

FSC CHAIRMAN VOWS SUPPORT FOR AUTO INDUSTRY

FSC Chairman Eun Sung-soo visited Korea Fuel-Tech Corporation on June 15 in Seongnam-si and held talks on ways to provide effective assistance to the car and auto parts industries struggling with the pandemic-driven economic crisis.

The following is a summary of Chairman Eun's remarks.

(GOVERNMENT'S RESPONSE TO PANDEMIC) The government has taken multipronged approaches to stabilize markets and provide businesses with financing assistance. The KRW175 trillion-plus financial support package consists of the bond market stabilization fund, P-CBO support for corporate bond markets, emergency loans and preferential guarantees. The KRW40 trillion key industry stabilization fund has been launched which will begin providing support in June. Also, a special purpose vehicle in the amount of KRW10 trillion will be ready for purchasing lower-rated corporate bonds and commercial paper as soon as the 3rd supplementary budget is passed at the National Assembly.

Backed by these measures, about KRW42.5 trillion in SME loans has been issued between January and May 20 this year, which amounts to approximately 84 percent of total SME loans issued last year. Also, instability in the stock markets and corporate bond market has been largely subsided.

(SUPPORT FOR AUTO INDUSTRY) The government has made available about KRW5 trillion worth of financial support to the auto industry since February.¹ However, the entire industry is struggling with a sharp fall in exports and shortage of work due to the shock in the global supply chain and overseas factory shutdowns.

In particular, SMEs and middle market enterprises are burdened with additional hardship as they face limited access to loans due to thin credit records.

(FURTHER PLANS) In order to minimize the pandemic's damaging effects on the auto industry, close cooperation should take place between the government, industry and financial institutions. While promoting ways to help businesses to boost credit standing on their own, the government will work to come up with diverse support measures targeted at the auto industry. To this end, the government will soon draw up plans to provide at least 300 billion in special guarantees through Korea Credit Guarantee Fund. This special guarantee assistance will be targeted at SMEs and middle market enterprises that have unfavorable credit records.

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¹ KRW1.9 trillion in new loans, KRW3.0 trillion in loan extension and KRW200 billion in export-import financing from February 7 to May 22