



BANK OF THAILAND NEWS

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Re: Progress in Debt Restructuring

1. Progress of Debt Restructuring by Financial Institutions

Financial institutions have reported that as at the end of July 2000 debt restructuring totaled 281,222 cases with a corresponding credit outstanding of 1,656,768 million baht. Restructuring cases completed in July number 12,355 cases involving debts of 67,399 million baht. Cases in process of restructuring in July rose by 22,906 cases to 71,477 cases reflecting a 47.16% rise in credits outstanding to 772,950 million baht. Business sectors with the largest amount of debt restructured in July are manufacturing and public utility sectors, followed by the wholesale and retail sector, the majority of which are from Bangkok and the Central Province. (Tables 1-4).

2. Progress in Debt Restructuring of Target Cases under the Corporate Debt Restructuring Advisory Committee (CDRAC)

As at 30th August 2000, target debtors under the Corporate Debt Restructuring Advisory Committee total 9,593 cases with credit outstanding of 2,589,287 million baht. Target cases comprise of 2,760 large cases with credit outstanding of 2,296,575 million baht, and 6,833 small- and medium-sized cases involving 292,712 million baht in credit outstanding. The progress of target restructuring cases has been summarised as follows.

1. The number of restructuring cases resolved total 8,778 cases with credits outstanding totaling 2,441,029 million baht or about 92% of total CDRAC target cases. Of the 8,778 cases resolved, 5,147 cases have successfully completed restructuring involving credits outstanding totaling 1,070,970 million baht or about 76% of target cases under the restructuring process. The remaining 3,571 cases comprising of about 37% of CDRAC target cases are composed of debtors which did not accede to restructure under the DCA-ICA or SA processes, and signatory debtors which were unsuccessful in restructuring, to be resolved in court. Trends show that most legal action against target debtors are civil suits, and it is expected that the court mediation units set up

by the civil courts may represent an important vehicle for debtors and creditors to resolve their differences. (Table 5)

2.Target cases in process of restructuring negotiations total 788 cases with credit outstanding of 142,177 million baht (370 large cases with credits outstanding totaling 108,641 million baht, and 418 small- and medium-sized cases with credits outstanding totaling 33,536 million baht). Resolution of target cases is expected to continue following the timeframes of the DCA-ICA and SA Agreements, with the last group of target debtors being resolved in the first quarter of 2001, and the majority of target cases are expected to be resolved by the end of this year.

3.Notably, the last group of SME cases totaling 27 debtors with credit outstanding of 6,081 million baht are considering accession to the Simplified Agreement restructuring process.

4.The greatest proportion of successfully completed restructuring cases are from the commerce sector making up 25.30% of total completed cases, followed by the consumption and industrial sectors which comprise of 24.11% and 17.00% of total completed cases respectively.

5.Analyses of credits outstanding of successful restructuring cases show that business sectors with the greatest proportion of credits outstanding restructured include the industrial sector which comprises of 52.97% of total credits restructured, followed by the real estate and utilities sectors with 16.81% and 9.84% respectively. Viable businesses which have been restructured under the industrial sector include steel, motor vehicles and spare parts, electrical components, textiles, chemicals, pharmaceuticals, plastic, food, and sugar, where debtors have been very cooperative in debt restructuring. (Table 6)

6.In the last quarter of this year, the Bank of Thailand plans to liaise with financial institutions to expedite debt restructuring, and help to prepare financial institutions' and related parties to undertake debt restructuring in future through public relations to disseminate knowledge and understanding of debt restructuring.

Bank of Thailand

4 September 2000

[Attachment](#)