

Short-term foreign lending extended

 **The State Bank of Viet Nam (SBV) will extend short-term foreign currency lending to exporters and petrol importers by one year, in a move to support these businesses, said SBV Governor Nguyen Thi Hong.**

Under the SBV's Circular No 29/2013/TT-NHNN on lending in foreign currencies, issued in 2013, lending would expire on December 31 this year. Beginning January 1, 2015, only a limited number of borrowers, exclusive exporters and petrol importers were to receive foreign currency loans.

Hong said that after scrutinising past lending, as well as targeting to meet the country's 6.2 per cent GDP growth rate next year, as approved by the National Assembly, the central bank decided not to call in loans by the end of this year, as planned, but to extend payments until the end of 2015.

Both businesses and bankers want the central bank to extend the deadline for lending in foreign currencies, because they have significantly benefited from this lending.

Economists have also advised the central bank to extend loan payments, saying that any signs of credit growth, no matter whether it is the Vietnamese dong or foreign currency credit growth, should be seen as good news in the current circumstances.

Circular No 29, released in 2013 but taking effect in early 2014, was aimed to ease more businesses in accessing dollar loans, as it expands the list of subjects that can receive dollar loans from banks, within the context of the country's economic difficulty and low credit growth.

The regulation, plus a stable dong/dollar exchange rate and a lower interest rate of dollar than dong loans, has prompted businesses to rush to borrow dollars, which had contributed significantly to pushing up the country's recent credit growth.

According to the central bank's statistics, foreign currency outstanding loans within the banking system increased 20.77 per cent as of the end of September, which was five times higher than dong outstanding loans.

Of the total foreign currency outstanding loans, exports and petrol imports accounted for roughly 30 per cent. Further, lending on export businesses made up 24 per cent and the remaining 6 per cent of loans had been to petrol importers.

Source: <http://bizhub.vn/>