

Trade Exchange **tfp**

NEWS
Trade finance first
in Jordan
_06

IN-DEPTH
Trade and
telecommunications
_14

TRAINING
2012 winners
of our trade
finance clinic
_22

THE QUARTERLY MAGAZINE ALL ABOUT THE EBRD'S **TRADE FACILITATION PROGRAMME** DECEMBER 2012

**Keep
connected
with ICT**
_12

**THE TFP
in facts
and figures**
_7

TFP
Trade Finance
Forum 2012
_18

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THE HEART OF ASIA

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04



17



12



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NEWS

_4-7

Read about our information sessions in Morocco and Tunisia, and the EBRD's plans for the SEMED region.

IN-DEPTH

_8-15

Get updates on trade volumes in Croatia and the Western Balkans, and learn about the rise of the Taiwanese ICT industry.

TRAINING

_16-23

Look through the photo report from the annual TFP Trade Finance Forum, and read about our ICC rules road show if you didn't manage to attend.



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PAGE_06

EDITOR'S LETTER



Welcome to the last edition for 2012. It's been a busy year in the TFP team and we are on track to have our best year yet.

We held our information sessions on financing foreign trade in Morocco and Tunisia in September and October. We felt very privileged to meet leading trade finance specialists from most of the local banks. Facilitation of trade with the EBRD's countries of operations and beyond was of great interest for Moroccan and Tunisian banks and we believe it's the beginning of a great relationship.

The TFP Trade Finance Forum in Istanbul attracted a record number of participants this September, which tells us that trade finance is the market's hot topic in light of upcoming challenges resulting from the introduction of Basel III. Check out our photo report from this event on pages 16 and 17.

As usual, in our regional focus section we give an interesting insight into trade operations in a particular region - this time in Croatia and the Western Balkans.

And on page 12 our colleagues from the EBRD's Information, Communications and Technology team tell us all about their work in developing their sector across the Bank's countries of operations.

Lastly, our trade finance clinic has been a huge success this year. Go to page 22 to find out if you appear on our *Trade Exchange* medal table.

On behalf of the TFP team I wish you a happy and prosperous 2013!

Kamola Makhmudova

Kamola Makhmudova, Executive Editor
makhmudk@ebrd.com

NEWS UPDATE



The EBRD takes its first steps in the SEMED region

FOCUS ON

First SEMED investments launched

The EBRD has launched its first investments in emerging Arab democracies as part of its response to the wave of political and economic change in countries in the southern and eastern Mediterranean (SEMED) region.

The Bank's shareholders approved three projects in Jordan, Morocco and Tunisia in September, with the first project in Egypt being approved in December. The projects – two of which have since been signed – are the first in a series of investments in the region, expected to be running at as much as €2.5 billion annually by 2015.

PROMOTING THE PRIVATE SECTOR

A US\$ 30 million trade finance line for InvestBank in Jordan was among the first approved projects. The other two deals were a €20 million commitment to a private equity fund active in Tunisia and Morocco and a €20

million loan to Morocco's Société Générale Marocaine des Banques (SGMB) for on-lending to micro-, small- and medium-sized enterprises. The EBRD is also providing SGMB with a €5 million trade finance facility.

The development of the private sector is at the heart of the EBRD's response to the demand for economic improvements in the new region, promoting the development of small business, which can help to create jobs in an area where youth unemployment in particular is a major social problem.

Other priorities for the region include helping to enhance the quality of people's lives by improving local services, and working to secure energy supplies by supporting the development of sustainable sources of energy and reducing energy waste.●

OPINION

“The Trade Facilitation Programme is at the forefront of the EBRD’s project work in the SEMED region, as shown by the fact that two of our first three deals there involve a trade finance facility. The Programme’s goal of making it easier for companies to import and export goods and services is key to the economic development of these countries and will promote greater integration within the region, which is currently marked by low levels of intra-regional trade.”

Sir Suma Chakrabarti, EBRD President



FINANCING FOREIGN TRADE

Talking trade in Morocco...

As part of the EBRD's strategy for the SEMED region, Casablanca hosted the information session on financing foreign trade with Morocco on 9 September 2012. The event allowed local bankers and trade finance specialists to learn about the Programme and to obtain direct feedback from confirming banks active under the TFP.

The event also served as a good opportunity to hear from the EBRD's Francis Malige, Director for SEMED, Turkey and Ukraine, Financial Institutions, about the Bank's mandate for Morocco, and to listen to the EBRD's Economist Naima Smaini on the latest economic developments in Morocco and challenges for the trade finance market. Vincent O'Brien, Chair of the ICC Banking Commission Market Intelligence Group, spoke about the EBRD's initiatives in professional education for trade finance specialists.

Carlos Barrientos, Head of International Financial Institutions

Below: Francis Malige, EBRD



and Correspondent Banking at Spain's Bankia, commented: "Spain is Morocco's second largest trading partner, with over €6 billion of trade between 2010 and 2011. Hundreds of Spanish firms have local operations in Morocco and so for us, being the largest Spanish bank by domestic assets and deposits, this is a very important market.

We need to support our clients in their international operations and to partner with local banks in developing trade finance opportunities for their clients and ours. That's why we are so glad to be joining the EBRD at this information session in Morocco."●

...and in Tunisia

In Tunis, the EBRD hosted an information session on financing foreign trade with Tunisia on 10 October 2012.

As with the session in Morocco (see above), attendees had the chance to hear about the EBRD's mandate for Tunisia, as well as the latest economic developments and opportunities for the trade finance market.

Luca Vincenzo Rossi, Relationship Manager at Landesbank Baden-Württemberg (LBBW), commented: "The European Union represents by far the largest trading partner of Tunisia, with Germany ranking third among EU countries. Additionally, some 280 German companies operate in Tunisia. Consequently, LBBW – Germany's main public sector bank and one of the five biggest banks in Germany – has a mission and a strategic interest both in supporting German corporates dealing with Tunisia and in partnering with Tunisian banks on trade finance solutions.



Above: Participants at the information session

"Moreover," he continued, "LBBW has been among the most active German confirming banks since the inception of the TFP in 1999. With the extension of the Programme to Tunisia we are looking forward to working with the EBRD in this exciting country".●

Future Events

Trade Finance e-Learning Programme Graduation Ceremony

5 FEBRUARY 2013

MOSCOW, RUSSIA

The graduation ceremony will take place during the 6th Annual Russia and Eurasia Trade and Export Finance Conference organised by Exporta. All students who have successfully completed the Programme by 30 December 2012 will be eligible to attend the 2013 graduation ceremony.

Contact the EBRD TFP team for more information.

ICC Banking Commission Meeting

15-19 APRIL 2013

LISBON, PORTUGAL

Contact Paulina Martinez at paulina.martinez@iccwbo.org for more information.

TFP Annual Event and Awards Ceremony

9 MAY 2013

ISTANBUL, TURKEY

The TFP's Annual Event will take place in Istanbul the day before the EBRD Annual Meeting and Business Forum (see below). Attendance by invitation only.

Contact the TFP team for more information.



ISTANBUL
2013

EBRD Annual Meeting and Business Forum

10-11 MAY 2013

ISTANBUL, TURKEY

For more information, visit: www.ebrd-annual-meeting.com.



PRESS TALK

“Fitch Ratings has affirmed the European Bank for Reconstruction and Development’s Long-Term Issuer Default Rating at ‘AAA’ with a Stable Outlook...”

Reuters
December 2012



The EBRD TFP has joined social networking!

You can follow us on Twitter
www.twitter.com/ebdrtrade

join the TFP LinkedIn networking group
www.linkedin.com/groups?gid=4667852

or find us on Facebook
<https://www.facebook.com/ebdrttp>



Trade finance first in SEMED

The EBRD began its investments in Jordan recently with a trade finance facility for InvestBank that will help Jordanian companies engage more widely in international commerce.

The EBRD signed an issuing bank agreement with InvestBank on 30 September 2012, establishing a US\$ 30 million trade finance facility to support international trade transactions with tenors of up to three years. For intra-regional transactions with the EBRD’s countries of operations, these tenors will go up to five years.

The facility, the EBRD’s first in Jordan and in the SEMED region, will allow the EBRD to provide guarantees to international confirming banks, taking the commercial payment risk of international trade transactions undertaken by InvestBank.

InvestBank will benefit from the TFP’s unique technical cooperation initiatives and its extensive trade finance network. It will also enhance its own trade finance products by providing longer maturities.

“The inclusion of InvestBank in the TFP network will allow the bank to expand its correspondent network and advance working relationships in trade finance worldwide,” said Francis Malige, Director for SEMED, Turkey and Ukraine, Financial Institutions, EBRD.

InvestBank was established in 1982 and has grown to be a boutique bank catering to the corporate and mid-market corporations as well as the upper retail group. It offers a full range of innovative products and services along with comprehensive packages that are built around their clients’ needs.●



Facts & figures

A brief history

Launched in 1999, the Trade Facilitation Programme (TFP) aims to promote foreign trade to, from and among the EBRD countries of operations through a range of products.

Through the Programme, the EBRD provides guarantees to international confirming banks and short-term loans to selected issuing banks and factoring companies for on-lending to local exporters, importers and distributors.

13,000+

.....
**TOTAL NUMBER
OF TRANSACTIONS
SINCE 1999**

TOP 10 CONFIRMING BANKS July-September 2012

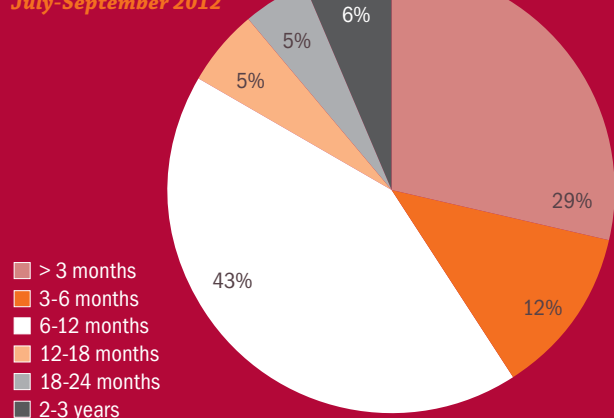
Bank	Country
1 Commerzbank	Germany
2 UBS	Switzerland
3 Deutsche Bank	Germany
4 Raiffeisenlandesbank Niederösterreich-Wien	Austria
5 Raiffeisen Bank International	Austria
6 ING Bank	Netherlands
7 WGZ BANK	Germany
8 Intesa Sanpaolo	Italy
9 UniCredit Bank Hungary	Hungary
10 KBC Bank	Belgium

CONFIRMING BANKS OPERATE
IN 77 COUNTRIES



TENORS OF UNDERLYING INSTRUMENTS COVERED BY THE TFP

July-September 2012



TOP 10 COUNTRIES BY NUMBER OF TRANSACTIONS July-September 2012

Country
1 Belarus
2 Russia
3 Georgia
4 Armenia
5 Ukraine
6 Moldova
7 Kazakhstan
8 Azerbaijan
9 FYR Macedonia
10 Serbia

102
NUMBER OF ISSUING
BANKS IN
20 EBRD COUNTRIES
OF OPERATIONS

NUMBER OF CONFIRMING
BANKS OPERATING IN
77 COUNTRIES *see map above*

800+

**€8.2
billion**

TOTAL TRANSACTION VALUE SINCE 1999



IN DEPTH



KOMERCIJALNA BANKA BEOGRAD, SERBIA

BOOSTING BUSINESS

Joining the TFP gave Komercijalna Banka Beograd the help it needed to increase trade finance activity



Following the break-up of Yugoslavia, economic sanctions introduced by the United Nations and European Union in the early 1990s meant that the newly independent countries continued their development with certain limitations.

However, when the sanctions and subsequent isolation ended the economic environment changed and this created, among other things, excellent conditions for strengthening the small and medium-sized enterprise sector.

For a number of years Komercijalna Banka Beograd has been a leader in this regional market. However, with the arrival of a number of foreign-owned banks in Serbia, the volume and number of our trade finance transactions declined significantly. Another reason for this was that most start-up companies chose to perform transactions in the simplest and fastest manner possible - an open account.

However, since joining the EBRD's Trade Facilitation Programme – our bank was one of the first in the Western Balkans to sign a TFP agreement with the EBRD – this has given us the boost we needed. With support from the EBRD we began raising our clients' awareness of the risks that follow open account transactions and ways to overcome these. We also organised training to highlight the advantages of certain trade finance instruments in specific situations. When it was suggested that we take part in the EBRD's Trade Finance e-Learning Programme, we grasped the opportunity with both hands. We now use the Programme as a model for training our colleagues from our subsidiaries in Bosnia and Herzegovina and Montenegro.

Today, Serbia's economy is oriented towards

both traditional and new markets, in line with global trends. Cooperation with the traditional markets takes place mainly through leading banks, with ad hoc requests for confirmation. However, it is the new markets in Asia and Africa that will generate far more trade finance transactions, which we can conduct under the TFP. We are constantly striving to increase our trade finance activity by promoting the TFP with clients and, in turn, improving our reputation as a market leader.●

Radmila Gaćeša, Assistant Director in the Financial Institutions department, Komercijalna Banka Beograd



What drives growth?



During the past decade, the Western Balkans have undergone a dramatic transformation witnessing significant economic growth up to the beginning of the global financial and economic crisis in 2008.

Despite the improved economic performance, growth rates were lower compared with other fast-growing countries such as those in east Asia and many of the EU-10 countries*. Domestic demand, stimulated by a rise in credit, wages and remittances, was the main driver of growth for most of the Western Balkan economies.

In contrast, exports have not played a compelling role in the region's growth story and have in fact been the weak link, despite the preferential trade regimes with the European Union and within the region. One of the ways to sustain and increase growth rates is to boost the region's export performance, thus enhancing intra-regional trade.

*The EU-10 are Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic and Slovenia.

Asset Irgaliyev, Analyst, Office of the Chief Economist, EBRD

EBRD RESIDENT OFFICE, SARAJEVO



BUILDING STRONG RELATIONSHIPS

Working with the EBRD helps to create a solid reputation and sound business



The EBRD has played an important role in the economic revival of Bosnia and Herzegovina since the end of the conflict 17 years ago. Since it began operations in the country, the EBRD has committed more than €1.4 billion in over 100 projects in key economic sectors, mobilising additional investments of more than €1.6 billion.

The financial sector has been one of the EBRD's key investment areas, particularly promoting trade through its Trade Facilitation Programme (TFP). So far three local banks have successfully used the TFP over the years and thereby managed to build a strong international reputation.

One of the banks that has been recognised for its successful cooperation with the TFP is Raiffeisen Bank Bosnia and Herzegovina, which specialises in foreign trade finance: specifically, its clients' export and import transactions. Raiffeisen Bank Bosnia and Herzegovina supports leading Bosnian construction companies working in African countries through a package of interconnected, tailor-made products. In

the coming year the bank plans to hold a number of seminars on foreign trade finance for its clients.

Raiffeisen Bank Bosnia and Herzegovina's cooperation with the TFP has spanned 10 years. While initially it made significant use of the TFP line, this usage has slowly decreased more recently because the attitude of other commercial banks towards Raiffeisen Bank Bosnia and Herzegovina has changed for the better. However, the TFP remains an important support mechanism for the bank during times of crisis and major financial market volatility. It plans to continue working with the EBRD in the years to come to promote Bosnia and Herzegovina's growing trade links as its economy continues to recover and the country moves ahead with the EU accession process and global trade integration.●

Tamir Mostarac, Principal Banker, the EBRD's Resident Office in Sarajevo

"The TFP remains an important support mechanism during times of crisis."



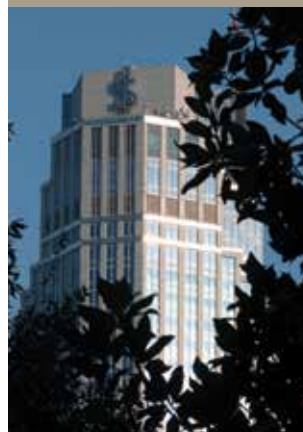
TURKIYE İŞ BANKASI, TURKEY

Trade finance constitutes an important business line for İşbank. In parallel with the Turkish government's export diversification policies, we have diversified our business and countries of interest – and our focus on the CIS and the Western Balkans also coincides with the EBRD's countries of operations.

Thanks to our strong domestic and international presence and given Turkey's trade surplus, we handle a sizeable portion of our country's overall trade and use the TFP very effectively. We believe the EBRD's contribution is crucial in facilitating trade in the region, especially in the aftermath of a crisis.

Turkey's trade volume with Bosnia and Herzegovina, Croatia, FYR Macedonia and Serbia constitutes a relatively small share of the country's overall trade, which doesn't accurately reflect our historical ties with the region and the actual potential that we see. The outlook is promising, though, as the trade volume with these countries increased by 25 per cent in 2011 when compared with the previous year.

Imge H. Soyluoglu Canli, International Banking Division, Türkiye İş Bankası



10 KOMERCIJALNA BANKA SKOPJE, FYR MACEDONIA

Komerrijalna Banka Skopje's head office on the Vardar River

A TRADE FINANCE *PIONEER*

Komerrijalna Banka Skopje blazing the trail for trade finance

As the first bank to join the EBRD Trade Facilitation Programme in 1999, initially as an issuing bank and soon after as a confirming bank, Komerrijalna Banka Skopje has led the way in trade finance.

The TFP is a very flexible instrument that facilitates international trade by responding to liquidity requirements and taking on risk. And it's this flexibility and strength that are especially useful in difficult times; we've had cases where confirming banks preferred EBRD guarantees to cash collateral. And when the crisis hit, in FYR Macedonia the metal industry was alone in continuing to trade on a large scale, despite there being limited options for confirmation or financing. Instead of trade facilitation, many banks distanced themselves from the partnering opportunities. But in cooperation with the TFP, we have managed to remain as steady and reliable as ever.

Our bank has been awarded repeatedly for its active role and excellent performance

under the TFP – a valued confirmation of our leading market position. But we are most proud of our highly qualified trade finance personnel – the documentary specialists who, in 2012, all graduated in the top 20 of the EBRD's Trade Finance e-Learning Programme. Their success continues our bank's aim of improving the quality and variety of services we provide and so we are very grateful for the learning opportunities the EBRD has given us.●

*Vesela Curilova, International Division Manager,
Komerrijalna Banka Skopje*

**“We are most proud
of our highly
qualified trade
finance personnel.”**



EBRD RESIDENT
OFFICE, SKOPJE

Up, up and away



The global financial crisis caused a brief decline in TFP activity in 2008 and the following few years, but since then things have picked up.

Trade volumes in FYR Macedonia are reaching new heights, soaring to €28 million in 2012 – the highest since 1999.

FYR Macedonia has always been one of the most active countries in the Western Balkans under the TFP. For example, in 2003 the number of transactions there reached 129, which represented 14 per cent of all of the TFP transactions for the year in all of the EBRD's countries of operations.

Three Macedonian banks are currently actively using the TFP: Komerrijalna Banka Skopje, NLB Tutunska Banka and Stopanska Banka Skopje.

The EBRD is the largest institutional investor in FYR Macedonia with a cumulative business volume in excess of €1 billion and more than 80 projects financed in all sectors of the economy.

*Elena Urumovska, Head of the
EBRD's Resident Office in Skopje*



BANKA PER BIZNES, KOSOVO

TFP REACHES INTO *FAR CORNERS*

Helping small, local banks can be a crucial way of supporting a country's economic development



The TFP promotes foreign trade to, from and within countries from central Europe to central Asia and the southern and eastern Mediterranean, financing the imports of small businesses in even the remotest regions.

One such example is the payment guarantee issued by Banka per Biznes, covering the payment of fabrics imported from the Netherlands by Sankos, a small textile producer in Kacanik municipality, Kosovo.

The guarantee of €23,000, Banka per Biznes's first under the TFP, was issued in June 2011 in favour of Rabobank. Since Kosovo was not connected to SWIFT, the payment guarantee had to be issued in the form of a letter.

Sankos itself goes back to 1987 when it was one of the operating units of Sanitex of Velika Kladusa in Serbia, then a well-known Yugoslav producer and supplier of medical equipment and dressings. After the collapse of the former Yugoslavia in 1992, Sanitex ceased to exist.

But in 2002 the owner of Sankos revived the business by offering company shares to former colleagues and ex-employees to form a new company. Once the company was established and ready to start production, he set about finding a location, since the old Sankos building was no longer fit for purpose having been used by the army during the conflict. Eventually, the local community helped the owner of Sankos to secure lease on a building which had belonged to a disused collective farm.



Today, Sankos employs 25 workers, of whom 17 are women. The production line turns out uniforms for the local fire brigade and the police, along with work wear for other local service companies. The company is ISO certified.●

Mirjana Zalar, Trade Finance Specialist, EBRD

Arianit Blakaj, Associate Banker, the EBRD's Resident Office in Pristina

About Banka per Biznes

Banka per Biznes is a small, locally owned bank that operates in all the main cities and towns of Kosovo. It provides banking services to more than 85,000 retail clients and over 10,000 business clients. The bank is geared towards the small and medium-sized enterprise market and currently benefits from a micro-, small- and medium-sized enterprise credit line from the EBRD. In addition, the EBRD also acquired a 10 per cent equity stake in Banka per Biznes and is further supporting the bank with technical assistance for institutional capacity building.

Trade represents the largest share of economic activity in Kosovo, a small economy with a high level of imports, and so enterprises operating in the trade sector are BpB's main clients. Supporting Banka per Biznes in trade finance and related products is essential for its growth and long-term sustainability as well as for the economic development of the country as a whole.



Outlook for Croatia



The EBRD is committed to helping Croatia prepare for its accession to the European Union in 2013, through improving investment conditions and modernising the country's infrastructure, among other things.

In particular, the Bank is helping to increase the competitiveness and energy efficiency of small and medium-sized enterprises (SMEs), to enhance the country's energy security and commercialise municipal infrastructure.

Developing the financial sector will include providing financing for energy efficiency projects and SME investments, as well as trade facilitation through local banks.

CONNECTIVITY IS THE WAY *FORWARD*



A reliable information and communications system is vital if countries want to keep their economies growing

Fostering a knowledge economy in the EBRD region is the primary aim of the Bank. The spread of knowledge through an economy creates value, promotes productivity and growth while diversifying an economy, creates higher valued jobs and promotes social cohesion.

WHAT WE DO

The EBRD is an active investor in information and communication technologies (ICT) in countries from central Europe, central Asia and the southern and eastern Mediterranean.

We aim to improve ICT services and access to them throughout these countries, focusing on network expansion, innovation and advanced communication services, and the development of the sector beyond basic services. We also work on devising appropriate regulatory and legal frameworks and assist organisations in their privatisation process.

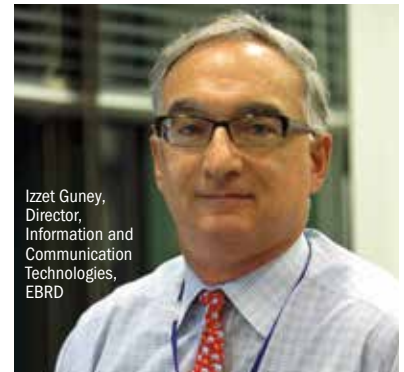
Historically, the Bank's involvement in ICT has spanned all activities in the sector, including infrastructure, software, broadcasting and services. Moreover, the EBRD has played a major role in supporting local and foreign corporate clients – from small and medium-sized enterprises (SMEs) to multinationals – with debt and equity financing, as well as investing in technology-oriented venture and private equity funds to further develop innovation within the region.

REFOCUSING ACTIVITIES

The Bank's activities in the ICT sector had declined in recent years, but as many of the EBRD's countries of operations looked for avenues to revitalise their economies, the importance of fostering a knowledge economy emerged even more strongly as a key target for growth. The EBRD therefore needed to re-evaluate its focus. For the ICT team, this meant building on the team's strength in telecommunications and developing its expertise in related ICT subsectors, such as IT systems, software, IT services and internet firms. As a result, there was an unprecedented level of activity in the ICT sector in 2011, with a record €311 million in commitments for 12 projects across the region.

OTHER CHALLENGES

Equally important is the underlying regulation and legal frameworks that require change as digitalisation is forcing telecommunications and broadcasting to converge. The EBRD is increasing its technical cooperation with governments



Izzet Guney,
Director,
Information and
Communication
Technologies,
EBRD

and regulators now facing the issues of frequency spectrum administration, mobile-based banking, universal broadband obligations and e government. In particular, the Bank is tackling the deepening rural-urban digital divide by creating energy efficiency programmes for telecommunications infrastructure networks, as these will allow for more cost-effective deployment of services in rural environments.

As for competition among fixed-line services, this is rare. In most countries, regulation is inadequately developed so that even when competition is permitted, in reality there are many barriers to the emergence of new services or new operators trying to penetrate the market,

“The spread of knowledge through an economy creates value.”



CASE STUDY: BOSNIA AND HERZEGOVINA

Expanding cable TV and broadband internet services

The EBRD is supporting the knowledge economy and the ICT sector in Bosnia and Herzegovina with a €25 million loan to Telemach, one of the leading cable TV operators in the country.

The cable TV market in Bosnia and Herzegovina is currently very fragmented,



“The EBRD is hoping to develop a new class of entrepreneur.”

particularly in the areas of licensing, pricing and interconnection rules.

Such unpredictability deters private investment, so the EBRD is working hard to help commercialise the incumbent operators and mobilise private sector financing, while maintaining a flexible

with around 40 licensed operators servicing various regions of the country. Telemach, part of the leading platform of pay TV businesses in the Adria region, majority owned by Mid Europa Partners, currently operates in Sarajevo and Mostar – cities in the central and southern part of the country, as well as in their surroundings.

The proceeds of the EBRD loan will enable Telemach to continue to acquire cable TV operators in the country and invest in further upgrades of its network, bringing modern, high quality services to the population.

and innovative approach, for example by offering equity warehousing, hedging facilities, guarantees and local currency financing, along with its traditional role as a provider of both hard currency debt and equity financing.

The ICT sector is still feeling the impact of the global financial crisis, primarily through a shortage of growth capital in equity or debt. Responding to this, and to support entrepreneurs in this sector and help shore up the venture capital ecosystem in its region, the ICT team has set up a venture capital investment programme (VCIP) of €100 million to inject venture capital into new innovation or technology-led ventures in areas such as software and web services, semiconductors, communications technology, cleantech, mobility and media. Through the VCIP the EBRD is hoping to develop a new class of entrepreneur as well as support that section of the economy where the most innovation is driven – the SME sector. ●



CASE STUDY: POLAND

A landmark deal

Supporting the privatisation of state-owned companies is one of the EBRD's priorities in Poland. So when the Polish government sought, through a competitive tender, to privatise Polkomtel, one of the country's three major mobile telephony operators, the EBRD saw that it could help.

The Bank made an equity investment in one of the bidders, Metelem Holding Company, which in turn enabled the company to finalise the purchase of Polkomtel. The successful acquisition and privatisation is to accelerate the rollout of 4G mobile broadband services, help improve corporate governance and increase management efficiency.

IN NUMBERS

€2.9bn

Net business volume

70%

Projects since mid-2008 which are media, IT services and technology as opposed to telecommunications infrastructure

139

Number of projects

€19bn

Total project value



THE *HIGH-TECH* ISLAND

How have the Taiwanese become pioneers in the global ICT market?

The Taiwanese play an indispensable role in the global information and communications technology (ICT) industry, standing at the forefront of developments such as notebook computers, wafer contract foundries and IC design. Couple this with the business opportunities created by the island's large-scale manufacturing base that are being avidly pursued by technology firms from across the world, things are certainly thriving.

TURNING LOCAL INTO GLOBAL

This high-tech island draws on a well-established product supply chain, highly experienced engineers and strong research and development (R&D) capabilities. According to the Taiwanese Institute for Information Industry (III), the island has the top worldwide market share in certain product categories, such as notebook computers and tablet devices. Other top-ranking product areas include WLAN NIC, motherboards, LCD monitors, IP phones, desktop PCs and smartphones.

OEMs/ODMs are the basis of the Taiwanese ICT industry. They have allowed the Taiwanese to build up a solid knowledge base of the market and the island now houses a comprehensive ICT industry chain comprising upstream, midstream and downstream manufacturers. The island

is also the world's number one producer of notebook computers, with average monthly production known to exceed 14 million units. It therefore follows that this thriving sector has provided an excellent base for the Taiwanese to build up their IC design and display panel industries.

What is more, with many local electronics companies in such close proximity, industrial clusters have sprung up. These clusters not only offer clear cost and time-to-market advantages, but they have also fuelled the rapid commercialisation of new technologies, as well as making the island a go-to location for procurement and design support.

Not surprisingly, some of the most well-known Taiwanese firms have begun taking advantage of this local manufacturing expertise to enhance the innovation and quality of their products.

As a result, a large number of home-grown ICT firms are moving up the global supply chain by building their own brands



– HTC is one example. It is one of the world's top smartphone makers, becoming the first Taiwanese firm to be included in Interbrand's Top 100 Global Brands of 2011.

LOOKING AHEAD

According to the island's officially funded R&D body Industrial Technology Research Institute (ITRI), this ICT boom is expected to continue over the next few years, due mainly to six types of electronic devices: smartphones, tablet PCs, ultrabooks, smart TVs, e-book readers and cloud computing applications.

Moreover, with such a concentration of innovation and technology, the Taiwanese have stayed ahead of the global cloud-computing curve – the government has set the sector to bring in business potential. Now equipped with its first local operating system, the island is primed to become one of the world's major cloud-computing bases. The operating system, developed by ITRI, allows businesses to build and integrate their cloud-computing data centres without fail, while saving



“Equipped with its first local operating system, the island is primed to become one of the world’s major cloud-computing bases.”

considerable costs on data centre construction.

The Taiwanese ICT industry, which comprises globally renowned players such as ASUS, BenQ, D-Link, Edimax, Transcend and Optoma, has had a significant impact on global consumers and the ICT market.●

🔗 You can find out more about these brands at www.taiwanexcellence.com.tw

Information provided by Taiwan External Trade Development Council (TAITRA).

Some terms explained

IC design: a subset of electrical engineering using the particular logic and circuit design techniques required to design integrated circuits (ICs).

IP: Internet Protocol. An IP phone converts voice into digital packets and vice versa to make voice communications over the internet possible.

ODM: Original Designed Manufacturer

OEM: Original Equipment Manufacturer

WLAN NIC: a Wireless Local Area Network (WLAN) is one in which a mobile user can connect to a local area network (LAN) through a wireless connection; a Network Interface Card (NIC) is a computer circuit board or card that is installed in a computer so that it can be connected to a network.



CASE STUDY: MEGA INTERNATIONAL COMMERCIAL BANK

Mega International Commercial Bank (Mega ICBC) is a leading Taiwanese bank. With its 108 domestic branches and 33 branches overseas, Mega ICBC has established a comprehensive global presence providing clients and business partners with a broad range of financial services and instruments.

International trade has been the engine of Taiwanese economic growth and Mega ICBC has played a vital role in this, having also been a confirming bank under the TFP since 2002. In particular, the amount of foreign exchange transactions that Megabank was involved with in 2011 reached US\$ 7.6 billion and letter of credit negotiation business accounted for more than 26 per cent of the market share in this country.

In addition, Mega ICBC maintains good relationships with over 2,600 correspondent banks around the world. We were named the “Best Taiwanese Trade Bank” in *Trade Finance*’s Awards for Excellence in 2010, and won the honour of “The Best Trade Finance Bank in Taiwan” and “The Leading Counterparty Bank for Taiwan” from *The Asian Banker* in 2011.

More recently we successfully conducted the first transaction with Russia under the TFP. In early December 2012 we confirmed a letter of credit issued by Transcapitalbank to facilitate the import of computer parts to Russia. The Taiwanese exporter, one of the largest manufacturers of notebook computers in the world, was the beneficiary of the transaction.

Mega ICBC is keen to work closely with the TFP’s participating banks and is looking forward to further business with the EBRD’s countries of operations.

Foreign Department, Mega International Commercial Bank

TRAINING *DIGEST*

EDUCATION LEADS TO HAPPINESS

Araratbank in Armenia enjoys the benefits of EBRD training

If companies want to expand and foster their businesses in the face of tough competition, it is vital that they apply trade finance tools to their export and import transactions. With this in mind, Araratbank strives to offer the widest range of trade finance instruments.

To achieve this, we turned to the EBRD, not only for support with our transactions, but also to help improve the professional skills of our staff and increase their awareness of global trade finance issues. As a result, we increased the number of transactions under the TFP and, for the second time, we were recognised by the EBRD as the most active issuing bank in Armenia.

While customer satisfaction is at the forefront of business, employee well-being is equally important. Many successful managers, business people and consultants adhere to this view, including Alexander Kjerulf, a popular lecturer and consultant on happiness at work. According to Kjerulf, studies show that when employees like their jobs, customers get better service and are more satisfied. So, one of the ways to improve the well-being of employees is to ensure their professional development.

This year the EBRD organised a two-day workshop covering the ICC rules for demand guarantees and contracts of sale, led by Vincent O'Brien, the Chair of the ICC Banking Commission Market Intelligence Group (see page 21).

The workshop was attended by employees of Araratbank's Department of International Transactions and Correspondent Relations. It was great to learn about the rules from someone who played a role in their evolution, and the workshop was rich in real cases from international practice,

which made getting to grips with such complicated rules easy and pleasant. It was a positive induction into the world of trade finance for new staff and a good refresher for experienced staff.

The EBRD's Trade Finance e-Learning Programme is also a great way to develop staff skills. Two employees in our bank ranked in the top 15 out of 98 graduates in 2011.

Since 2007 we have been promoting a culture of applying trade finance instruments among Armenian business people, helping to reduce their political and commercial risks. With all this support from the EBRD we have the confidence to tackle new cases and challenges, making our work both more productive and pleasant.●

Zaruhi Melkonyan, Head of Department of International Transactions and Correspondent Relations, Araratbank

“When employees like their jobs, customers get better service.”





SPREADING THE WORD

Vincent O'Brien shares the trade finance love across the EBRD region

A series of 16 road show events explaining important trade facilitation rules of the International Chamber of Commerce (ICC) has been developing the skills of trade finance specialists across the EBRD's countries of operations.

The events, which have now finished, comprised intensive learning and case study driven sessions, with the first day covering the international rules for demand guarantees – URDG 758 – and the second day covering the new rules for contracts of sale – Incoterms 2010.

Feedback has been exceptionally positive with participants expressing their appreciation for the support from the EBRD Shareholder Special Fund, which funded this technical cooperation project.

The road show began in Ulaanbaatar in February 2012 and concluded in Ashgabat at the beginning of November, visiting 16 of the EBRD's countries of operations.●



YOUR KEY TO THE COMPLETE ROAD SHOW

In chronological order

- | | |
|-----------------|-------------|
| 1 Ulaanbaatar | 9 Chisinau |
| 2 Yekaterinburg | 10 Belgrade |
| 3 Tbilisi | 11 Skopje |
| 4 Kiev | 12 Tirana |
| 5 Yerevan | 13 Moscow |
| 6 Minsk | 14 Dushanbe |
| 7 Baku | 15 Almaty |
| 8 Bishkek | 16 Ashgabat |



TFP TRADE FINANCE FORUM 2012, ISTANBUL

This year's annual TFP Trade Finance Forum took place in Istanbul on 26-28 September 2012 and was one of the best attended, with over 200 guests from over 100 banks in 80 different countries.

The Forum was set up in 2009 as a response to the financial crisis and since then has become a networking platform for bankers and trade finance specialists.

This year's event provided an update on the TFP's activities and its expansion into the southern and eastern Mediterranean (SEMED) region. The event was an excellent opportunity to promote a number of forthcoming technical cooperation (TC) projects.

The event this year was sponsored by the Taiwanese, Türkiye İş Bankası, Bank of Georgia, Commerzbank and the EBRD Shareholder Special Fund.●



Sami Nabulsi,
InvestBank and
Raja'i Nassar,
Arab Bank



~FORUM UPDATE~F



Tamara Khizanishvili, Bank of Georgia,
Per Fischer, Commerzbank and Ana
Kavtaradze, Bank of Georgia



Gaspar Esteve
Cuevas, DHB Bank
and Sherif Abdel
Khalek, Arab Trade
Financing Program



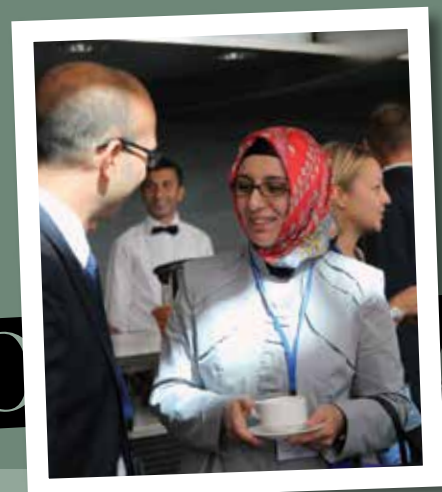
TFP Trade Finance
Forum encourages
interactive
participation



Ayşe Tuna, Türkiye İş Bankası and
Balım Ipek Göçen, Odeabank



Agris Preimanis, EBRD



EXPLORING TRADE FINANCE OPPORTUNITIES

TFP organises first information sessions on financing foreign trade in the SEMED region

In 2012, the TFP organised four information sessions on financing foreign trade with:

- Egypt - Cairo, 23 April 2012
- Jordan - Amman, 29 May 2012
- Morocco - Casablanca, 11 September 2012
- Tunisia - Tunis, 10 October 2012.

The TFP invited representatives of leading foreign commercial banks, which are active under the Programme, to share their experience in financing foreign trade with these countries and co-financing under the TFP. The sessions were attended by Banco Popolare, Bankia, Commerzbank, JP Morgan Chase Bank, Landesbank Baden-Württemberg (LBBW), Rabobank and Standard Chartered Bank.

The TFP also presented the EBRD's latest initiatives in education and further professional development of bankers and trade finance specialists in the region.

These events were an excellent opportunity for local bankers to network with fellow trade finance specialists and to learn how the TFP can support their daily trade finance operations. Furthermore,

the TFP provided the platform for EBRD's Loan Syndications and Business Development to present to the local banks their plans and projects in the SEMED region.

The sessions were attended by over 300 local bankers and trade finance specialists from 58 banks.●

“These sessions enabled the EBRD to gather first-hand information about the trade finance and TC requirements of local banks and their clients.”

Rudolf Putz, EBRD TFP



Left: Luca Vincenzo Rossi, LBBW, Florian M. Witt, Commerzbank and Carlos Barrientos, Bankia

Right: Raya Amar, BIAT and Emna Samet, Banque de Tunisie





Left: Heike Harmgart, EBRD

Right: Hildegard Gacek, EBRD, Rudolf Putz, EBRD TFP, Adli Kandah, Association of Banks in Jordan and Francis Malige, EBRD





TFP AWARDS

2012 winners of the trade finance clinic

GOLD

Innesa Amirbekyan, Converse Bank, Armenia
Lusine Balasanyan, Ameriabank, Armenia
Mariia Minaeva, Locko Bank, Russia

SILVER

Vitaliy Shvayuk, Raiffeisen Bank Aval, Ukraine

BRONZE

Ulan Asanakunov, Demir Kyrgyz International Bank, Kyrgyz Republic
Irina Chuvakhina, Priorbank, Belarus
Andrej Eftimov, NLB Tutunska Banka, FYR Macedonia
Alla Kharchenko, The State Export-Import Bank of Ukraine, Ukraine
Silvana Simic, NLB Tutunska Banka, FYR Macedonia
Oksana Sobko, Demir Kyrgyz International Bank, Kyrgyz Republic
Svetlana Pyatak, Ukrsofsbank, Ukraine

ACKNOWLEDGEMENT OF PARTICIPATION:

Natalia Afanasyeva, Bank Saint-Petersburg, Russia
Wael Ali Abdel Aziz, Commercial International Bank, Egypt

Anatolie Andronic, Eximbank, Moldova

Irina Arafelova, Transcapitalbank, Russia

Natalia Arion, Eximbank, Moldova

Zhiger Atchabarov, Temirbank, Kazakhstan

Marianna Azaryan, Araratbank, Armenia

Tsolmon B, Khan Bank, Mongolia

Yaroslav Bodenchuk, Raiffeisen Bank Aval, Ukraine

Maja Burić, Societ  Generale Banka Srbija, Serbia

Boris Ćorović, Societ  Generale Banka Srbija, Serbia

Edita Deci, Banka per Biznes, Kosovo

Vadim Drozdovich, VTB Bank, Ukraine

Lika Dzeladze, VTB Bank, Georgia

Mohamed El-Naggar, National Bank of Egypt, Egypt

Yasser El-Sayed El-Metwally Aly, Commercial International Bank, Egypt

Mohamed Fekry, National Societ  Generale Bank, Egypt

Yuri Fomichev, Bank Vozrozhdenie, Russia

Arpi Gabrielyan, ACBA-Credit Agricole Bank, Armenia

Amr Karazoun, Cairo Amman Bank, Jordan

Suren Kocharyan, Ameriabank, Armenia

Sergey Kostogryz, Raiffeisen Bank Aval, Ukraine

Alexander Kovtun, Bank Saint-Petersburg, Russia

Igor Kudinov, Megabank, Ukraine

Vitaliy Kyslenko, UkrSibbank, Ukraine

Irina Lepeshko, Alfa-Bank, Belarus

Alexandra Lodygina, NBD-Bank, Russia

Marjana Majheni , Banca Intesa, Serbia

Vlora Makolli, Banka per Biznes, Kosovo

Yauheniya Matskevich, Belaruskyy Narodny Bank, Belarus

Olga Melnik, Metcombank, Russia

Essa Mohamed Essa, National Bank of Egypt, Egypt

Maria Muradyan, Inecobank, Armenia

Svetlana Nikonorova, Absolut Bank, Russia

Sergey Nizkov, Minsk Transit Bank, Belarus

Orazgeldi Odekow, Central Bank of Turkmenistan, Turkmenistan

Jelena Pepelj k, Banca Intesa, Serbia

Luiza Petrosyan, Armeconombank, Armenia

Lilia Rusu, Mobiasbanca, Moldova

Irina Ryzhova, ICICI Bank Eurasia, Russia

Haneen Saifi, Jordan Ahli Bank, Jordan

Mohamed Salah, National Bank of Egypt, Egypt

Ehab Siddik, Al Watany Bank of Egypt, Egypt

Elena Sidorova, Bank Center-Invest, Russia

Irakli Shubitidze, TBC Bank, Georgia

Kristina Soghomonyan, Araratbank, Armenia

Arpa Solodkina, Sberbank of Russia, Ukraine

Mikhail Timofeev, Transcapitalbank, Russia

Valerija Torchinska, Citadele Bank, Latvia

Nino Tsintsadze, Basisbank, Georgia

Olga Ugolik, Belrosbank, Russia

Saida Uspanova, ATFBank, Kazakhstan

Ahmed Zaki, National Bank of Egypt, Egypt

Alexander Zantovich, Belgazprombank, Belarus

Konstantin Zhabko, Belrosbank, Belarus



SOLUTION

(September 2012 issue)

“Reject the rejection”

ANALYSIS

This problematic case provides a good opportunity to show the value of using the international URDG 758 demand guarantee rules.

First, it is important to clarify according to URDG 758, sub-article 19 (a) that the obligation of guarantor is “to determine, on the basis of a presentation alone, whether it appears on its face to be a complying presentation”.

Second, it is true that under URDG 758 sub-article 15 (a) the beneficiary must in any event provide a statement indicating in what respect the applicant is in breach of its obligations under the underlying relationship.

Third, it is important to make it clear that as advising bank you have no obligation or duty to verify that the documents or signatures thereon are authenticated.

Fourth, it is clear that under URDG 758 sub-article 24 (d) “When the guarantor rejects a demand, it shall give a single notice to that effect to the presenter”. Single means one rejection notice.

CONCLUSION

The discrepancy in respect of not providing the statement of breach is valid.

However, due to the fact that upon receipt of the re-presentation which had mended the claimed discrepancies stated in the notice of rejection the guarantor cannot now claim “new discrepancies” in this presentation.

Consequently, due to the strict provision included in sub-article 24 (f) the guarantor “shall be precluded from claiming that the demand and any related documents do not constitute a complying demand”.

The guarantor clearly has an obligation to pay.

PIT YOUR WITS AGAINST THE EXPERTS!

Every issue of *Trade Exchange* will include a brain-teaser, drawn from the real life trials of a trade finance expert. Here is your chance to demonstrate your ability to disentangle the most involved, contentious or just plain weird combinations of documents and to solve a puzzle in the field of documentary collections.

What do you think?

Provide us with your expert view

To pay or not to pay? – that is the question

We have a query regarding a current case under URDG 758 and even within our bank there are differing opinions as to the correct treatment of the case. We have simplified the numbers involved but the essence of the case remains unchanged.

A guarantee was issued subject to URDG 758 with the following wording:

THIS GUARANTEE NO: GUIM/349-12 IN THE AMOUNT OF €50,000.00 IS TO COVER ONGOING PAYMENT OBLIGATION OF COMPANY X IN FAVOUR OF COMPANY Y WITH AN EXPIRY DATE OF 30 NOVEMBER 2012.

THIS GUARANTEE COVERS PARTIAL DELIVERY OF GOODS AGREED IN THE UNDERLYING RELATIONSHIP CONTRACT TO BE PAID BY DIRECT TRANSFER FROM COMPANY X TO COMPANY Y WITHIN 90 DAYS OF INVOICE DATE.

ANY DEMAND MUST BE SUPPORTED BY A COPY OF THE UNPAID INVOICE IN RESPECT OF WHICH THE DEMAND IS MADE. SUBJECT TO URDG 758.

The guarantor received a demand for the full amount of the guarantee just before the expiry of the guarantee. The demand incorporated a statement of breach by

the beneficiary, in respect of which the applicant was in breach of its obligations under the underlying relationship.

The demand was supported by five separate invoices, each for €10,000.00 in respect of five separate deliveries.

Upon examination of the presentation the guarantor determined that one of the five presented invoices was discrepant and issued a notice of rejection to that effect before the close of the second business day following the day of presentation.

The beneficiary did not have time to re-present before the expiry of the guarantee and subsequently insisted that the guarantor bank make payment in a lesser amount of €40,000.00 in respect of the four invoices deemed to be in compliance and presented within the validity.

To date the guarantor bank has refused to pay the €40,000.00.

Please clarify if the guarantor's bank has an obligation to pay and, if so, what amount.



WINNERS

The bankers and trade finance specialists who answered correctly are (in alphabetical order):

Innesa Amirbekyan, Converse Bank, Armenia; Irina Arafelova, Transcapitalbank, Russia; Ulan Asanakunov, Demir Kyrgyz International Bank, Kyrgyz Republic; Marianna Azaryan, Araratbank, Armenia; Lusine Balasanyan, Ameriabank, Armenia; Irina Chuvakhina, Priorbank, Belarus; Andrej Eftimov, NLB Tutunska Banka, FYR Macedonia; Alla Kharchenko, The State Export-Import Bank of Ukraine, Ukraine; Igor Kudinov, Megabank, Ukraine; Mariia Minaeva, Locko Bank, Russia; Vitaliy Shvayuk, Raiffeisen Bank Aval, Ukraine; Silvana Simic, NLB Tutunska Banka, FYR Macedonia; Oksana Sobko, Demir Kyrgyz International Bank, Kyrgyz Republic; Svetlana Pyatak*, Ukrsotsbank, Ukraine; Ahmed Zaki, National Bank of Egypt, Egypt.

*Special mention by the panel of adjudicators



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