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!
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

The EBRD has 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.

www.ebrd.com/news

Talking trade in Morocco...

In Tunis, the EBRD hosted an information session on financing foreign trade with Morocco on 3 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, International 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 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

As part of the EBRD’s strategy for the SEMED region, Casablanca hosted the information session on financing foreign trade with Morocco on 3 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.

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Below: Francis Malige, EBRD

“Moreover,” he continued, “LBIBW 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.”

The EBRD takes its first steps in the SEMED region

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The EBRD takes its first steps in the SEMED region
**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.

**Top 10 Confirming Banks**

<table>
<thead>
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<th>Bank</th>
<th>Country</th>
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<tr>
<td>Commerzbank</td>
<td>Germany</td>
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<td>UBS</td>
<td>Switzerland</td>
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<td>Deutsche Bank</td>
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<td>Raiffeisenlandesbank Niederoesterreich-Wien</td>
<td>Austria</td>
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<td>Raiffeisen Bank International</td>
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<td>ING Bank</td>
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<td>Intesa Sanpaolo</td>
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<td>UniCredit Bank Hungary</td>
<td>Hungary</td>
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<td>KBC Bank</td>
<td>Belgium</td>
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**Top 10 Countries by Number of Transactions**

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

**Tenors of Underlying Instruments Covered by the TFP**

- 3 years
- 1-3 years
- 6-12 months
- 12-18 months
- 18-24 months
- 2-3 years

**Confirmed Banks Operate in 77 Countries**

**Number of Confirming Banks Operating in 77 Countries**

- 800+

**Total Number of Transactions Since 1999**

- 13,000+

**Total Transaction Value Since 1999**

- €8.2 billion

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**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.

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**“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
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 enterprises.

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 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 and difficulties they face when opening accounts and being able to overcome these. We also organised training to highlight the advantages of certain trade finance instruments in specific situations.

The TFP has made significant use of the TFP line, this usage has slowly decreased more recently because initially it made significant use of the TFP line, this usage has slowly decreased more recently. 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 enterprises.

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.

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. In the coming year the bank plans to hold a number of seminars on foreign trade finance for its clients. Raiffeisen Bank Bosna 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 initially it made significant use of the TFP line, this usage has slowly decreased more recently. 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 enterprises.

The TFP 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 850 projects in key economic sectors, mobilizing 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 have been recognised for its successful cooperation with the TFP is Raiffeisen Bank Bosna and Herzegovina, which specialises in foreign trade finance specifically, its clients import and export transactions. Raiffeisen Bank Bosna 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. EBRD Resident Office, Sarajevo

Tamir Mostarac, Principal Banker, the EBRD’s Sarajevo Office

“The TFP remains an important support mechanism during times of crisis.”
A TRADE FINANCE PIONEER

Komercijalna 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, Komercijalna 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 that 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 provided us.

Vesela Curilova, International Division Manager, Komercijalna Banka Skopje

“We are most proud of our highly qualified trade finance personnel.”
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 ventures and private equity funds to further develop innovation within the region.

REFOCUSED 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 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, 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 and innovative approach, for example by offering equity warehousing, hedging facilities, guarantees and local currency financing, along with its traditional role as an equity investor.

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
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**

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 (IIl), 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 devices. Other top-ranking product areas such as notebook computers and tablet devices.

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 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.

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

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.

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

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

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CASE STUDY: MEGA INTERNATIONAL COMMERICAL 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 2010, and won the honor 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 TTIP. 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.
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.

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

An informal competition to determine the most energetic group photo taken at the end of each event has resulted in the award going to the participants from Bishkek.

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.

“SPREADING THE WORD”

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

An informal competition to determine the most energetic group photo taken at the end of each event has resulted in the award going to the participants from Bishkek.
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.
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
ACKNOWLEDGEMENT OF PARTICIPATION:

Natalia Afnasayeva, Bank Saint-Petersburg, Russia; Wael Ali Abdel Aziz, Cairo Amman Bank, Jordan; Lilia Rusu, Transcapitalbank, Russia; Luiza Petrosyan, Araratbank, Armenia; Inessa Amirbekyan, Converse Bank, Armenia;

Analytical review: This problematic case provides a good opportunity to show how the rules of the international URDG 758 demand guarantee apply.

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 19 (a) the beneficiary must 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 guarantor has an obligation to pay and, if so, what amount.

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”.

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 the claim of the case. We have simplified the numbers differing opinions as to the correct treatment of the case. We have clarified the numbers involved but the essence of the case remains uncharged. A guarantor was issued subject to URDG 758 with the following wording:

TSP AWARDS

2012 winners of the trade finance clinic

GOLD

Inessa Amirbekyan, Converse Bank, Armenia; Luzina Balasanyan, Ameriabank, Armenia; Mania Mattera, Lixio Bank, Russia.

Mohamed Salah, Al Watany Bank of Egypt, Egypt; Olga Melnik, VTB Bank, Ukraine; Yauheniya Matskevich, Armeconombank, Armenia

ANALYSIS

Innesa Amirbekyan, Converse Bank, Armenia; Vlora Makolli, Banca Intesa, Serbia


Luiza Petrosyan, Araratbank, Armenia; Vlora Makolli, Banca Intesa, Serbia

Sergey Nizkov, Sberbank of Russia, Ukraine; Konstantin Zhabko, The State Export-Import Bank of Ukraine, Ukraine; Olga Ugolik, Raiffeisen Bank Aval, Kosovo.

FLAURA

Sergey Kostogryz, Sberbank of Russia, Ukraine; Olga Ugolik, Raiffeisen Bank Aval, Kosovo; Maria Muradyan, Araratbank, Armenia.

SUMMARY

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FLAURA

Sergey Kostogryz, Sberbank of Russia, Ukraine; Olga Ugolik, Raiffeisen Bank Aval, Kosovo; Maria Muradyan, Araratbank, Armenia.

SUMMARY

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

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 19 (a) the beneficiary must 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 guarantor has an obligation to pay and, if so, what amount.

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”.

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 the claim of the case. We have simplified the numbers differing opinions as to the correct treatment of the case. We have clarified the numbers involved but the essence of the case remains uncharged. A guarantor was issued subject to URDG 758 with the following wording:

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ANALYSIS

Innesa Amirbekyan, Converse Bank, Armenia; Vlora Makolli, Banca Intesa, Serbia


FLAURA

Sergey Kostogryz, Sberbank of Russia, Ukraine; Olga Ugolik, Raiffeisen Bank Aval, Kosovo; Maria Muradyan, Araratbank, Armenia.

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