International
TRADE FINANCE

Asian trade finance fund spreads wings

Fresh illustration of the shifting paradigms within the trade finance market has come from Singapore-based independent asset manager EFA Group, which launched its SME Trade Finance Fund in July 2017 to help chip away at Asia's much-vaunted trade finance gap. On 11 January, EFA announced that the fund had already deployed over $100m in short-term receivables and supply chain financing to its portfolio of over 30 small and medium-sized enterprises within six months of the launch, providing vital working capital that these companies need to grow but which is difficult to access in their local markets.

EFA said the fund – whose financing carries 30- to 180-day tenors – has financed SMEs across the medical products, automotive components and IT hardware/software services sectors. "Having disbursed over $100m of cumulative financing in less than six months is just proof of the prevalent demand from SMEs in the region for an alternative source of capital," said Rohit Goyal, deputy head of receivables and supply chain finance at EFA Group. "Booming economies and trade in Asia continue to increase working capital requirements for SMEs."

Marking the EFA Group's diversification from commodity trade finance to non-commodity sectors, the SME fund is structured to deliver an annualised net return of 6-8 per cent to investors, and is expected to deploy a financing turnover of $300m in 2018. According to Etienne Van den Bogaert, EFA's head of receivables & supply chain finance, Singapore, Hong Kong and India are currently the key Asian markets for the fund's operations, which will be developed to service more geographies in Asia. "In the short term, we are looking at Malaysia," he told ITF, adding that the fund has a minimum facility size of $500,000.

EFA's trade finance strategy is likely to expand further, said Deep Singh, head of investments. "The next step is to optimise the fund's lending activities and ensure that we continue to deploy our capital to good quality borrowers in order to bridge the financing gap between companies that need funding and investors who can supply it," he noted, also speaking to ITF. "Looking at the demand for investments that produce stable, low volatility and market-neutral returns for investors, as well as the prevalent need for an alternative source of capital from businesses, we do feel there is gap that we can fill through even more trade finance-related strategies," he added.

A 2017 Asian Development Bank study showed that the trade finance gap in developing Asia to be around $600bn annually, in the wake of the de-risking among trade finance lenders in recent years (ITF 729/3). The survey found that - similar to the previous year - around 74 per cent of rejected trade finance applications were lodged by mid-cap companies and micro- and small and medium-sized enterprises. 53 per cent of the respondents admitted that they did not subsequently seek other sources of finance, thus possibly foregoing potential growth opportunities.

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Editor's letter

A very notable rise in payment times for UK exporters has been logged by MarketInvoice. Research conducted in the last two months of 2017 by the UK-based digital invoice financier found that a worrying 73 per cent of invoices sent by UK businesses to firms in European Union (EU) countries were paid late, up steeply from 40.4 per cent in 2016.

An eye-catching trend in the survey was the payment behaviour of German companies, which traditionally sit among the swifter EU payers. Whereas these settled their bills 0.5 days early in MarketInvoice's 2016 research, they took 28 days beyond agreed terms to settle bills to UK firms in 2017, the longest of all countries surveyed. French firms took 26 days beyond the agreed payment terms, compared to 6.1 days in 2016, while businesses in Ireland took 13 days, compared to paying 0.1 days early in 2016. Across the Atlantic, average payments beyond agreed terms in the United States lifted from 7.1 days in 2016 to 19.5 days in 2017.

Within the trade finance market, the funding gap in Asia has been evidenced by Singapore-based asset manager EFA Group, which launched its SME Trade Finance Fund in July 2017. EFA announced recently that the fund had successfully deployed over $100m in short-term receivables and supply chain financing to over 30 small and medium-sized enterprises within six months of the launch, providing vital working capital across the medical products, automotive components and IT hardware/software services sectors.

The SME fund is expected to deploy a financing turnover of $300m in 2018. According to Etienne Van den Bogaert, EFA's head of receivables & supply chain finance, Singapore, Hong Kong and India are currently key markets for the fund's operations, and Malaysia will be targeted to expand coverage in developing Asia, where the trade finance gap is estimated at around $600bn annually.

Asia, among other regions, is also where credit insurer Atradius has pointed to a cluster of good opportunities for trade and investment business in 2018, against a backdrop where the economic recovery in emerging market economies is expected to continue. The Amsterdam-headquartered insurer pointed out that India, Indonesia and Vietnam are standout markets where macroeconomic policymaking is improving, and where young and growing populations, plus an expanding middle class are buoying consumption.

Elsewhere in Asia, commodities trader Louis Dreyfus and three banks have trialled a digital platform for the export of 60,000 tonnes of US soyabeans to China, marking the first fully-fledged agricultural trade conducted using distributed ledger technology. "The fully digitalised transaction simulated the traditional 11-14 day process and took only four days to complete," said Anthony van Vliet, ING's global head of trade & commodity finance. "The cost benefits are significant," he observed.

Kevin Godier

Organisation index

Some of the organisations, banks and companies referred to in this issue of *ITF*

In Africa, the most recent research from the African Development Bank estimated the value of the bank-intermediated trade finance gap in Africa in 2014 at around $91bn. Specialist funds including Barak Fund Management and Scipion Capital have been able to insert themselves into this space through intensive diligence on trade transactions that are deemed as unlikely to interest local or international banks. According to data compiled by Bloomberg, Barak has gleaned returns of between 11 per cent and 16 per cent annually, after fees, since it started activity in 2009. This is directly attributable to the higher than average yield offered by higher-risk trade finance loans which are generally also too small to command the attention of commercial banks. Another player, the Rasmala Trade Finance Fund, which was launched in 2014, has targeted returns at 3-month Libor plus 5 per cent.

Specialist funding

These statistics offer a demonstrable rationale for the niche in which the EFA Group is playing. Established in 2003 in Singapore, and with offices in Geneva, Dubai, Istanbul and London, the EFA Group was already providing over $2bn of loans annually to some 150 mid-market companies through a range of specialist commodity and asset-based financing funds, before the SME fund launch.

EFA has taken an especially close interest in the development of demand for trade finance among institutional investors, commissioning a Greenwich white paper on the subject in the second quarter of 2017. This concluded that there is a good fit between the investment needs of European institutional investors and commodity trade finance, an arena where EFA typically extends loans in the $700,000-$800,000 bracket.

For the investors, the small size of the individual transactions – as well as their marked granularity, making asset classification more difficult – are among the features that limit their credentials as a suitable asset for institutions to buy directly, rather than through funds. Trade finance nonetheless offers low to negative correlation with other asset classes, with deals often taking the form of floating rate transactions set at a profit rate over Libor which limits the risks associated with a rising interest rate environment that can negatively impact the returns of other asset classes such as fixed income and potentially equities. Allocations from trade finance funds can therefore improve the volatility adjusted returns of institutional portfolios. A further draw is that the trade finance market's lower liquidity can often mean that alternative assets are mispriced, bringing options for arbitrage.

"We definitely have seen a rise in interest for our funds, and have witnessed first-hand the evolution of the institutional demand for trade finance over the past 11 years that we have been in business," Mr Singh observed. "Over 70 per cent of our portfolio is currently made up of institutional investors, namely pensions, insurance companies and large asset allocators. We see this as a reflection of the rising demand for the steady, uncorrelated yield that is offered by trade finance funds. This also translated in terms our assets under management, as we hit over $1.2bn across all our investment vehicles in 2017."

He said that the strength of this asset growth has also allowed EFA Group to expand its product offering and capture the private debt spectrum more broadly. "We now have products that address the full capital structure of our borrowers and are not limited to just trade financing."

Asked by ITF to estimate the size of the trade finance fund market, he stressed that although the sector has been growing in the last couple years or so, from only a few players in the early 2000s, "it still remains a small market as compared to other asset classes". He cited a recent report from the bfinance consultancy, which highlighted the existence of more than 20 trade finance managers, whose total assets under management grew from under $5bn in 2015 to over $7bn in 2017.

As the market continues to develop as an asset class, participants have underlined the need for a benchmarking index that could bring a new and important milestone in its development. With or without this, business is likely to be plentiful for the EFA funds going forward, given the trade momentum in Asia, where initiatives such as China's huge Belt and Road programme are set to play out against a background of a projected 3 billion people who are set to be added to the region's middle classes over the next three decades.

Payments

UK businesses encountering lengthening payment delays

New research by UK-based invoice finance platform MarketInvoice has shown a telling rise in payment delays attached to British exports to the European Union (EU) and the United States (US) between 2016 and 2017.

At a time when the collapse of embattled contractor Carillion has sent non-payment concerns spiralling across the UK corporate landscape, research conducted in the last two months of 2017 by MarketInvoice indicated that invoices from UK businesses to EU and US firms are increasingly being paid late and taking longer to settle, creating a greater cash-flow squeeze for UK firms.

In particular, MarketInvoice's survey found that a worrying 73 per cent of invoices sent by UK businesses to EU firms were paid late, up steeply from 40.4 per cent in 2016. "UK exporters are being squeezed globally as more of their invoices are being paid late and taking longer to be settled," said MarketInvoice spokesperson Bilal Mahmood.

MarketInvoice said on 21 December that its research examined 80,904 invoices raised in 2017 by UK SMEs to a range of businesses both across the UK and in 93 other countries. Overall, 62 per cent of these invoices, worth over £21bn, were paid late, up from 60 per cent in 2016. The average value of these invoices was £51,826 and three in ten invoices that were paid late took longer than two weeks from the agreed date to settle, with some taking almost 6 months to be paid.

Very notable was the number of days taken by EU firms to settle invoices beyond the agreed payment terms. This soared some 30-fold during the 12 months, increasing from just 0.3 days to 9.1 days. A standout trend was the payment behaviour of German companies, which have traditionally been among the swifter EU payers. Whereas in 2016 the German companies surveyed settled their bills 0.5 days early, they took 28 days beyond agreed terms to settle bills to UK firms in 2017, the longest of all the countries surveyed. The proportion of invoices paid late by German companies almost doubled from 38.3 per cent in 2016 to 62.8 per cent in 2017, with an average late invoice value of £9, 705, MarketInvoice noted. French firms took 26 days beyond the agreed payment terms - compared to 6.1 days in 2016 - to pay their bills. Businesses in Ireland took 13 days, compared to paying 0.1 days early in 2016. The average value of late Irish payments – standing at £34,481 – was the highest in the survey.

Across the Atlantic, the number of invoices paid late by business in the US increased from 45.7 per cent in 2016 to 71 per cent in 2017. Mirroring the European paradigm, US firms are also taking longer to settle their bills. Average payments beyond payment terms lifted from 7.1 days in 2016 to 19.5 days in 2017. Average invoice value was £27,711.

Companies located outside the US and Europe showed better payment behaviour, with a lesser 56 per cent of invoices paid after the agreed date.

UK businesses selling domestically encountered a similar set of pressures, indicated by an additional 18.4 days in late payment times, compared to the average 5.9 days beyond agreed terms recorded by MarketInvoice in 2016. Moreover the proportion of invoices paid late increased from 62.3 per cent in 2016 to 66 per cent one year later.

In terms of sectors, the percentage of invoices paid late were at their highest in the food & beverage industry (83 per cent), energy businesses (80 per cent) and wholesalers (79 per cent). Those segments which took the longest to pay on average were transport businesses (25 days), utilities (23 days) and those in the media sector (21 days).

Mr Mahmood commented: “A bad situation is getting worse. The problem is being compounded by 90-day payment terms demanded by larger organisations, which are becoming more common. SMEs need to understand what measures they can take to reduce the risk, such as making terms and conditions clear from the outset, chasing payments down and enforcing the right to claim compensation from late payments.”

UKEF working to resolve Carillion exposure

UK Export Finance (UKEF) has explained its position with regard to its exposure to outsourcing company Carillion, which plunged into compulsory liquidation on 15 January, with a £587m pension deficit and a reported exposure to the financial sector of over £2bn, after failing to agree terms with its lenders.

ITF was told that UKEF is unable to comment on specific contracts – and that in cases where the London-based export credit agency has provided support for Carillion contracts, its exposure is to the project sponsor rather than Carillion, because the support has taken the form of loans, or guarantees on bank loans, to the overseas buyers. “For the majority of Carillion projects that UKEF has supported, construction has been completed, and finance is now being repaid by the overseas buyer,” said a source. “In these cases, payments will continue as agreed.” For projects where construction is yet to be completed, “UKEF is working with the parties involved to find an appropriate solution”, the source added.

One project in the latter category is work being undertaken by Carillion to deliver major infrastructure projects in Dubai (ITF 726/8).

Clues to Carillion’s impending collapse – which marks one of the most high-profile corporate collapses since the 2008 financial crisis - came earlier in January, when it was reported that Euler Hermes and other trade credit insurers had stopped writing new coverage for suppliers to Carillion, due to its financial problems. Tokio Marine HCC and MGA Nexus also said they would not insure deliveries to the Wolverhampton-based construction and management group, Insurance Insider reported.

Many of Carillion’s suppliers themselves face becoming insolvent because they will receive less than one penny for every pound they are owed by the company, official court documents revealed on 16 January. Suzannah Nichol, chief executive of trade body Build UK, has estimated that Carillion owed money to between 25,000 and 30,000 businesses, some of which hold bills equivalent to 10 per cent of their turnover. The UK Federation of Small Businesses has advised that SMEs sit at the back of a creditor queue, behind banks, liquidators and employees, in their claims upon Carillion’s remaining cash.

Finance

Banks back first recorded agricultural trade using blockchain

Reiterating the growing sentiment that blockchain technology is set to change the way that raw materials are bought and sold, commodities trader Louis Dreyfus Company (LDC), Shandong Bohi Industry and three banks have trialled a digital platform for the export of 60,000 tonnes of US soyabeans to China, marking the first fully-fledged agricultural trade conducted using distributed ledger technology.

Working alongside ING Bank, Societe Generale and ABN Amro, the buyer and seller took part in the trade where the sales contract, letter of credit (l/c) and certificates were digitalised on ING's blockchain prototype Easy Trading Connect (ETC) platform, which is designed to automate and standardise commodity transactions. The three banks issued and confirmed the l/c.

Featuring no paper contracts, certificates or manual checks, the soybean shipment transaction from seller LDC to Chinese buyer Shandong Bohi was completed "at five times the speed of a paper-based trade", said ING in a 22 January statement. "The fully digitalised transaction simulated the traditional 11-14 day process and took only four days to complete," said Anthony van Vliet, ING's global head of trade & commodity finance. "The cost benefits are significant," he observed.

ING said the platform's success "demonstrates the immense potential of distributed ledger technologies to advance commodity trading and financing", which typically involves a cumbersome process of exchanging contracts, l/cs, inspection and other paperwork by email or fax when one company sells raw materials to another. Originally built to process bitcoin deals, blockchain is an electronic ledger which stores records of deals in digital blocks. Other benefits include the ability to monitor the operation's progress in real time, data verification, and reduced risk of fraud.

The ETC platform was first validated with an oil cargo transaction in February 2017, involving oil-trading house Mercuria, ING and Societe Generale. This revealed that the average time for a bank to complete its role in the transaction went from about three hours to 25 minutes. In November 2017, energy groups including BP and Shell, alongside trading houses such as Gunvor and Mercuria, plus financing banks, formed a consortium to further develop the blockchain-based platform. The same principle was then applied to develop a blockchain-based platform tailored to agricultural commodities trading, in collaboration with various participants in such transactions. "This time, ETC was upgraded to manage a more complex documentation chain flow for agricultural commodities," said Mr van Vliet.

Russell Marine Group and Blue Water Shipping also participated in the process, issuing all required certificates. The US Department of Agriculture (USDA) provided what ING described as "valuable insights on how to include phyto-sanitary certificates in the process".

With regard to blockchain technologies, LDC's chief executive Gonzalo Ramírez Martiarena said that "the next step is to harness the potential for further development through the adoption of common standards, and welcome a truly new era of digital trade flow management on a global level."

TFS acquires Paragon Financial Group

SME financier Trade Finance Solutions (TFS) has maintained its growth mode via the acquisition of Paragon Financial Group, a factoring company. Announced on 19 January, the move will see the Toronto, Canada-headquartered TFS and Fort Lauderdale, Florida-based Paragon continue "to operate autonomously across multiple geographies while ensuring business continuity and strong client relationships", the companies said in a statement.

Paragon is a 24-year old non-recourse invoice factoring and purchase order funding company serving the needs of US companies with B2B or B2G sales of $500,000-$30m per annum. According to Steve McDonald, the TFS president: "This transaction, along with our parent's acquisition in early in 2017 of Gerber Finance of New York shows our continued dedication to growing our business organically and through key strategic acquisitions." TFS stressed that it is currently is in discussions with other potential specialty finance company targets.

Paragon's managing partner, Jon Anselma, said: "We were seeking a partner that would allow our firm to service a larger client base and grow our portfolio. We decided to partner with TFS as we believe their focus on specialty finance complements the foundation our company was built on, factoring. Mr Anselma and Chris Curtin, Paragon's president, will continue to handle day to day operations and future growth planning.

Founded in 2006, TFS has some $350m in assets under management. It provides short-term financing solutions, including factoring, supply chain, purchase order funding and asset-based lending, to growing small businesses and middle market companies around the world. In the Americas, it has major operating offices in Miami, Toronto, New York and now Fort Lauderdale. In June 2016, TFS launched a London office as a first step in its expansion outside North America (ITF 706/6). It underlined that it is intent on building a long-term presence in eastern European and Scandinavian markets that are underdeveloped and require assistance to boost trade.

Agencies

UKEF widens support for international currencies

British exporters will be able to offer their overseas buyers UK government-backed finance in over 60 currencies after the country's Minister for Investment Graham Stuart announced a fresh injection of local currency flexibility from UK Export Finance (UKEF) on 11 January. To help British companies compete for major overseas contracts, UKEF can henceforth provide finance in 62 pre-approved currencies – in addition to pounds sterling - for purchases from the UK, compared to fewer than 15 available in 2010, Mr Stuart said.

The full list of additional currencies consists of: Bulgarian Lev; Colombian Peso; Croatian Kuna; Dominican Peso; Ghanaian Cedi; Jordanian Dinar;

Kazakhstani Tenge; Mongolian Togrog; Moroccan Dirham; Nigerian Naira; Pakistani Rupee; Panamanian Balboa; Philippine Peso; Romanian Leu; Serbian Dinar; Sri Lankan Rupee; New Taiwan Dollar; Trinidad & Tobago Dollar; and Vietnamese Dong. "This world-leading offer from UK Export Finance gives buyers all over the world – from Bulgaria to Vietnam – the ability to 'buy British, pay local,'" said Mr Stuart.

India move

The UK government has also announced the doubling of UKEF support for UK businesses exporting to India, during a visit to London by the Asian country's Commerce and Industry Minister Suresh Prabhu. This means that £4.5bn in UKEF capacity is now available for UK companies exporting to India as well as Indian buyers of UK goods and services. UKEF support for this trade will be available in Indian rupees, allowing Indian buyers to access finance in their own currency.

According to the UK's Department for International Trade, bilateral trading was worth £15.7bn in 2016, with UK exports to India accounting for £5.8bn of this.

NEXI backs PV scheme in Jordan

Nippon Export and Investment Insurance (NEXI) has agreed to provide loan insurance for a photovoltaic (PV) project in Al Manakher, in southern Jordan, representing the first PV scheme involving the Japanese export credit agency. Mitsubishi Corporation, Jordan's Kawar Power and Qatar-based Nebras Power will build the 52MW photovoltaic power station through a jointly established project company, to sell the electricity generated via a 20-year power purchase agreement with Jordan's National Electric Power Company, NEXI said on 19 January.

The project will be will be the largest solar photovoltaic project in Jordan. Financing will come from the Japan Bank for International Cooperation, co-financing with Standard Chartered Bank's Tokyo branch and Mizuho Bank. NEXI will provide its overseas untied insurance to the commercial loan portion of the financing.

Earlier in January, NEXI also approved insurance to support loans to MacLin Sunny Maritime SA, a Panama-based entity financed by Taiwanese bulk carrier Ta Tong Marine (TTM). NEXI said MacLin Sunny Maritime will use the loans to purchase an iron ore carrier built by Imabari Shipbuilding Company. NEXI insurance will support Citibank's loan portion, which slots alongside a JBIC loan.

Other recent NEXI announcements include a late 2017 initiative to insure overseas infrastructure work by Japanese companies in dollars, under which projects in Chile and Mozambique will be the first to receive coverage (ITF 733/8).

EDC launches online portal

Export Development Canada (EDC) has launched an online portal, entitled Portfolio Credit Insurance. The real-time, 24/7 facility allows businesses to apply for insurance coverage, pay premiums, report overdue payments, submit claims, and speak directly with a dedicated support team, EDC said on 18 January. It described the initiative as part of a broader effort to provide simple and affordable service options to exporters, which will give them greater flexibility and speed to respond to rapidly shifting market demands.

Toronto-based cleantech company Vive Crop Protection has already used the service. Chief executive Keith Thomas said that Vive used EDC's automated platform to buy fast and flexible coverage for his emerging cleantech company, enabling it to take on a contract with a major US distributor without the worry of late or non-payment. Vive then leveraged its newly insured receivables to secure additional working capital to expand production of its green technology products.

EDC's research has found approximately 140,000 Canadian companies that are currently engaged in trade and international investment, or are planning to export. About 76 per cent of these, or approximately 107,000, turn over under C$1m in annual volume, offering "huge untapped potential for growth", it said.

Among other insurers, Atradius recently launched a new digital credit management portal (ITF 735/19).

Multilaterals

ADB posts record approvals volume for 2017

The Asian Development Bank's (ADB) efforts to help meet Asia and the Pacific's development funding needs saw the Manila-based multilateral approve loans and grants from its own resources totalling a record $19.1bn in 2017, according to preliminary figures released on 12 January. This marked a 9 per cent increase over the equivalent $17.5bn for 2016, and puts the ADB well on target to meet its 2020 target of $20bn in approvals.

ADB's overall approvals during the 12 months – comprising loans and grants, technical assistance (TA), and co-financing – reached $28.9bn. The bank said that non-sovereign, primarily private sector operations accounted for $3.2bn of this volume, representing a 26 per cent increase from the $2.5bn in private sector approvals in 2016. ADB's private sector operations are targeted to grow to $4bn by 2020, with major expansions in funding for infrastructure, agribusiness, climate change and renewable energy, and inclusive business. Meanwhile TA operations in 2017 climbed by about 22 per cent to $205m, up from $169m in the previous year.

The ADB statement particularly highlighted that its new performance measure of commitments – the amount of loans and grants signed – reached $20.1bn, significantly up from the $13.3bn signed in 2016, and reflecting the signing of large projects approved in 2016 and 2017. ADB's president Takehiko Nakao underlined that the "strong

OECD export credit rates

Minimum interest rates for officially supported export credits

		15 Jan 14 Feb	15 Dec 14 Jan
Australian $		3.34	3.13
Canadian $	less than 5 yrs	2.62	2.49
Canadian $	5–8.5 yrs	2.73	2.64
Canadian $	over 8.5 yrs	2.81	2.75
Czech koruna		1.59	1.64
Danish krone	less than 5 yrs	0.58	0.51
Danish krone	5–8.5 yrs	0.88	0.78
Danish krone	over 8.5 yrs	1.06	0.97
Euro*	less than 5 yrs	0.43	0.37
Euro	5–8.5 yrs	0.74	0.69
Euro	over 8.5 yrs	1.06	1.02
Hungarian forint		1.83	1.84
Japanese yen	less than 5 yrs	0.88	0.85
Japanese yen	5–8.5 yrs	0.90	0.89
Japanese yen	over 8.5 yrs	0.93	0.93
Korean won		3.30	3.35
N. Zealand $		3.26	3.36
Norwegian krone		2.11	2.02
Polish zloty		3.65	3.68
Swedish krona	less than 5 yrs	0.54	0.53
Swedish krona	5–8.5 yrs	0.95	0.80
Swedish krona	over 8.5 yrs	1.09	1.10
Swiss franc	less than 5 yrs	0.28	0.29
Swiss franc	5–8.5 yrs	0.48	0.49
Swiss franc	over 8.5 yrs	0.68	0.71
UK pound	less than 5 yrs	1.54	1.54
UK pound	5–8.5 yrs	1.75	1.77
UK pound	over 8.5 yrs	1.98	2.01
US dollar	less than 5 yrs	2.96	2.81
US dollar	5–8.5 yrs	3.18	3.05
US dollar	over 8.5 yrs	3.32	3.23

*The reference Euro bond yields are an average of the relevant spot rates for triple-A Euro government bonds in the Euro area in the previous month with the five latest observations getting a double weight. The daily spot rates are published by the ECB on its website www.ecb.int/stats/money/yc/html/index.en.html, under Statistical Data Warehouse.

Rates published monthly, normally around mid–month. A premium of 0.2 is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for more than 120 days.

A CIRR is fixed for each currency, including the euro, that is used by participants in the Consensus. CIRRs are subject to change on the 15 of each month.

figures for ADB operations in the past year" were supported by the successful merger of ADB's concessional Asian Development Fund lending operations with the Ordinary Capital Resources balance sheet, which took effect at the start of 2017. "This will allow us to deliver a much higher level of assistance to our developing member countries for years to come without seeking a capital increase," he predicted.

Climate financing emphasis

A key highlight of ADB's operational figures for 2017 was its climate financing operation, which climbed by 21 per cent to reach a record $4.5bn, split into mitigation ($3.6bn) and adaptation ($0.9bn) operations. "This puts ADB in a good position to achieve its $6bn climate financing target by 2020," the bank said. The ADB's climate financing for 2016 and 2015 were $3.7bn and $2.6bn respectively.

By contrast co-financing approvals declined to $9.5bn in 2017 from the $13.9bn recorded in 2016, partly due to the delay of several potentially large co-financed projects. Co-financing disbursements were down by $1bn to $11.7bn in 2017, compared to $12.7bn in 2016, which the ADB attributed to lower approvals, and hence disbursements, of policy-based lending and from its counter-cyclical support facility, among other factors. Mr Nakao said ADB "will come up with additional concrete measures to increase disbursements and co-financing, building on the new procurement policy approved in April 2017 and ongoing efforts to leverage resources."

Among other operational highlights pinpointed by ADB were projects that combine finance with innovative approaches to development, including satellite data and remote sensing to improve irrigation in Indonesia and

AIIB president summarises first two years of operations

At the end of its second year, the Asian Infrastructure Investment Bank (AIIB) had invested in 24 financing projects worth around $4bn, according to its president, Jin Liqun. In an interview with the South China Morning Post, published on 16 January, Mr Jin said the portfolio encompasses power plants to rail and port facilities in developing countries, mostly in Asia, with the exception of investments in Egypt and Oman. As the Beijing-based bank starts its third year in business, it will be spreading its tentacles to South America, Africa and further into the Middle East, he said.

"We have quite a number of South American countries joining, and I think it will be very good for us to finance some middle-income projects in South America, bringing South America and Asia together, cutting the transaction and shipping costs between Asia and South America," he was quoted as saying. "I would also pay attention to supporting African member countries. Asia is developing quickly, but it cannot sustain itself well without collaborating closely with African countries," he added.

On 19 December, the AIIB approved four new applicant countries, bringing its membership to 84. The Cook Islands and Vanuatu are regional prospective members, and Belarus and Ecuador are non-regional prospective members. Mr Jin stressed in the interview that the door remains open for the bank to work together with the US and Japan, regardless of whether these nations become members.

IFC extends financing package to landmark Jordanian project

The World Bank's International Finance Corporation (IFC) has arranged a $188m financing package for the largest solar photovoltaic (PV) power plant in Jordan to date. IFC said the financing for the 248MW Baynouna facility developed by Masdar, Abu Dhabi Future Energy Company, includes $54m from its own account and $134m mobilised from other senior lenders including a parallel loan from Japan International Cooperation Agency (JICA). It said this is the first time JICA has invested in a private project finance transaction in the region. Other lenders include Dutch Development bank FMO and Europe Arab Bank as B lenders and the OPEC Fund for International Development and German development bank DEG as parallel lenders. The new plant will supply power well below Jordan's average cost of electricity, lowering the cost of long-term electricity generation in the country, at a time of increased energy demand, in part driven by the growing refugee crisis. So far, IFC has invested over $300m across 13 projects, catalysing well over $1bn in private sector investments in Jordan's power distribution and generation sectors.

Pakistan, pilot testing of climate-smart agriculture practices in Bangladesh, and supporting social welfare reforms in Mongolia to promote human development. The banks also described a $100m TA loan to the Philippines, approved in October 2017, as "innovative", given that it will help the government prepare and deliver infrastructure projects under its Build Build Build programme. Regarding its funding efforts during 2017, ADB offered a health bond and gender bond, in addition to increased efforts to raise local currency funding to meet the growing demand for non-sovereign local currency loans. The latter bracket included ADB's Indonesian rupiah bond in December, which marked the first bond issued from a multilateral development bank of which Indonesia is a shareholder.

ADB's 2018 budget allocation of $672.3m showed a 3.9 per cent increase over 2017, to support ongoing investments by the bank in IT reforms and organisational resilience. Another major priority this year is to finalise a new corporate strategy, to be known as Strategy 2030. Among its aims will be to delineate ways to address the challenge of helping to meet the Asia-Pacific region's annual infrastructure needs, which are estimated at $1.7trn annually until 2030 (ITF 730/9).

Risk report

Atradius highlights most promising 2018 markets

Credit insurer Atradius has pointed its clients and other observers towards a number of developing countries which could present good opportunities for trade and investment business in 2018, against a backdrop where the economic recovery in emerging market economies is expected to continue. The Amsterdam-headquartered insurer pointed out in an 11 January report that the overall outlook in emerging markets is tempered by the ongoing monetary policy tightening in the US and other advanced markets and a slowdown of China's economy. The strongest performers are less vulnerable to these external risks, and consist of Colombia, Costa Rica, the Czech Republic, India, Indonesia, Morocco, Panama, Senegal, and Vietnam, it argued in the report, entitled 'Promising Markets for 2018'.

This said that 2017 saw more robust global trade, rising commodity prices, still benign external financing conditions and supportive domestic policies in some major markets, all of which helped boost a recovery in emerging market economies. At an aggregate level, economic growth in emerging markets that accelerated from 3.6 per cent in 2016 to 4.4 per cent in 2017 is anticipated to hit a strong 4.7 per cent this year, pulled along at a slightly faster pace by the same trends.

Within this context, exporters and investors seeking the most robust economies should consider countries where GDP growth is fuelled primarily by private consumption and fixed investment, and where sufficient external buffers sit alongside a flexible exchange rate and stable political and institutional conditions, Atradius advocated. In Asia, it picked out India, Indonesia and Vietnam as important markets where macroeconomic policymaking is improving, and where young and growing populations, plus an expanding middle class are buoying consumption and lifting demand for investment and imports.

Best performing sectors

In Vietnam and Indonesia, the agriculture and food sectors are expected to grow substantially in 2018 for many of these reasons. Atradius expects the food sector in Indonesia tp grow at a rate of between 7 and 8 per cent this year, ensuring that demand for imports, especially for fruits, dairy, eggs, wheat, soybean and sugar stays high. "Demand for dairy products is also high in Vietnam where fertiliser use is expected to pick up to support the higher agricultural production," Atradius said.

In the automotive sector, Vietnam is becoming an increasingly important market, where sales of luxury cars are triggering higher car imports and higher foreign demand for car parts. A shortage of domestic suppliers should mean that reliance on imports for automobile production remains high, Atradius predicted. It forecast that a removal of tariffs on vehicle imports from ASEAN member states in conjunction with the positive economic outlook is expected to drive growth of passenger vehicle sales in 2018.

Meanwhile, the Czech automotive industry – which accounts for more than 7 per cent of GDP and 20 per cent of exports – also has a promising outlook in 2018, given the wider context of stronger European Union (EU) growth. "Sales are robust, payment terms and margins are stable. And insolvencies are low," noted Atradius. Across the Mediterranean, Morocco's strong automotive sector growth potential predicates upon exports to the EU.

Chemicals and plastics

Atradius highlighted that the chemicals industry in the Czech Republic has attained good momentum. "Demand for petrochemical products is increasing, as well as output from the rubber and plastic subsectors, all benefitting from solid demand from the automotive sector," it observed. Elsewhere, Indonesia's automotive sector is also supporting local demand for chemicals, with improving infrastructure expected to increase investment in new manufacturing plants in Eastern Indonesia. Atradius singled out Vietnam, where it is forecasting that chemical imports, particularly of raw material inputs and active ingredients, will enjoy compound annual growth of around 10 per cent.

Meanwhile in India, a heavy government push for roads, railways, defence, and power is increasing demand in the infrastructure sector. There are also "large opportunities in Senegal with high demand for railway, road, and power supply development", Atradius said. Two Latin American countries are also underlined as strong markets for infrastructure business. The sector in Costa Rica is experiencing strong growth, buoyed by foreign investment and strengthening tourism sector activity. In Panama, the government has several large infrastructure projects underway. "The outlook is positive, supported by the country's low-risk project development environment," Atradius emphasised.

Indonesia is highlighted, again, for its machinery sector. This is expected to grow by between 5 per cent and 7 per cent this year, with government-led infrastructure and electricity development catalysing increasing import demand within the construction sector. Vietnam, also, is hosting rising investment in infrastructure development, in turn driving higher machinery and equipment imports.

Pharmaceuticals and retail

According to Atradius, the business-friendly environment in Costa Rica is increasingly drawing in multinational investment into the pharmaceutical market, which is the third-largest in Central America. "Costa Rica has one of the best healthcare systems in the region and, with a rapidly ageing population, healthcare spending is expected to increase robustly," it said. Elsewhere in Latin America, pharmaceuticals sector opportunities include Colombia, where a growing level of government investment in healthcare services has lifted demand for medicines, especially generics. "Pharmaceutical sales are expected to expand steadily in line with economic growth there, underpinned by the unprecedented political and security stability," Atradius pointed out.

In Panama this market is also set for strong growth due to an expansion of the healthcare infrastructure. Additional driving factors include the rising prevalence of chronic diseases, sustained economic growth, and the improved attractiveness of the Colón Free Trade Zone as a location for businesses to increase production in, owing to the expansion of the Panama Canal.

In the retail sector, Vietnam's robust economic growth, low unemployment and strong wage growth is foreseen as lifting private consumption by 6.9 per cent in 2018, "offering compelling opportunities for consumer-facing companies", Atradius underscored. Private consumption, again, is driving real GDP growth and hiking demand for consumer durables in Senegal.

Other key retail sectors are located in Indonesia and India. In the former, an increasingly affluent middle class is driving demand in the retail and consumer electronics sector. Atradius suggested that shifting consumption patterns to online shopping provide a huge opportunity in the e-commerce industry, which recorded growth of some 30 per cent in 2017. Finally, retail purchasing in India is expected to pick up in 2018 from a low base as the government eases norms on single and multi-brand retail establishments.

WEF report points to rising geopolitical risk

A number of complex global risks, ever more interconnected and systemic in nature, are causing major concern for business, political and societal leaders worldwide, according to a new World Economic Forum (WEF) survey. The results, published in the WEF Global Risks Report 2018, show that 59 per cent of global decision-makers think 2018 will be their most challenging year to date, in terms of risk. A huge 93 per cent of respondents thought that geopolitical risk will either significantly or somewhat increase in the coming year, with the leading worries pivoting around political and economic confrontation, state-on-state military conflict, and regional conflict within major powers.

"The pace of change and the interconnection between risks is accelerating," said Margareta Drzeniek Hanouz, the WEF's head of economic progress, at a press briefing in London. "At the same time, many risks are becoming increasingly systemic in nature. We are increasingly approaching tipping points that could bring a number of systems to a brink and could have potentially systemic and catastrophic consequences for humanity and for the economy as a whole."

The most significant risks for the coming year, according to the report, stem from the environment and include things like: extreme weather; biodiversity loss and ecosystem collapse; major natural disasters; man-made environmental disasters; and failure of climate-change mitigation and adaptation. Cybersecurity was noted as the risk most likely to intensify in 2018. "Cyber risk is an area where some of the threads in the global risk environment tie together," commented John Drzik, president of global risk and digital at Marsh. "The scale and sophistication of cyberattacks is going to grow, fuelled in part by geopolitical friction. This could lead to more state-sponsored attacks to add to the more financially motivated attacks that are already out there."

Forfaiting newsbrief and country list — 1st Quarter 2018

EUROPE

Country	Years Max
Austria	5
Belarus	*
Belgium	5
Bosnia-Herzegovina	3
Bulgaria	3
Croatia	3
Cyprus	0
Czech Republic	3
Denmark	5
Estonia	2
Finland	5
France	5
Georgia	1
Germany	5
Gibraltar	5
Greece	*
Hungary	2
Iceland	*
Ireland	3
Italy	2
Latvia	2
Liechtenstein	5
Lithuania	2
Luxembourg	5
Macedonia	3
Malta	5
Netherlands	5
Norway	5
Poland	3
Portugal	2
Romania	3
Russia	1
Serbia	2
Slovakia	2
Slovenia	1
Spain	5
Sweden	5
Switzerland	3
Turkey	5
Ukraine	*
UK	5

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ASIA PACIFIC

Country	Years Max
Australia	5
Bangladesh	1
Brunei	3
China	5
Hong Kong	5
India	5
Indonesia	3
Japan	3
Kazakhstan	2
Macau	5
Malaysia	5
Mongolia	1
New Zealand	5
Pakistan	1
Philippines	3
Singapore	5
South Korea	5
Sri Lanka	3
Taiwan	5
Thailand	5
Uzbekistan	*
Vietnam	2

AMERICAS

Country	Years Max
Argentina	1
Bahamas	3
Barbados	3
Bermuda	3
Bolivia	*
Brazil	3
Canada	5
Cayman Islands	3
Chile	5
Colombia	5
Costa Rica	1
Cuba	*
Dominican Republic	1
Ecuador	*
El Salvador	*
Guatemala	*
Honduras	*
Mexico	3
Nicaragua	*
Panama	1
Peru	3
Puerto Rico	1
Trinidad & Tobago	1
Uruguay	2
USA	5
Venezuela	*

MIDDLE EAST

Country	Years Max
Bahrain	3
Iraq	1
Israel	3
Jordan	3
Kuwait	3
Lebanon	*
Oman	3
Qatar	3
Saudi Arabia	3
Syria	*
UAE	3
Yemen	*

AFRICA

Country	Years Max
Algeria	1
Angola	*
Benin	*
Botswana	1
Burkina Faso	*
Cameroon	*
Egypt	1
Ethiopia	*
Gabon	*
Ghana	2
Kenya	1
Ivory Coast	*
Libya	*
Mali	*
Mauritania	*
Mauritius	3
Morocco	3
Namibia	*
Nigeria	*
Rwanda	1
Senegal	*
South Africa	3
Sudan	*
Togo	*
Tunisia	3
Uganda	*
Zambia	*

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Detailed above, is an updated list of countries and credit periods which can currently be considered. For your ease of reference, recent changes are indicated in brackets either (deteriorated) or (improved).

In addition to being able to discount bills of exchange, promissory notes and deferred payment letters in these markets, London Forfaiting can also consider adding their silent confirmation to unconfirmed letters of credit dependent on specific transaction details. For many exporters, premium increases, market rate additions, non availability and additional restrictions continue to make silent confirmations of unconfirmed letters of credit a cost effective alternative to credit insurance.

Please contact London Forfaiting at the office below to discuss indicative terms for any of your current and future business. Alternatively, you can always visit their website at www.forfaiting.com, to check the latest Country List on line or obtain general information on forfeiting and the other services they provide.

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Emerging markets risk indicators

Africa — Egypt maintains flow of oil arrears payments

Egypt's Finance Minister Amr El Garhy said the country this month paid $200m in arrears owed to foreign oil companies, and would pay a further $550m in February and March. Cairo has pledged to eliminate arrears by June 2019 and not to accumulate more, under a drive to draw new foreign investment to an energy sector that is attracting interest following major gas discoveries. Fitch Ratings revised the outlook on Egypt's long-term foreign currency issuer default rating to positive from stable, citing significant government progress with its reform programme and robust adherence to the $12bn three-year Extended Fund Facility signed with the IMF in November 2016.

Recent violent protests across over 20 cities in Tunisia were directed towards government austerity measures which went into effect on 1 January, increases in the price of petrol and taxes on various items and services. Government responses included arresting over 500 people while increasing social benefits for the poorest. "The underlying cause is the deteriorated socio-economic situation in the country since the revolution started in 2011," Credendo said. GDP growth was just 1.6 per cent in the period 2011-2017, with 2 per cent forecast by Euler Hermes for 2017. FX reserves totalling just three months of import cover reflect the need for continued IMF funding.

Angola's new President Joao Lourenco is reforming Sub-Saharan Africa's third-largest economy. On 3 January the Central Bank pledged to shift from a fixed currency peg to a trading band, after speculative pressures on the exchange rate and debt redemptions saw FX reserves fall to 5.4 months of import cover in November, from 8 months in January 2017. Angola let the kwanza depreciate by 12 per cent on 10 January. External debt – dominated by Chinese loans – rose from 24 per cent of GDP in 2013 to 45 per cent in 2017. Ghana will issue $1bn of Eurobonds this year, boosted by positive macro factors, and access to IMF financing. Economic growth is predicted to hit 8.5 per cent in 2018, after 7.5 per cent in 2017. However FX reserves of about 3 months import cover expose the exchange rate to volatility, Euler Hermes said.

Following the African National Congress (ANC) party conference on 18 December, Deputy President Cyril Ramaphosa succeeded President Jacob Zuma as head of South Africa's ruling party. Mr Ramaphosa is now favourite to be elected as president at the 2019 general elections. His selection as ANC leader "is considered the best scenario for South Africa's political and commercial risk outlook," Credendo said. In November, the country's long-term foreign and local currency debt ratings were downgraded by S&P to 'junk' gradings of 'BB' and 'BB+', respectively. Zimbabwe's 93-year old President Robert Mugabe left office after 37 years of authoritarian rule in mid-November. Vice president Emmerson Mnangagwa was sworn in as interim president. The country holds around $9bn in unpaid debts amid acute cash shortages. 2017 was Tanzania's fifth year of growth around the 7 per cent mark, led by increasing foreign investment and reforms to ease exports.

Country	Preferred payment terms	Coface grading	Moody's sovereign rating	Fitch sovereign rating	Credendo short-term political risk rating	Credendo medium- to long-term political risk rating	D&B rating
Algeria	CLC	C	—	—	3	4	5
Angola	CLC	D	B2	B	6	6	6
Benin	CLC	B	—	BBB-	5	6	–
Botswana	OA	A4	A2	—	1	2	3
Burkina Faso	ILC	C	—	—	5	6	–
Burundi	CLC	E	—	—	7	7	–
Cameroon	CLC	C	BB+	BB+	4	6	5
Central African Republic	CIA	E	—	—	7	7	–
Chad	CLC	D	—	—	5	7	–
Comoros	CLC	—	—	—	4	7	–
Congo (Republic)	CIA/CLC	C	Caa2	CC	5	7	–
Cote d'Ivoire	CLC	B	Ba3	BBB-	4	6	6
Djibouti	CLC	C	—	—	4	7	–
DR Congo	CLC	D	B3	—	7	7	
Egypt	CLC	C	B3	B	4	6	6
Equatorial Guinea	CLC	D	—	—	5	7	–
Eritrea	CIA	E	—	—	7	7	–
Ethiopia	CIA/CLC	C	B1	B	5	7	6
Gabon	CLC	C	B3	BB+	5	6	5
Gambia	CLC	—	—	—	6	7	–
Ghana	CLC	B	B3	B	4	6	6
Guinea	CLC	D	—	—	6	7	–
Guinea-Bissau	—	—	—	—	5	7	–
Kenya	ILC	A4	B1	BB–	4	6	5
Liberia	CLC	D	—	—	7	7	–

Emerging markets risk indicators

Africa (continued)

Country	Preferred payment terms	Coface grading	Moody's sovereign rating	Fitch sovereign rating	Credendo short-term political risk rating	Credendo medium- to long-term political risk rating	D&B rating
Libya	CIA	E	—	—	7	7	7
Madagascar	CLC	D	—	—	6	7	–
Malawi	CLC	D	—	—	6	7	6
Mali	CLC	D	—	—	5	7	–
Mauritania	CLC	D	—	—	5	7	–
Mauritius	OA	A4	Baa1	—	2	3	3
Morocco	OA	A4	Ba1	BBB	2	3	4
Mozambique	CLC	E	Caa3	B-	6	7	5
Namibia	ILC	B	Ba1	BBB-	3	4	4
Niger	CIA	C	—	—	5	7	–
Nigeria	CLC	C	B2	B+	6	6	6
Rwanda	ILC	C	—	B+	4	6	–
Senegal	ILC	B	Ba3	—	4	5	4
Seychelles	ILC	—	—	BB	4	6	–
Sierra Leone	CLC	—	—	—	5	7	6
South Africa	ILC	C	Baa2	BBB-	3	4	4
Sudan	CIA	E	—	—	7	7	–
Swaziland	CLC	—	B2	—	5	6	–
Tanzania	ILC	C	—	—	4	6	4
Togo	ILC	C	—	—	5	6	–
Tunisia	ILC	B	B1	BB-	4	5	5
Uganda	ILC	C	B2	B+	3	6	5
Zambia	CLC	D	B3	B+	4	6	5
Zimbabwe	CIA	E	—	—	7	7	7

Americas – Venezuela debt restructuring challenging

Venezuela's debt restructuring process will likely be long and complicated by sanctions and the challenging political environment, Fitch Ratings said. "Political changes and a comprehensive and credible economic plan will be needed to gain the market's trust in the durability of any reform agenda and debt restructuring terms," the rating agency said on 11 January. Venezuela defaulted on its sovereign debt in mid-November. Since the default, the government has accumulated missed interest payments totalling nearly $700m. Concurrently, state-owned oil company PDVSA also failed to make payments on its debts, bringing accumulated missed interest payments to over $800m. "PDVSA has made some late payments over the last two months, signalling a differentiation of the government's treatment of sovereign and PDVSA debt payments, at least in the near term," Fitch said. On 9 January, Standard & Poors cut the credit rating of one state bond from 'CC' to 'D', equivalent to default, after Caracas failed to make coupon payments for its 2020 global bonds. Creditors have refrained from accelerating payments on overdue debt. The oil-driven economy has lost close to a third of its GDP since 2012. FX reserves cover just one month of imports.

Despite corruption scandals, President Juan Orlando Hernández became the first president in Honduras' recent history to win a second term, after a narrow win in late November elections. Mr Hernández slashed the budget deficit from 7.5 per cent of GDP in 2013 to an estimated 1 per cent in 2017, triggering an upgrade of Honduran debt by credit rating agencies. Credendo predicted GDP growth will stay at around 4 per cent in the medium term. FX reserves are forecast at around 4 months of import cover. Former president and centre-right candidate Sebastián Piñera won the runoff in Chile's presidential election, receiving 54.6 per cent of the vote. Piñera will take office after GDP growth averaged 1.8 per cent in 2014-2017.

President Mauricio Macri's coalition Cambiemos (Let's Change) won the midterm elections in Argentina, gaining over 40 per cent of national votes. FX reserves have doubled in the past two years, covering almost 6 months of imports, and the peso has strengthened significantly. External debt stands at a moderate 37 per cent of GDP but around 300 per cent vis-a-vis exports. After Brazil's economy contracted by 3.8 per cent in 2015 and by 3.6 per cent in 2016, the government expects to see upwards of 3 per cent GDP growth in 2018, Brazilian Finance Minister Henrique Meirelles said on 23 January. Corporates are still deleveraging. FX reserves, which covered 231 per cent of the country's external financing needs in 2016, provide some comfort for exporters selling into the market. Credendo downgraded Trinidad & Tobago's short-term political risk to category 4/7. Hit hard by lower oil prices, and elevated current account deficits, FX reserves were still at 9 months of import cover in August 2017, but have dropped by over 20 per cent since 2014. Firms have been complaining of FX shortages.

Emerging markets risk indicators

Americas (continued)

Country	Preferred payment terms	Coface grading	Moody's sovereign rating	Fitch sovereign rating	Credendo short-term political risk rating	Credendo medium- to long-term political risk rating	D&B rating
1Anguilla	ILC	—	—	—	4	6	–
Antigua	CLC	—	—	—	4	7	–
Argentina	ILC	B	B2	B	4	5	6
Aruba	ILC	—	—	BBB	1	4	–
Bahamas	OA	—	A2	—	3	3	–
Barbados	ILC	—	Caa3	—	3	4	–
Belize	SD	—	B3	—	3	7	–
Bermuda	30/SD	—	A2	AA	2	3	–
Bolivia	ILC	C	Ba3	BB-	2	5	6
Brazil	ILC	C	Ba2	BB+	2	5	4
Cayman Islands	SD	—	Aa3	—	2	3	–
Chile	OA	A3	Aa3	AA	2	3	3
Colombia	ILC	A4	Baa2	BBB+	2	4	4
Costa Rica	ILC	A4	Ba2	BBB–	2	3	4
Cuba	CLC	E	Caa2	—	7	7	6
Dominica	ILC	—	—	—	4	6	–
Dominican Republic	ILC	B	Ba3	BB-	3	4	4
Ecuador	CLC	C	B3	B	6	6	6
El Salvador	ILC	C	Caa1	B-	2	4	5
Grenada	ILC	—	—	—	4	6	–
Guatemala	ILC	C	Ba1	BB+	2	4	5
Guyana	CLC	—	—	—	5	6	–
Haiti	CLC	D	—	—	6	7	–
Honduras	ILC	C	B1	—	3	5	5
Jamaica	ILC	B	Caa2	B	3	6	5
Mexico	OA	B	A3	A	2	3	3
Montserrat	ILC	—	—	—	4	7	–
Netherlands Antilles	OA	—	—	—	2	5	–
Nicaragua	ILC	C	B2	B+	4	6	6
Panama	ILC	A4	Baa2	A	3	3	3
Paraguay	ILC	C	Ba1	BB+	2	5	6
Peru	OA	A4	A3	A-	1	3	4
Puerto Rico	CLC	—	B2	BB	2	2	–
St Kitts	SD	—	—	—	4	5	–
St Lucia	ILC	—	—	—	3	7	–
St Vincent	ILC	—	B3	—	4	5	–
Suriname	ILC	—	B1	B-	4	7	–
Trinidad & Tobago	ILC	A4	Baa3	—	4	3	4
Turks & Caicos Islands	SD	—	—	—	2	2	–
Uruguay	ILC	A4	Baa2	BBB+	3	3	3
Venezuela	CIA	E	Caa3	CC	7	7	6

Emerging markets risk indicators

Asia — Mongolia upgraded by Moody's

Moody's Investors Service lifted Mongolia's long-term issuer ratings and senior unsecured ratings to B3 from Caa1. Driving the upgrade, said Moody's, was "an alleviation in liquidity and external pressures and prospects of a somewhat attenuated sensitivity of Mongolia's credit metrics to fluctuations in commodity prices, if the reforms currently implemented and planned are adhered to." It said the refinancing of government debt in October 2017, combined with measures to narrow the fiscal deficit and windfall gains from higher commodity-related revenues, have reduced Mongolia's financing needs. Vietnam's economy is set to grow 6.7 per cent this year, underpinned by strong exports performance, rising investment inflows and solid domestic demand, Euler Hermes said. However short-term risks stem from weak public finances, a fragile banking system, and weak external liquidity, epitomised by FX reserves covering just 2-3 months of imports. External debt is close to 50 per cent of GDP. Laos, similarly, is anticipated to top 6.5 per cent GDP growth in both 2018 and 2019. "Strong competitive advantages such as cheap labour costs, natural resources, and a strategic location coupled with a rise in foreign demand, support exports," Euler Hermes noted. Nonetheless debt sustainability risk is "elevated", with external debt at around 100 per cent of GDP, while international reserves cover just 1 to 2 months of goods imports. Cambodia's economy expanded by around 7 per cent in 2017, driven by strong private consumption and exports. "Fragile public finances and elevated financial risks require close monitoring," said Euler Hermes.

Pakistan will allow the Chinese yuan to be used for imports, exports and in financing transactions for bilateral trade and investment activities, aligning with the momentum of the $54bn China-Pakistan Economic Corridor. In India, Euler Hermes anticipates 6.5 per cent real GDP growth for fiscal year 2017-18, before an acceleration to 7.3 per cent in FY2018-19, supported by accelerating investment and private consumption. Moody's Investors Service upgraded the country's local and foreign currency issuer ratings to Baa2 from Baa3. Thailand's improved short-term political risk led Credendo to upgrade the country from 3/7 to 2/7. The current account surplus sits at a two-decade high above 10 per cent of GDP. FX reserves are up 17 per cent since the end of 2016, Credendo said. Singapore's three top banks – DBS, OCBC and UOB – were cited as significant funders of coal projects in the region by Market Forces, an Australian financial green group.

Country	Preferred payment terms	Coface grading	Moody's sovereign rating	Fitch sovereign rating	Credendo short-term political risk rating	Credendo medium- to long-term political risk rating	D&B rating
Afghanistan	CIA	E	—	—	7	7	7
Bangladesh	ILC	C	Ba3	BB-	3	5	5
Brunei	ILC	—	—	—	2	2	–
Cambodia	CLC	C	B2	—	3	6	5
China	ILC	B	Aa3	A+	1	2	4
Fiji	ILC	—	Ba3	—	4	6	5
Hong Kong	OA	A3	Aa1	AAA	1	2	2
India	OA	A4	Baa2	BBB–	2	3	4
Indonesia	ILC	A4	Baa3	BBB	2	3	4
Korea (North)	CLC	—	—	—	7	7	–
Korea (South)	OA	A3	Aa2	AA-	1	1	2
Laos	CLC	D	—	—	6	7	–
Macau	ILC	—	Aa3	—	1	2	–
Malaysia	OA	A2	A4	A	3	2	3
Mongolia	CLC	C	B3	B-	5	7	–
Myanmar (Burma)	CLC	D	—	—	4	6	6
Nauru	ILC	—	—	—	2	5	–
Nepal	CLC	D	—	—	3	6	6
New Caledonia	ILC	—	—	—	2	4	–
Pakistan	CLC	C	B3	B	4	6	6
Palau	ILC	—	—	—	4	4	–
Papua New Guinea	ILC	B	B2	—	4	6	5
Philippines	OA	A4	Baa2	BBB+	2	3	4
Singapore	OA	A3	Aaa	AAA	1	1	2
Sri Lanka	ILC	B	B1	B+	4	6	5
Thailand	OA	A4	Baa1	A-	2	3	4
Vanuatu	ILC	—	—	—	5	4	–
Vietnam	ILC	B	B1	BB-	3	4	5

Emerging markets risk indicators

Eastern Europe/CIS — Russia maintains growth mode

Official data showed Russia's economy grew 1.8 per cent y/y in Q3, marking the fourth consecutive quarter of increase after two years in recession. Euler Hermes said it expects full-year growth of 1.6 per cent in 2017 and a pick-up to 1.9 per cent in 2018 thanks to one-off factors such as pre-election spending and the 2018 FIFA World Cup. However "chemicals and services insolvencies are expected to rise in 2018, while recent banking failures and lingering threats of economic sanctions could have negative impacts on Russian business," said Ludovic Subran, chief economist at Euler Hermes.

Annual investment in Moldova by the European bank for Reconstruction and Development (EBRD) hit an all-time record in 2017 via €130m of financing to support the private sector and develop infrastructure. The EBRD said its financing activity came despite low levels of domestic and foreign investment, bottlenecks in implementing infrastructure projects and lingering banking sector issues. EBRD pledged to "work with reputable investors to restore transparency and good governance in banks" to make more financing available to Moldovan businesses. Fitch Ratings upgraded Bulgaria's long-term foreign- and local-currency issuer default ratings to 'BBB' from 'BBB-'. Fitch said a prolonged decline in external debt ratios has led Bulgaria's external finance metrics to outperform most of its 'BBB' peers. Current account surpluses averaging 3.4 per cent of GDP are forecast for 2017-2019, supported by a diversifying export base. FX reserves represent 49.7 per cent of GDP, equivalent to 10 months of imports. Ukraine's FX reserves hit $18.5bn in September, the highest level since the end of 2013, and now covering more than 3 months of imports. Credendo lifted its short-term political risk rating to category 5/7 (from 6/7) to reflect the improvement in liquidity.

The Asian Development Bank foresaw Azerbaijan's GDP contracting by 1.3 per cent in 2017 mainly due to declining oil production, but returning to growth in 2018. FX reserves stabilised in 2016 and are now on an upward trend likely to continue despite the recent drop, Credendo said. It upgraded Azerbaijan's short-term political risk to category 3/7. In Serbia, Deutsche Investitions- und Entwicklungsgesellschaft took a 10 per cent equity interest in the €300m 158MW Cibuk I wind farm, the largest such facility in the Western Balkans. In Kosovo, the EBRD extended a €1.5m loan to the Agency for Finance in Kosovo, to increase the financing of the green economy.

Country	Preferred payment terms	Coface grading	Moody's sovereign rating	Fitch sovereign rating	Credendo short-term political risk rating	Credendo medium- to long-term political risk rating	D&B rating
Albania	CLC	C	B1	—	4	6	4
Armenia	CIA	E	B1	BB-	5	6	–
Azerbaijan	ILC	C	Ba2	BB+	3	5	5
Belarus	CIA/CLC	D	Caa1	B-	6	7	6
Bosnia and Herzegovina	CLC	C	B3	—	4	6	6
Bulgaria	OA	A4	Baa2	A-	1	4	4
Croatia	OA	B	Ba2	BBB-	1	4	3
Estonia	OA	A2	A1	AAA	1	1	2
Georgia	CLC	C	Ba2	BB	3	6	5
Greece	CLC	C	Caa2	B-	4	5	5
Hungary	OA	A4	Baa3	A-	2	4	4
Kazakhstan	CLC	C	Baa3	BBB+	3	6	5
Kosovo	CLC	—	—	—	3	7	–
Kyrgyzstan	CLC	D	B2	—	5	7	6
Latvia	OA	A3	A3	AAA	1	2	3
Lithuania	OA	A3	A3	AAA	1	1	3
Macedonia	CLC	C	—	BB+	3	5	4
Moldova	CLC	D	B3	—	5	7	–
Montenegro	CLC	C	B1	—	3	7	–
Romania	OA	A4	Baa3	BBB+	1	3	3
Russia	ILC	B	Ba1	BBB-	3	4	6
Serbia	ILC	B	Ba3	BB+	2	5	5
Tajikistan	CLC	D	B3	—	7	7	6
Turkmenistan	CIA/CLC	D	—	—	6	6	6
Ukraine	CIA/CLC	D	Caa2	B-	5	7	6
Uzbekistan	CLC	C	—	—	5	6	6

*WR = withdrawn rating

Emerging markets risk indicators

Middle East — Saudi Arabia acknowledges 2017 recession

Saudi Arabia's General Authority for Statistics provided first estimates for full-year GDP, indicating that the economy declined by 0.7 per cent in 2017. Supply-side estimates showed the oil sector shrank 3 per cent, while the non-oil sector grew by 1 per cent. For 2018, the government has announced a record budget to help pull the economy out of recession. Combined with higher average oil prices and base effects, this should result in GDP growth of 1.7 per cent in 2018, Euler Hermes forecasts. EKN and Atradius have singled out the Saudi construction sector as the worst payments segment.

Coface said Turkey's economy grew substantially during the first three quarters of 2017, expanding by 11.1 per cent in Q3, y/y, the fastest pace among all G20 economies. One of the biggest economic boosts was an increase in the Credit Guarantee Fund, with which the government supports SMEs, to nearly $64bn. Exports of goods and services, which rose 13 per cent y/y during the three quarters, also buoyed the economy. Coface said Turkey's major vulnerabilities comprise deficit funding, increasing dependence on global financial investors, the volatility of exchange rates and rising inflation. FX reserves cover over 4 months of imports.

Euler Hermes expects Israel's economic activity "to remain fairly healthy in the near term", buoyed by consumer confidence, low unemployment and exports benefitting from strengthening global demand. Although preliminary estimates indicate that real GDP growth decelerated to 3 per cent in 2017 from 4 per cent in 2016, the credit insurer is forecasting 3.6 per cent in 2018.

Euler Hermes expects Jordan's growth to hit 2.3 per cent in 2017, on the back of re-established export routes, growing infrastructure spending and a modest tourism recovery. US sanctions on Iran's financial sector still scare most Western banks from doing business with the country. But Iranian banks are expected to open new branches in Germany and to follow suit in Austria, a recent Iranian trade mission to Austria indicated. The blockade on Qatar by Saudi Arabia, Bahrain, Egypt and the UAE, due to the country's relations with Iran and accusations that it supports extremism, remains ongoing. Qatar has been able to soften the effects so far, mainly thanks to its reserves of cash and gold, along with rising gas and oil exports. Coface expects the Qatari economy to grow by 3.4 per cent in 2017 and by 3 per cent in 2018.

Country	Preferred payment terms	Coface grading	Moody's sovereign rating	Fitch sovereign rating	Credendo short-term political risk rating	Credendo medium- to long-term political risk rating	D&B rating
Bahrain	ILC	C	B1	BBB+	2	4	4
Iran	CIA/CLC	E	—	—	5	5	6
Iraq	CIA/CLC	E	Caa1	B–	6	7	7
Israel	OA	A2	A1	AA	2	3	3
Jordan	ILC	C	B1	—	4	5	5
Kuwait	SD/OA	A3	Aa2	AA+	3	2	4
Lebanon	CLC	C	B3	B-	5	7	6
Oman	OA	B	Baa2	BBB	3	3	3
Palestine	CLC	—	—	—	7	7	–
Qatar	OA	A4	Aa2	AA+	3	3	3
Saudi Arabia	OA	B	A1	AA	2	2	3
Syria	CIA	E	—	—	7	7	7
Turkey	ILC	B	Ba1	BBB-	3	4	4
United Arab Emirates	OA	A4	Aa2	AA+	2	2	3
Yemen	CIA/CLC	E	—	—	7	7	6

Glossary

CAD = Cash against documents
CIA = Cash in advance
CLC = Confirmed letter of credit
ILC = Irrevocable letter of credit
NA = Not available
OA = Open account
SD = Sight draft;
30/SD to 180/SD — days sight draft
WR = Withheld rating

Sources

Coface, EDC, Fitch, Moody's, Credendo.

Development finance update

AFRICA: The African Development Bank said that all of its power sector investments in 2017 were directed to renewable energy.

In what the Abidjan-based multilateral claimed as a "major landmark" in its commitment to clean energy and efficiency, the AfDB said that it approved power generation projects with a cumulative capacity of 1,400 MW during the 12 months, all of these falling within the renewables bracket. The bank said it plans to increase support for renewable energy projects in 2018 under the New Deal on Energy for Africa, which targets African countries lifting their share of their GDP devoted to the energy sector from 0.3 to 3.4 per cent. The AfDB has pledged to invest $12bn in the power sector over a five-year period to 2020, to help leverage capital requirements across the continent which are estimated at between $40bn and $70bn per year. "We will help Africa unlock its full energy potential, while developing a balanced energy mix to support industrialization," said AfDB president Akinwumi Adesina. "Our commitment is to ensure 100 per cent climate screening for all bank-financed projects," he added.

CAMBODIA: The Asian Development Bank (ADB) signed three project loan agreements worth $170m with the government.

The largest facility was a $70m loan for a scheme to improve 147-kilometres of road for all-weather conditions within the provinces of Prey Veng, Siem Reap, and Svay Rieng. The project will support national efforts to make the transport sector more efficient, safe, and disaster-resilient and help the Ministry of Public Works and Transport to better manage road assets. Elsewhere a $50m ADB loan will help expand and improve urban water supply and sanitation services for over 209,000 people in Battambang, Kampong Cham, Siem Reap, and Sihanoukville. The ADB money will be complemented with a $10m grant from the Japan Fund for the Joint Crediting Mechanism, a €40m loan co-financing from Agence Française de Développement, and a €4.67m grant from the European Union's Asia Investment Facility. The government will contribute $10.54m. ADB will also provide $50m to enhance agriculture productivity in the Tonle Sap Basin to benefit smallholder farmers in Banteay Meanchey, Kampong Cham, Kampong Thom, Siem Reap, and Tboung Khmum. A $10m concessional loan was extended by the International Fund for Agricultural Development, accompanied by $6m equivalent in government funding.

COLOMBIA: The Inter-American Development Bank (IADB) arranged a $1bn financing package for a hydropower facility in the north.

The 2,400MW plant in Antioquia will generate 18 per cent of Colombia's total installed capacity, equivalent to 13,900 GWh of electricity each year. The borrower is public utility Empresas Publicas de Medellín. The IADB provided a 12-year, $300m loan from its own book plus a $50m co-loan from China Co-Financing Fund for Latin America and the Caribbean, an IADB-run fund. International lenders extended a $650m B-loan package, split into 12- and 8-year tenors. The providers were Caisse de Dépôt et Placement du Québec, KfW-Ipex, BNP Paribas, SMBC, BBVA and Santander.

ETHIOPIA: Deutsche Investitions- und Entwicklungsgesellschaft invested €4m in cashless money transfer and payment service M-BIRR.

The service provides an alternative to a bank branch by enabling payment by mobile phone, improving access to banking services in Ethiopia. Other equity investors include the European Investment Bank and Finnish development finance company Finnfund. The new capital is earmarked for business expansion and for increasing outreach in the country. M-BIRR was established in 2009. At year-end 2017, over one million customers were registered on the platform for mobile payments. Six financial institutions in Ethiopia currently deliver the M-BIRR service.

KAZAKHSTAN: The EBRD extended a tenge-denominated $8.8m-equivalent loan to Urbasolar SAS.

The funding will back the Zadarya solar power plant, which is set to add 14MW of solar capacity to Kazakhstan's energy mix. The European Bank for Reconstruction and Development (EBRD) said the Clean Technology Fund will lend up to $3.9m for the solar plant in the South Kazakhstan region, near the city of Shymkent. The solar park project will be implemented by a special purpose company, Kaz Green Tek Solar LLP, incorporated in Kazakhstan and majority owned by Urbasolar. All large-scale renewable energy projects in Kazakhstan under project finance structures have been supported by the EBRD. The London-based multilateral also works closely with the government on green energy laws, regulations and other carbon-reduction programmes.

MONGOLIA: The European Bank for Reconstruction and Development (EBRD) provided a $3m-equivalent loan in tugrik to XacLeasing Mongolia.

Under the EBRD's SME Local Currency Programme, the funds will be on-lent to SMEs with a particular focus on machinery, commercial vehicles and medical appliances. Although SMEs account for 90 per cent of all registered businesses in Mongolia, they have limited access to long-term financing due to lack of collateral and credit history. "The EBRD's financing will not only help us to increase our leasing to SMEs, but will also help our clients avoid foreign exchange risk," said Tsevegjav Gumenjav, chief executive of XacLeasing.

Two weeks in trade finance

ABU DHABI: Japan Bank for International Cooperation signed a $2.1bn facility agreement with Abu Dhabi National Oil Company (ADNOC).

JBIC said the facility was co-financed by Sumitomo Mitsui Banking Corporation (agent bank), HSBC's Tokyo branch and Mizuho Bank, bringing the total co-financing amount to $3bn. The loan is the fifth that JBIC has provided for ADNOC in order to secure a long-term supply of oil to Japan. Approximately 60 per cent of the offshore Abu Dhabi oil field concessions owned by Japanese companies is scheduled to expire in March 2018. JBIC said the facility aims to support Japanese companies in renewing existing concessions and acquiring new concessions.

AFRICA: Deutsche Bank elevated Andreas Voss to head of trade finance for financial institutions (TFFI) in Sub-Saharan Africa.

Mr Voss added the new title alongside his current role as head of global transaction banking West Africa and chief representative of Deutsche's Lagos representative office. He will continue to be based in Lagos. He joined Deutsche Bank in 2015 from Deutsche Investitions-und Entwicklungsgesellschaft (DEG). Until end-2014, he was based in Ghana as regional director of DEG's office in Western Africa. Ulf-Peter Noetzel, the bank's global head of TFFI, said the appointment highlights "the importance of Africa, and in particular Nigeria," to Deutsche's trade finance business.

BRAZIL: SACE insured €1.5m of machinery exports to Brazil by Vicenza-based SME CYLASER.

SACE said its support backed CYLASER's sale of its fibre-optic laser cutting machinery, granting competitive payment conditions to its Brazilian customer and obtaining, insuring against default due to commercial and political reasons and obtaining immediate liquidity by factoring the insurance credits. "The company decided to expand its production by opening to international markets," said Martini Campana, director of CYLASER.

CHINA: BMO Financial Group and Industrial and Commercial Bank of China signed a broad ranging memorandum of understanding.

BMO said the goal is to leverage their complementary geographic footprints and capabilities, to the benefit of customers of both institutions. The agreement covers, among other areas, corporate and project financing, trade finance and cross-border RMB cooperation. BMO is one of only five North American banks with an established subsidiary bank in mainland China.

GLOBAL: Airbus said it is working with private insurance firms and banks to help fill a two-year gap in trade funding.

Airbus said on 22 January that it expected a European freeze on government export credits to be lifted soon. It has been unable to rely on export credits to help deliver jets to cash-strapped airlines since 2016, when Britain, France and Germany halted the system over the disclosure of misleading paperwork that led to a bribery probe. Airbus is talking to agencies about tougher safeguards for future deals. It said it is also talking with insurers and banks to find alternatives for cushioning export risks to nations where airlines have problems raising credit. "The target is to offer conditions similar or equivalent to European Credit Agency financing," Christin Lodberg, vice-president of customer finance, told the Airline Economics conference in Dublin, in comments cited by Reuters. Mr Lodberg said five insurers and about as many banks were involved in the Airbus plan, but did not identify them. Airbus hopes the new system will be ready within the first half of the year, mirroring a consortium of insurers recently established to support exports by rival Boeing.

GLOBAL: Standard Chartered Bank appointed Lisa Robins as global head, transaction banking.

She will be based in Singapore, effective as from 19 February. Prior to her new position, Ms Robins worked in international business for 38 years. She has worked with Louis Dreyfus, JP Morgan Chase and Deutsche Bank. She joined Deutsche in 2011, recently holding the title of head of global transaction banking for Asia Pacific.

GLOBAL: Maersk and IBM said they will release a blockchain-powered digital platform for use by the global shipping ecosystem.

They said the joint venture will commercialise and scale a platform jointly developed on open standards, which aims to provide more efficiency, transparency and simplicity in the movement of goods across borders. The platform will enable networks of disparate trading partners – including shipping lines, freight forwarders, manufacturers, port and terminal operators, and shippers and customs authorities – to collaborate through one platform. Banks providing digital trade finance products will receive increased visibility of key events affecting their financing, as well as the digital documentation supporting the transactions.

GLOBAL TriLinc Global Impact Fund approved $22.7m in term loan and trade finance transactions, each priced at 10 per cent or higher.

TriLinc said the largest deal involved a $6.5m, 3-year facility to a resource trader based in Hong Kong and

Two weeks in trade finance

operating in Indonesia. TriLinc also funded eight separate nine-month transactions, totalling $5.75m, for four different Nigerian cocoa exporters, as well as a 2-month $4.74m deal for a mobile phone distributor based in Hong Kong. Elsewhere it provided $4.74m over 3.7 years to a financier that offers short-term lending to SMEs across Botswana, Zambia, South Africa, and Swaziland. Smaller deals consisted of a $200,000, 5-year funding for a Nigerian marine logistics provider, and an $857,307 facility over 4 years to a Colombian consumer lender that services public sector employees and retirees within small and medium size government agencies throughout the country. The deals were backed by a wide range of security.

INDIA: Hybrid blockchain firm XinFin launched its marketplace platform, TradeFinex, in association with the Assocham network.

Assocham encompasses over 300 trade associations and 450,000 members. "The launch of TradeFinex will allow beneficiaries to get their projects financed at globally competitive rates, while financiers can track the progress of their projects at real-time and suppliers can overcome problems like uncertainty and volatility of supply chain," said Sameer Dharap, vice president blockchain applications at XinFin. Launched in 2017, XinFin focuses towards enterprise use cases of blockchain technology using native token called XDC. It has already expanded its client base across Singapore, India, the US and Europe.

ITALY: SACE and Deutsche Bank finalised a €5m loan for Pastificio Di Martino, which produces pasta in the Campania region.

The loan, issued by Deutsche Bank and guaranteed by SACE, is earmarked for supporting the costs of purchasing a controlling interest in Grandi Pastai Italiani. This will enable the Gragnano-based Di Martino to increase both production and the export share of sales and expand the marketing of its product to new market segments, SACE said. "We have increased the number of group production facilities to seven, located in three regions (Campania, Emilia-Romagna and Lombardy)," said Giuseppe Di Martino, chief executive of Pastificio Di Martino.

INDIA: Traydstream opened a new office, marking its first global servicing hub for its trade, technology and client service operations.

Based in Mumbai, the new facility will be able to serve clients 24/7, working alongside the Traydstream office in London. Launched in 2017, Traydstream aims to help digitalise and automate trade finance, and to automate regulatory compliance screening using artificial intelligence and optical character recognition technology.

MALDIVES: The International Islamic Trade Finance Corporation (ITFC), signed a $100m syndicated murabaha financing agreement.

The financing was extended to the State Trading Organization (STO), a government owned company. The facility will secure more than 75 per cent of the purchase of petroleum products required to help boost the Maldives economy, ITFC said. "Securing the energy sector is not only critical for the economic growth of the Maldives, but it is essential for households and public administration that would serve all economic sectors," said Nazeem Noordali, ITFC's chief operating officer. ITFC said the deal aligns with its strategy of focusing on key sectors for member countries and supporting intra-OIC trade.

NIGERIA: GuarantCo extended a naira-equivalent $50m callable capital facility to InfraCredit.

GuarantCo collaborated with the Nigeria Sovereign Investment Authority (NSIA), on the establishment of a new Nigerian credit enhancement entity, named InfraCredit. This will help to promote and develop infrastructure in Nigeria through the issuance of highly-rated local currency credit guarantees. GuarantCo said it is providing the naira equivalent of $50m of "second loss" contingent capital.

THE GAMBIA: The International Islamic Trade Finance Corporation (ITFC) signed a 3-year, $210m framework agreement with the government.

ITFC said the agreement is to support key economic sectors, including energy, through imports of refined petroleum products, and agriculture, through the imports of fertiliser, as well as the provision of pre-export financing for agricultural produce, notably, groundnuts and cashew nuts. It added that the agreement will also extend cooperation with The Gambia to trade development programmes for poverty reduction by providing technical and/or financial support for capacity building, information exchange and knowledge dissemination. ITFC said it is currently studying a request to undertake a pilot trade development programme to eradicate the Aflatoxin fungus and enhance the quality of groundnuts produced in The Gambia for local consumption and for export.

UK: Fintech firm TradeIX appointed Hans Jörg Schüttler as its new chairman.

Mr Schüttler manages a private investment company, is a board member of Bankable plc, and an advisor to Thames Path Capital. He has previously held various executive and senior management positions, including as chairman and chief executive at IKB Deutsche Industriebank, has been the chief executive for Germany and Asia at Morgan

Two weeks in trade finance

Stanley. Launched in mid-2017, TradeIX has developed the first trade finance-specific open-source blockchain platform, called TIX. Last year, TradeIX completed what it claimed to be the first blockchain-enabled trade finance transaction for a global logistics company (ITF 730/8).

UK: Richard Coulson was promoted to the position of chief underwriting officer of Fidelis Underwriting Limited.

He took up the role with immediate effect. Mr Coulson joined Fidelis in June 2015 as head of specialty and was promoted to director of underwriting in 2017. Prior to that he served as executive director of political risk, structured credit and surety at RK Harrison. His previous career was spent at MMC Capital, Marsh, Hiscox and JLT.

UK: Specialist financier Falcon Group appointed Steve Box as head of business development for UK and Europe.

A former Bibby Financial Services' chief executive and HSBC veteran, Mr Box will be responsible for leading Falcon's expansion in the UK and European markets. He brings more than 38 years of experience in financial services, in particular regarding receivables, asset-based lending, supply chain finance and trade finance.

UK: Neon expanded its London-based political and credit risk team.

Paul Barrett joined from Arthur J Gallagher as an underwriter. Anthony Vaughan, senior credit analyst, and Paul Carrington, underwriter, both joined Neon in late 2017. Formerly known as Marketform, Neon writes trade finance and investment risk with tenors ranging from one month to 15 years, covering both commercial and sovereign obligors and perils. Neon's political and credit risk team also covers financial guarantees.

UK: Liberty Specialty Markets (LSM) appointed Chris Hall as senior underwriter.

He joined from Lloyds Banking Group, where he was head of trade asset management. Mr Hall will lead the development of a new trade finance insurance initiative. He worked in banking with RBS until joining Lloyds in 2015, and is also a serving board member of the International Trade and Forfaiting Association.

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