysian Exporters of Palm Products

# Total Exports of all Palm Products

# 22.9

## Million Tonnes



 Total exports of all palm products from the port  
Mt = million tonnes

Number of mills	96
Number of crushers	74
Number of refineries	22
Number of oleochemical plants	20
Number of bulking installations	14
Number of biodiesel plants	8

Our Export Services allows you to have the peace of mind when dealing with your overseas counter parties.

## Trade Finance Service ; Export Facilitation

### Letter of Credit Advising

Authenticate your inbound Letter of Credit, providing you with assurances that it comes from a genuine source. You can choose to receive your original Letter of Credit at your office through courier, or collect it from our conveniently located Branches.

### Letter of Credit Confirmation

Eliminate credit and country risks of the issuing banks with our Letter of Credit Confirmation service. When you are uncomfortable with the credit rating of the issuing bank or political climate of the issuing bank's country, you can ask your buyer to nominate us to confirm the Letter of Credit.

### Outward Bill Collection (DA/DP)

Facilitate the flow of payment with our Outward Bill Collection. We acts as a professional agent to collect payments from the buyer on your behalf. Your transport documents are only released to the buyer once we've received either payment or acceptance from the buyer promising payment at a later date.

Documents against Acceptance (DA)

Documents against Payment (DP)



## Trade Finance Service ; Export Facilitation

### Letter of Credit Negotiation /Discounting

Improve your cash flow with Letter of Credit Negotiation/Discounting, which allows you immediate credit to your account while you wait for payment from the issuing bank. Our Trade Experts check your export documents and if the documents are in order, you can convert receivables into cash quickly and easily.

### Transferable Letter of Credit

Secure the purchase of goods if you are acting as the middleman in a trade transaction. We transfer your Export Letter of Credit to your ultimate seller by issuing a Transferred Letter of Credit. You can easily enjoy this service without utilising a credit facility or cash deposit.

## Transferable Credit

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### UCP 600

### Article 38

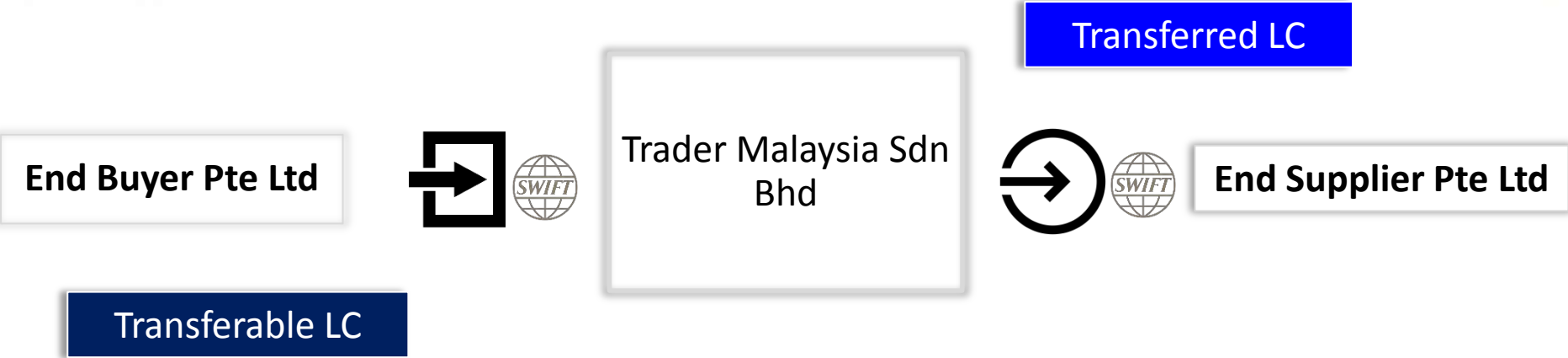
### Transferable Credits

Transferable Letter of Credit is generally used when the Beneficiary of an Import Letter of Credit is not the actual supplier of the goods, but an intermediary (middleman or agent).

✓ ***The use of transferable LCs is regulated by an article 38 in the UCP 600.***

- Transferable Letters of Credit are suitable for triangle trade. Triangle trade is a trade where a middleman exist between the End Buyer (importer) and the End Seller (exporter).
- Transferable Letter of Credit issued in favor of the middleman. Then middleman transfers part of the credit to the ultimate supplier of the goods.
- Middleman's commission is the difference of these two credit amounts. (issued amount-transferred amount=commission of the middleman)
- Transferable credit can be transferred more than one beneficiary. (partial transfer is allowed)
- Transferred credits can not be transferred to another second beneficiary once more.

# Diagram : Transactional Flow



# Definition



## Transferable LC

- ✓ LC that contains the clause:  
“This Letter of Credit is Transferable.”
  - + Transferring Bank must be specifically named in the Letter of Credit as the bank authorized to effect the transfer



### Transferring Bank

- ✓ will actually issue a Transferred Letter of Credit (TLC) and advise it to the second beneficiary

## Transferred LC

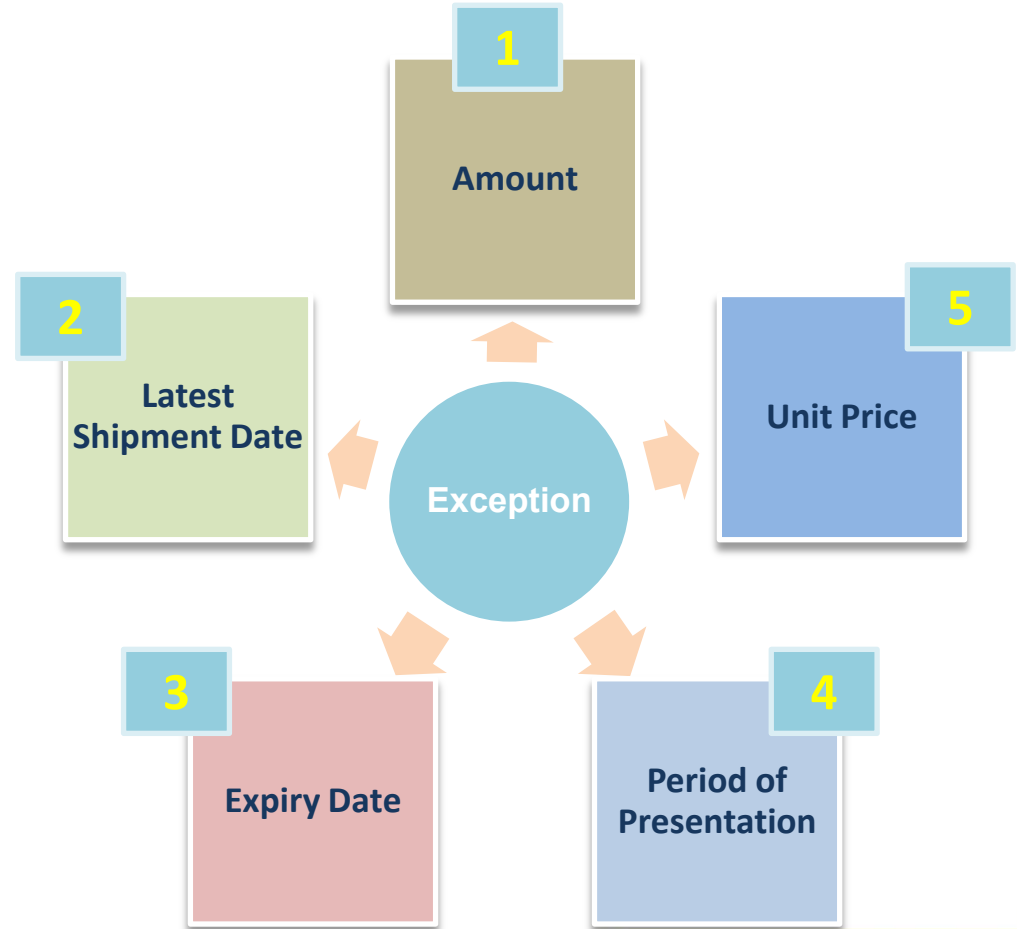
- ✓ The Transferable LC which has been Transferred by the Transferring Bank.

## UCP 600 - Article 38 : Transferable Credit

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The Transferable Letter of Credit should specifically state that the Letter of Credit is **Transferable** and that **Maybank** is authorised to do the transfer.

The terms and conditions of the Transferable Letter of Credit and the Transferred Letter of Credit *should be identical*, except for the following:



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## Exceptions

## Transferable LC & Transferred LC issuance flow

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The Scenario & The Flow

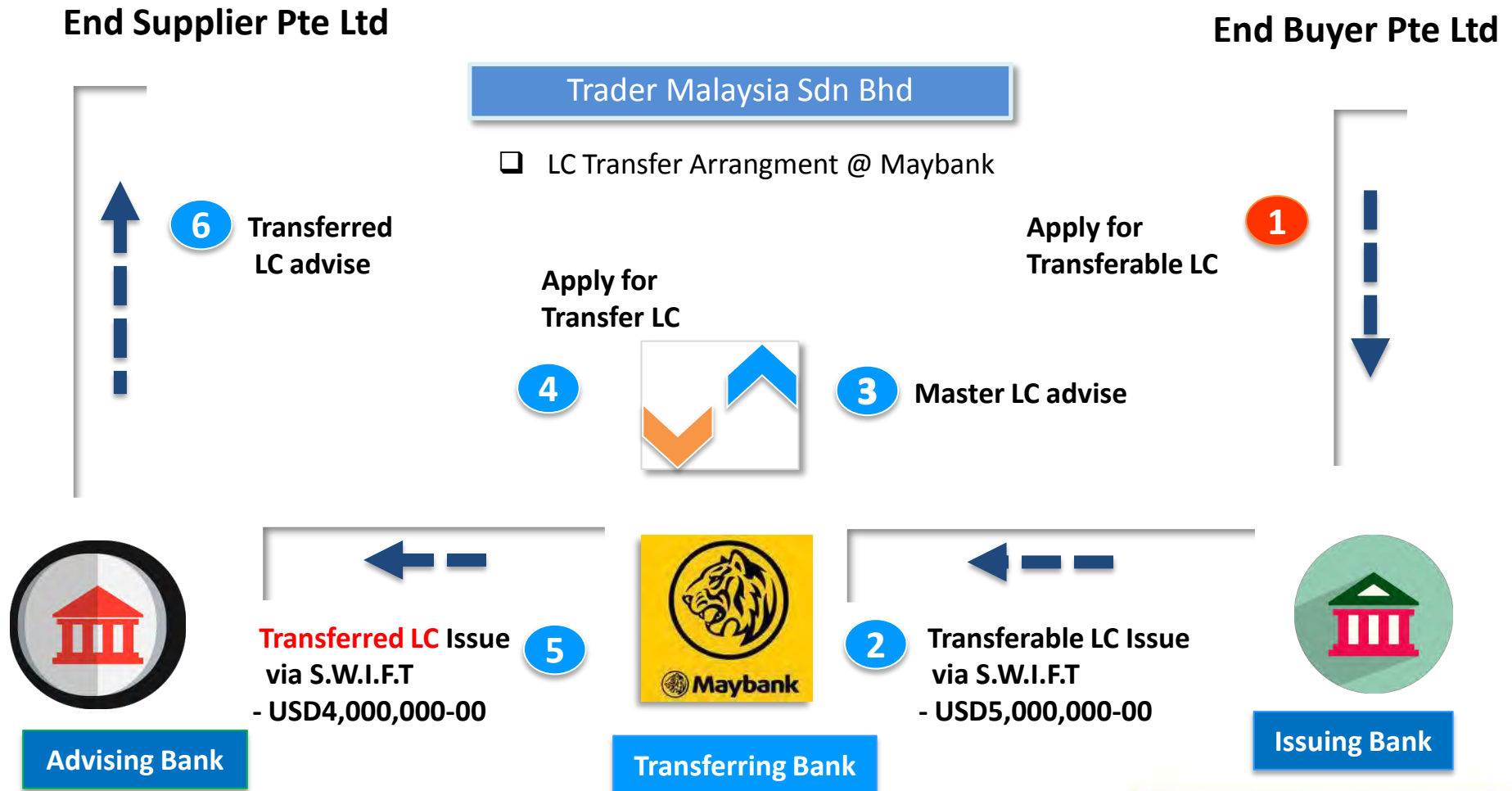


# The Scenario



Product	RBD Palm Olein
Quantity	1000 mt
Price ❖ <b>Trader sell to End Buyer</b>	<u>USD5,000,000-00</u>
Price (a) ❖ <b>Trader buy from End Supplier</b>	<u>USD4,000,000-00</u>
Port of Loading	Belawan port
Port of Discharge	Mumbai Port

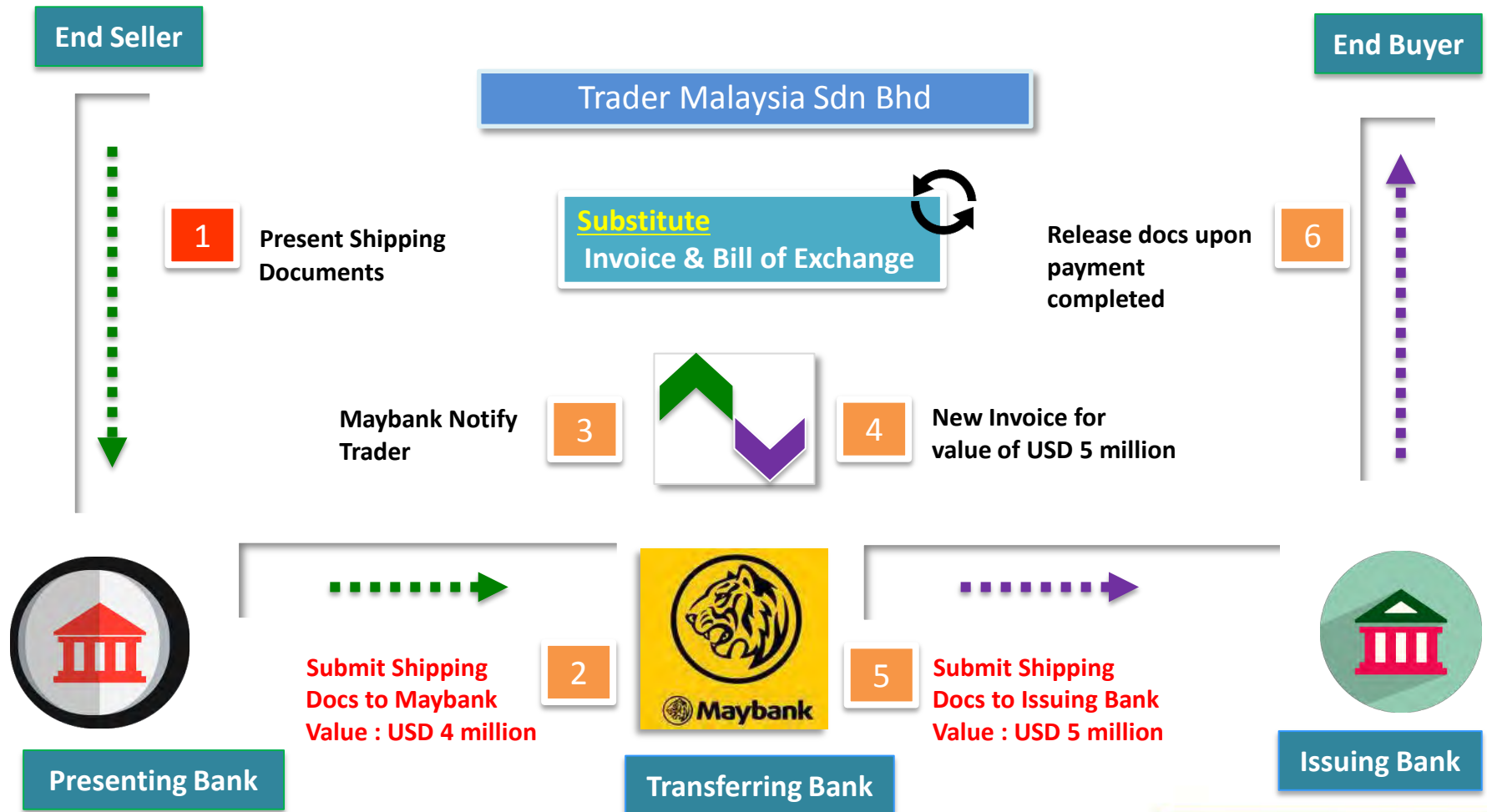
# Overall Diagram : The Transferable LC & Transferred LC Issuance Flow



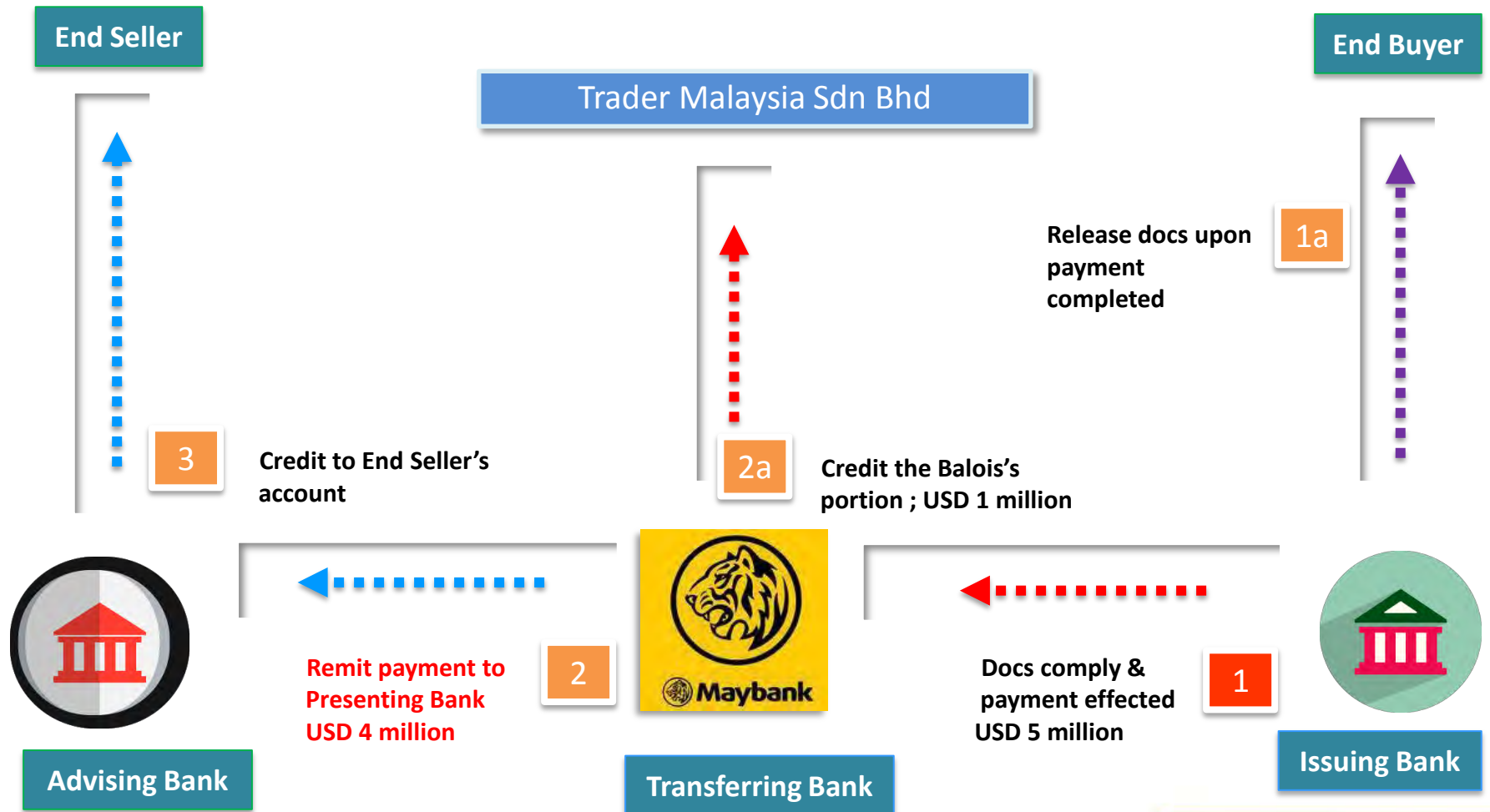
## Transferable LC & Transferred LC claim flow

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# Diagram : The Transferable LC & Transferred LC claim Flow



# Diagram : The Transferable LC & Transferred LC claim Flow - The Payment



## Common question asked

### Question

**Under what circumstances will the bank say “no” to the transfer of a Transferable LC?**

### Answer

The bank is not required to give an answer as to why but it may be due to the terms of the transfer, a change in perspective towards the issuing bank or that the transferring bank may not wish to deal with that beneficiary or the country in which the beneficiary is located.

**Can the transferred Letter of Credit be further transferred again?**

**No**

it can only be transferred to one or more second beneficiary, but cannot be further transferred.

**Can I partially transfer the Letter of Credit?**

**Yes**

you may choose to fully or partially transfer the Letter of Credit.

**If I am unable to substitute the draft and invoice in time, how do you proceed?**



In the event you are unable to substitute the invoice and draft of the Second Beneficiary, **Maybank** will send the full set of documents received from the Second Beneficiary to the issuing bank for payment.

**Can the issuing bank reject documents under a transferred credit if documents are received directly from the 2nd beneficiary?**

**No**

But they would be entitled to contact the transferring bank to ascertain whether or not substitution of documents had been envisaged.

Does Maybank Facilitate trade with Iran ??

# 8<sup>th</sup> May 2018 ; USA withdraw from Joint Comprehensive Plan of Action (JCPOA)

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Meg Wagner and Veronica Rocha, CNN

Updated 5:16 p.m. ET, May 9, 2018

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### Trump announces he will withdraw US from Iran nuclear deal and restore sanctions

- President Donald Trump announced he is withdrawing the United States from the 2015 Iran nuclear deal during a speech on Tuesday.
- Trump faces a deadline on Saturday to either restore or continue suspending sanctions on Iran.

Tom DiChristopher | @tdichristopher  
Published 1:22 PM ET Tue, 8 May 2018 | Updated 7:09 AM ET Wed, 9 May 2018



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19-May-2018 | Christopher Helman, Forbes Staff

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Iran nuclear deal

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Y O U

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