TFP Annual Event and Awards Ceremony

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TFP scoops industry awards

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A steady climb to success in the South Caucasus region

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First TFP workshops in SEMED

THE TFP in facts and figures
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I look forward to hearing your thoughts on this issue!

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Executive Editor

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**OPINION**

“Our Annual Meeting took place at a crucial time. The issues related to inclusive economic growth, financial sector reforms, banking reforms, private sector development and, in particular, SME lending are at the top of the international policy agenda. I believe that the debate on these issues will continue, and that all shareholders on the international stage must strive to contribute actively to take them forward.”

Sir Suma Chakrabarti, EBRD President

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**FREE WORKSHOP**

**Free training for partner banks**

The EBRD was delighted to welcome 25 trade finance bankers from 13 of its countries of operations to attend a week-long Trade Facilitation Programme (TFP) workshop which was held at the Joint Vienna Institute (JVI) on 17-21 June 2013.

The aim of the workshop was to provide participants with a deeper understanding of the dynamics, risks and product structures that are available to assist corporate clients with their international trade business requirements.

The JVI is an international training organisation based in Vienna and was originally established by a consortium of international financial institutions in September 1992 to meet the considerable training needs of officials and managers from the countries of the former Soviet Union undergoing transition.

The EBRD is proud to have been a founding member of the JVI when it was established 21 years ago and today as a contributing member sponsors an average of four workshops each year mainly on management skills development. These workshops are also an opportunity for the EBRD’s banking teams to promote their work, to advise on EBRD procedures and for participants from different countries to share mutual work-related experiences in their specialised industries. Needless to say, the EBRD workshops at the JVI are valued highly by the participants.

**NEW WORKSHOP**

**Update workshops to help “tick the boxes”**

With the launch of the 2013 edition of the ICC’s International Standard Banking Practice (ISBP) earlier this year, the partnership’s new series of workshops to inform and update trade finance specialists of participating issuing banks about the new rules. Launched in 2002, the ISBP is a checklist of best practices worldwide for checking documents under the UCP which has helped to dramatically reduce the number of discrepancies between banks dealing with documentary credits.

In light of comments from users, the TFP decided to both update and expand the ISBP to take in a range of new topics such as transfers and amendments that were not covered in the older 2007 version.

The one-day workshop, carried out by Vincent O’Brien, Chair of the Market Intelligence Group at the ICC Banking Commission and a TFP TC consultant, is tailored to provide a general overview about ISBP and address the competitive pressures banks face.

The first workshops were held in Ulaanbaatar in May, Tbilisi in July and Minsk, Kiev and Moscow in September, all of which have received immensely positive feedback. The next workshops are scheduled as follows:

- Almaty, Kazakhstan - Monday 6 November 2013
- Dushanbe, Tajikistan - Wednesday 6 November 2013
- Bishkek, Kyrgyzstan - Friday 8 November 2013
- Baku, Azerbaijan - Tuesday 21 November 2013

There are also ISBP workshops in the pipeline for Astana, Baku, Belgrade, Chisinau, Tana, Skopje, Yekaterinburg and Yerevan as well as Amman, Cairo, Casablanca and Tunis.

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**Turkey turns it on for EBRD Annual Meeting**

The European Bank for Reconstruction and Development (EBRD) held its Annual Meeting of the Board of Governors and Business Forum in Istanbul, Turkey on 10-11 May 2013. This was the first time an Annual Meeting was held outside the “traditional” EBRD region of post-communist countries. The meeting focused on the economic challenges in the region from Europe to southern and eastern Mediterranean (SEMED), where the Bank is now also active, and on ways to return to growth – be it through technological and financial innovation, increasing competitiveness, supporting banks and small and medium-sized enterprises (SMEs) or better opportunities for entrepreneurial talent, such as women business owners.

The keynote addresses emphasised the need for ongoing reform in countries of operations so that growth can continue.

“The needs of our shareholders today are different – we need consultative policy ideas,” said Sir Suma Chakrabarti. “In Turkey the need is for a new model of development – from the top down. The problems of insufficient infrastructure and access to finance that were once thought to be the defining characteristics of emerging markets may be the least of our shareholders’ worries today. We have to focus on innovation and entrepreneurship.”

Chair of the Market Intelligence Group at the ICC Banking Commission, Paulina Martinez also commented on the leading role the EBRD was playing in Turkey. “There is no question that the EBRD is the main partner to the Turkish banking system. From a partner banks’ point of view, the EBRD has been a great partner and it is important for partner banks to see how the EBRD is truly turning it on for the Turkish banking system.”

www.ebrd.com/news
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.

In 2013 the EBRD has once again won the Best Global Developmental Financial Institution Award in this year’s Trade Finance Magazine Awards for Excellence.

Commenting on the award, Rudolf Putz, Head of the TFP, said: “We are delighted that the readers of Trade Finance Magazine have once again recognised the EBRD’s achievements.”

He added that the awards were important because they could help to raise donor funds from EBRD shareholders and attract additional risk-taking capacity from international development agencies. “All of our trade finance conferences, our e-Learning Programme, training courses and consultancy projects are sponsored by international donors,” he explained. “They, along with other development agencies such as FMO and OFID, also provide us with additional risk-taking capacity in countries where the demand for trade finance exceeds the EBRD’s own ability to take risk.”

For more information on the Trade Finance Magazine Awards for Excellence 2013 go to www.tradefinancemagazine.com
Georgia’s TBC Bank excels as a confirming bank under the TFP

TBC Bank was one of the first banks in Georgia to join the EBRD’s Trade Facilitation Programme (TFP) in 1999. The EBRD became a guarantor of our trade operations among all the EBRD’s confirming banks worldwide for up to US$2 million as a starting limit. Our trade finance business has grown significantly since then. The TFP has played a crucial role in enhancing our capabilities in partnering with leading commercial banks worldwide, attracting additional clean lines and in offering a more diverse product portfolio to our client base.

Demand for trade finance products among our corporate clients has increased significantly as they become more comfortable doing business using documentary operations. In order to efficiently accommodate the growing demand, TBC Bank employees actively participate and excel in the conferences and training workshops organized by the EBRD.

The EBRD’s support during the 2008 crisis was crucial and as a result we were able to service our clients even without the availability of commercial clean lines. In fact, TBC Bank was so active and efficient in its partnership with the TFP that the EBRD recognised us as the most active issuing bank in Georgia in 2009, the year following the financial crisis.

Current market trends dictate that we need to attract longer-term resources at competitive prices. Becoming a confirming bank in 2013 has made our trade finance services especially flexible for our valued customers. IDS Borjomi, one of the largest exporters of world-famous Georgian mineral water, was the very first company to be financed by TBC Bank under the confirming bank agreement with the EBRD.

The company continues to use our services due to the speed of execution with almost same-day confirmation of LCs, simplified procedures and attractive pricing.

Keti Gogosheishvili, Head of Settlements and Correspondent Banking, TBC Bank

One of Armenia’s leading banks flourishes with the TFP’s support

The Armenian economy suffered huge losses after the collapse of the USSR in 1991 as all projects and industry support ceased and only a few operating enterprises remained. Economic reforms were needed to help Armenia rebuild its former centralised economy. The EBRD has been one of the outstanding investors in Armenia from the very start of these economic reforms as it carried out more than 100 projects in financial, corporate, energy and infrastructure sectors. Armeconombank was both the first bank registered with the Armenian Central Bank and one of the first banks to cooperate with the EBRD.

In 2000 Armeconombank signed a US$1 million loan agreement to be financed by the EBRD without a state guarantee which was a historic move forward for the Armenian banking sector. The bank was also the first in Armenia to organise an international banking conference on trade finance jointly with the EBRD in 2006 where a range of Armenian and international banks participated. The close cooperation with the EBRD, a 25 per cent shareholder of Armeconombank, continues.

As the major player in trade finance in Armenia, the EBRD greatly supports the improvement of Armeconombank’s trade finance specialists’ qualifications through various training projects. This not only expands our specialists’ qualifications through various training projects. This not only expands our staff’s knowledge base but also increases their motivation and profound interest in trade finance. Flourishing under such guidance and support, Armeconombank continues to play an important role in small and medium-sized enterprise (SME) financing in Armenia.

Armeconombank’s trade finance specialists learn many interesting and impressive details of the underlying trade transactions, which in turn allows them to better understand the businesses of their SME clients. For example, Armenians drink up to two cups of the famous “Armenian coffee” per day but very few of them really know the process of how the coffee bean gets to their cup. The process encompasses growing, garnering, processing, storing and packaging. One of Armeconombank’s loyal clients is a coffee retailer and thanks to a detailed knowledge of the process, the trade finance specialists handling that account not only better service that customer but also enjoy their coffee more than ever before.

Astghik Manrikyan, Head of International Operations Department, Armeconombank

“The bank was the first in Armenia to organise an international banking conference on trade finance.”
The TFP enjoys growing popularity in the South Caucasus region

The EBRD’s Trade Finance Programme (TFP) has proved to be one of the most successful facilities offered to the local partner banks in the South Caucasus region. It has become a much sought-after product in the region’s banking industry. With its growing success in 2012, this trend is expected to continue in 2013 and the foreseeable future. The TFP is one of the biggest instruments for the financing of small and medium-sized enterprise (SME) activities and therefore offers a large contribution to the enterprise sector development in the region. The TFP also offers, through its technical cooperation funds, much needed training for local trade finance professionals.

The results so far speak for themselves – the total volume of trade supported since the TFP’s inception has reached €107 million in Armenia, €292 million in Azerbaijan and €768 million in Georgia. The success of the TFP in this region has also been helped by the strong and mature banking systems in the South Caucasus countries.

Bruno Balvanera, Director for Caucasus, Moldova and Belarus, EBRD

STRENGTH TO STRENGTH

How the TFP has helped Azerbaijan’s oldest private bank become a major player

DemirBank is the oldest private bank in Azerbaijan with over 24 years of experience and good practice in the field of documentary business. A large contribution to our success has been the EBRD’s Trade Facilitation Programme (TFP). Since joining the TFP in 2002, DemirBank has progressed from small initial transactions to steadily increasing our customer base as well as the geography of our partner banks. Our bank has made its banking terms and conditions more flexible and attractive for customers with the support of the TFP. In 2006 the EBRD became a shareholder in DemirBank which further strengthened our position in the local market and increased the confidence of foreign partners. With the support of the TFP, we have financed many projects in the agriculture and retail sectors.

“A significant project of our bank that was made possible with the support of the TFP was the renovation and reconstruction of the luggage compartment and carousel at Baku’s Heydar Aliyev International Airport, the busiest airport in Azerbaijan and of the Caucasus. While there were initially some obstacles in the implementation of the transaction, DemirBank was able to issue a documentary letter of credit with the EBRD’s guarantee and successfully finalised the transaction. Many credit lines in Azerbaijan and the Caucasus were temporarily blocked or reduced during the recent financial crisis but the success of transactions such as this has given foreign banks more confidence in collaborating with the region again.

The TFP has very much been the catalyst for the increase in our trade finance activities and the whole DemirBank team would like to take this opportunity to thank the EBRD for all their assistance and for creating useful programmes such as the TFP and the Trade Finance e-Learning Programme.”

Ulvia Jabarova, Trade Finance Specialist, DemirBank
The Trade Facilitation Programme (TFP) holds its annual award ceremonies at the EBRD's Annual Meeting to honour the most active issuing and confirming banks involved in the Programme. The winners are determined based on the number of guarantee transactions in the previous year.

This year’s TFP Event and Awards Ceremony took place on 9 May 2013 in Istanbul, Turkey preceding the EBRD Annual Meeting and Business Forum. The event attracted over 100 bankers and trade finance specialists.

Three agreements were signed at the event: an Issuing Bank Agreement with Bank of Asia, Kyrgyz Republic and Confirming Bank Agreements with Ameriabank, Armenia and T-Bank, Turkey.

The signings ceremony was followed by the traditional awards ceremony for the TFP’s most active partner banks in 2012. Awards were presented by Nick Tesseyman, Managing Director for Financial Institutions at the EBRD and Ambassador Lyushun Shen, Taipei Representative Office in the United Kingdom.

This year’s TFP Annual Event and Awards Ceremony could not have happened without generous Taiwanese funding and support.
“TRADE FINANCE KEEPS OUR ECONOMIES GOING EVERY DAY”

The refurbishment and re-commissioning of the funicular railway to Mtatsminda Leisure Park in Tbilisi, Georgia was the 2012 TFP Deal of the Year.

Under the TFP, the EBRD issued two guarantees to support the import of equipment, planning services and installation expertise from Austria and Switzerland for the refurbishment of the railway, which now once again transports passengers up the mountainside of Mt David, 501 metres high.

In this transaction, Bank of Georgia issued letters of guarantee to UBS, Switzerland, and the EBRD guaranteed up to 100 per cent of the political and commercial payment risk.

At the time it was originally built in 1905, the funicular railway was one of the largest and steepest in the world. In 2000 the railway had to be closed after being declared unsafe and subsequently fell into disrepair.

Given the renewed importance of this working monument to the city, the successful upgrade and refurbishment was a priority and now offers visitors to Mtatsminda a stunning panorama over Tbilisi.
Since the 1980s, the Taiwanese government has been at the forefront of boosting product quality and awareness of Taiwanese-made products around the world. The Ministry of Economic Affairs launched a series of initiatives to enhance the competitiveness of Taiwanese manufacturers, including the Taiwan Excellence Awards, first held in 1992. The goal of the awards was to encourage manufacturers to build "innovalue" (innovation and value) into their products. Over 20 years later, the awards are still held annually and the winners are chosen by expert judges based on four different criteria: research and development (R&D), design, quality and marketing. Taiwan Excellence Award winners not only represent the most revolutionary, high quality and value-added Taiwanese products, they epitomise unique and innovative style in the design and manufacture of leading-edge products.

While winning an award is highly desirable, entry alone in the awards is highly beneficial for these companies. They receive valuable feedback on their product quality and design from both local and foreign experts and excellent press coverage. The eventual winners go on to act as Taiwanese representatives on the international stage. For example, a Taiwan Excellence Showcase was exhibited in Rio de Janeiro, Brazil, in June 2013 to demonstrate top Taiwanese technology and innovative products that will soon be launched and available in Brazil. Last generation ultrabooks and tablets, gaming accessories, folding bikes, photocatalyst mosquito traps and other eco-friendly products were presented during this unique event where Taiwanese representatives and Rio de Janeiro officials were introduced to each other for the first time.

Similar events have been conducted in the UK and India, with the aim of forging inter-country relationships and promoting brands that are recognised by the Taiwan Excellence Awards.

"Taiwan Excellence Award winners epitomise unique and innovative style in the design and manufacture of leading-edge products."

TAIWAN EXCELLENCE AWARDS 2013

Celebrating excellence in Taiwanese design and manufacturing

Unveiled on 26 December 2011, the Taiwan Excellence Pavilion was the country’s first venue dedicated to recognising the research efforts, aesthetic designs, premium quality and international marketing plans behind Taiwan Excellence Awards winners. Located at the Taipei Fine Arts Museum, the pavilion structure, made entirely of glass panels, was constructed during the Taipei International Flora Expo 2010. It offers interactive exhibits to impress visitors from all over the world with the beauty of various Taiwanese technologies as well as sophisticated and innovative products.

The pavilion currently features the 2013 winners of the Taiwan Excellence Awards alongside masterpieces from local designers that have been honoured in international contests, such as the German iF Product Design Award and the Red Dot Design Award, the US-based IDEA Awards and the Japanese Good Design Award.

TAIWAN EXCELLENCE PAVILION

First Commercial Bank, founded in 1899, is one of the largest Taiwanese commercial banks. For decades, First Commercial Bank has carried out business in line with the economic development and earned both long-term trust from its customers and an entrenched market position across its major lines of business. Trade finance has always been the primary source of business for First Commercial Bank. In 2012, their imports and exports amounted to US$6.9 billion and US$6.6 billion respectively, reaching a market share of 10 per cent and 9 per cent respectively. These results are supported by an extensive domestic branch network and a wide coverage of overseas branches.

To consistently support the cross-border business of its clients, First Commercial Bank joined the TFP as a confirming bank in 2002. To facilitate its clients’ exports of tape production line and reeling machine to Moldova, First Commercial Bank confirmed two letters of credit issued by Moldindconbank, Moldova in the same year. With full international capabilities and solid client relationship built over a century, First Commercial Bank will continue to develop and sustain relationships with the TFP’s partner banks to the benefit of customers on both sides.

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Recent publications from the International Chamber of Commerce’s Banking Commission stress the growing importance of sharing knowledge and practical know-how in trade finance.

At the outset of the global financial crisis of 2008-09, there was no knowledge management tool at the aggregate industry level that could provide an overview of the pressing needs for accessible trade finance. Only a few global financial institutions had the vision to invest into market intelligence and develop a competitive edge from collecting and analysing some data on trade finance. Apart from some anecdotal data available for a few market segments or particular regions, no global aggregates were available nor did the industry formally document information or experience that could be useful to others. As a result, the key learnings were embedded in a few organisations around the world with little incentive to formally categorise the records and share knowledge or access to databases.

Collecting financial data is a difficult task, especially in trade finance, but with potentially severe consequences for the traders in emerging economies as credit lines disappear, the demand for structured datasets, the concept of data sharing and the gradual emergence of a need for trade finance intelligence has become quite relevant.

In 2009 the ICC Banking Commission established two flagship knowledge products and services - the ICC Global Survey on Trade Finance in its current format entitled “Rethinking Trade and Finance” and the ICC Global Risks in Trade Finance providing analysis of millions of data from an ICC-owned large-scale trade repository. Since inception in 2009, the ICC Global Survey have become an important knowledge product enabling bankers, traders and government officials to gain an accurate snapshot of the prevailing markets trends and to gauge future expectations in global trade.

FORWARD THINKING

The ICC Global Risks in Trade Finance assisted the industry in developing a pool of data to evaluate the long-held claim that trade and export finance is a relatively low-risk form of financing. It has also provided a much-needed empirical basis for discussions regarding the treatment of trade financing under the Basel framework.

IN DEPTH MARKET INTELLIGENCE

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Knowledge regarding the volume of trade and export finance and the likelihood of default for trade and export finance products is vital to crafting fair regulations necessary for a well-functioning global trading and banking system.

The ICC Global Survey on Trade Finance, prepared in partnership with leading multilateral institutions including the EBRD, have brought together some of the most forward-thinking industry experts in the industry to scan the world for signs of change in business and trade and to help our members make sense of emerging patterns and their implications. It is worth noting that the 2013 edition received responses from representatives of 260 banks located in 122 countries, a response rate representing a continued recovery of the global economy.

Knowledge of capturing such information in trade finance if it only appears in a few reports and is then forgotten? Unfortunately, that is what happens all too often to many publications when they are not properly disseminated. One way to ensure that such knowledge will benefit the stakeholders who need it is to engage them in what we could call a “knowledge harvest”, which is a systematic facilitated gathering and circulation of market intelligence. The ICC is committed to prompt collection and transmission of data and market information to improve the likelihood that trade finance knowledge gets productively and creatively reused.

The key to this approach is to identify, before the “harvest” begins, partner organisations who could use the knowledge and help by analysing big datasets to gather valuable insights. In past years, the EBRD has been the ICC’s privileged partner in knowledge creation and dissemination with collaboration taking place on strategic surveys, e-learning products and regular exchange of information.

The focus going forward in the EBRD-ICC cooperation should be on education and training. This would respond to a real need in the marketplace and develop a sound offering of knowledge products to strengthen trade finance capacity in the developing world.

Thierry Senechal, Senior Policy Manager, ICC Banking Commission.

“The demand for additional market intelligence that can provide a complete portrait of the trade and finance sector will only increase over the next 15 years.”

Thierry Senechal, Senior Policy Manager, ICC Banking Commission.
Trade Exchange and Trade and Forfaiting Review investigate professional education options for the new trade financier

Trade finance teams are increasingly turning to various forms of structured learning to speed up absorption of the basics in a wide range of disciplines required to be an effective and profitable trade finance banker. While internal programmes still have their place in the larger global banks, these are not usually accessible to the would-be trade finance banker in a local bank of an emerging market as it is important to have internationally recognised qualifications that are available to all in the industry.

The following courses are recognised by employers and have had a transformational effect on the careers of trade finance professionals, particularly in emerging economies.

DISTANCE LEARNING COURSES

Developed in response to demand from banks in emerging economies to supplement the on-the-job learning, these courses are grounded in trade finance documentation which underpins all the lending. Although there are a number of commercial trade finance course providers, the main entry level programmes are:

- The ICC Banking Commission’s online trade finance training suite (an enhanced version of which is available with the EBRD, see below)
- The Certificate for Documentary Credit Specialists (CDCS) developed by the Institute of Financial Services (IFS) in the UK and RAPT in the US.

ICC Online Trade Finance Training Suite

This course equips trade finance bankers with the skills to issue, process and honour trade products in line with the provisions of the ICC rules in the area of trade finance, URC 552, UCP 600, URDG 758 and ISP 98. Using a building-block approach, the course is divided into five modules and students can sign up for one module or all five.

Learning materials include access to the ICC’s library of documentary collections materials, such as full texts of each set of rules, ICC opinions and sample commercial documents. Assessment consists of a multiple choice examination at the end of each module.

EBRD’s Trade Finance e-Learning Programme

The EBRD’s online trade finance training suite has been adopted and enhanced by the EBRD to help issuing banks involved in its Trade Facilitation Programme (TFP). Since its launch in May 2010, almost 600 bankers and trade finance specialists from over 130 banks across eastern Europe, Central Asia and the southern and eastern Mediterranean (Mediterranean) have taken part.

The Certificate for Documentary Credit Specialists

The Certificate for Documentary Credit Specialists (CDCS) is regarded as the benchmark of competency for documentary credit practitioners. It aims to equip practitioners engaged in opening, amending and checking documents prepared and presented under documentary and standby letters of credit. Structured as two separate units, the first covers the basic principles of documentary credits and the second how they work in practice. It includes an examination that, when passed, confers the designatory letters ‘CDCS’.

Finance of International Trade Certificate Programme

The other popular learning option is EBRD’s Export Academy’s Finance of International Trade Certificate (FIT). This online learning course is structured across two months comprising 50 hours of interactive supported learning. Each module covers wider aspects of trade finance, such as forfaiting, factoring, export credit agencies, development finance programmes and structured trade finance.

FACE-TO-FACE COURSES

While certification is often all that most bankers and their employers will be looking for, two master’s degree qualifications have attracted widespread recognition not only in commodity finance but also in the wider shipping, trading, logistics and risk management sectors.

MA in International Trading, Commodity Finance and Shipping, University of Geneva

This 18-month MA programme was developed in response to a need identified by Geneva’s commodity trading, commodity finance and shipping community. Programme coordinator Elane Palivoda Herren explains: “Students work and study at the same time and need to secure a long-term traineeship in an organisation relevant to the trade and commodities industry first. They work Monday to Thursday and spend Friday and Saturday in class. Launched in 2008, there are 114 graduates and students across the first five intakes. Applications for each intake close around February each year for the new term to start in September.

Certificate of Finance in International Trade, University of Malta

A six-week full-time certificate in trade finance has recently been developed as a joint project between FIMBank, International Factors Group (IFG) and the University of Malta. The programme includes key aspects and developments in international trade, logistics and trade finance. The first intake commenced in September 2013.

Certificate in Shipping, Trade and Finance, Cass Business School

Although very much a shipping research and teaching hub, the Centre in Shipping, Trade and Finance at Cass Business School has received widespread recognition in trade and commodity finance circles. To qualify for entry, students are required to have obtained the equivalent of an upper second bachelor’s degree and some preliminary training and research. The curriculum includes a general grounding in international finance and accounting before more specialised coverage of international commodity trade and shipping and investment finance.

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Per Fischer's three tips for success

1. A deep knowledge of your products
2. Make an effort to understand and participate in the cultural life of your clients and the countries you work in
3. Keep up to date with what is happening in the banking sector and the regulatory environment

A typical day in the life of Per Fischer

“My day starts at seven o’clock when I enjoy breakfast with my wife and four children. The working day then begins around eight o’clock and ends at eight in the evening. I have a lot of meetings during the day but I also have a lot of phone calls with our 14 offices in eastern Europe and the CIS. My work involves a lot of travel as well, sometimes up to two weeks a month, to my countries of operations. I don’t like to travel too much these days because spending time with my family is a priority. Most evenings, if the weather allows, I also play a game of soccer with my four sons.”
The TFP team organises the first TC workshops in Egypt, Jordan, Morocco and Tunisia

Having delivered workshops covering URDG 758, the international rules for demand guarantees, and Incoterms 2010, the new rules for contracts of sale, for the EBRD in 15 countries of operations in succession, one might think that I would be suffering from performance fatigue but nothing could be further from the truth. The enthusiasm of participants in all locations is invigorating and means that the ‘show’ not only goes on but is enhanced by the unique issues and stories shared with me by experienced trade practitioners in each country. With the expansion of the TFP into the southern and eastern Mediterranean (SEMED) region and trade finance taking the lead in supporting trade and investment in those countries, it was time to pack my bags and head south.

Over my years in trade finance with various banks I have conducted trade deals in all four SEMED countries and was therefore well aware of the high levels of technical expertise of bankers in these markets. However, as a trainer I had a concern that cultural differences would mean a more reserved audience. I am a small Irishman with tall standards – I want every workshop I deliver to be the best it can be and audience participation is key to achieving that goal.

The TFP organised four workshops and trained a total of 51 bankers and trade finance specialists from 29 banks:
- Cairo, 21-22 April 2013
- Amman, 7-8 May 2013
- Tunis, 30-31 May 2013
- Casablanca, 3-4 June 2013

“I want every workshop I deliver to be the best it can be and audience participation is key to achieving that goal.”

Vincent O’Brien, Chair of the Market Intelligence Group, ICC Banking Commission

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The next step was Amman in Jordan. I had been to Jordan three times before so I knew what to expect. The audience was a mixture of highly experienced professionals and those new to trade finance and we had incredibly lively debates, mostly agreeing, occasionally disagreeing but always focused on sharing knowledge and experiences.

Tunisia and Morocco were flagged in advance as possibly problematic because I was informed that French language skills are a must. But the common language of all enthusiastic trade professionals meant this challenge was easily overcome. A good learning experience should be punctuated with humour and we certainly had this in abundance in both Tunis and Casablanca.

Hot topics during the SEMED workshops included items such as conflict of rule with local law, open-ended guarantees and, significantly, dispute resolution. Time was also spent on explaining the use of customs guarantees and how they can facilitate the smoother operation of complex supply chains.

These workshops were funded by the EU Neighbourhood Investment Facility (NIF).
One of the best graduates in the 2012 intake, Nataša Eftimovska won a place at the historic ICC Banking Commission Meeting in Lisbon in April 2013

I was the fortunate recipient of the EBRD Trade Finance e-Learning Programme scholarship, awarded annually through my employer Komerčna Banka Skopje, the TFP’s most active issuing bank in FYR Macedonia. It has been a new challenge for me and a great opportunity to learn new skills in the application of the ICC rules in trade finance. I was delighted that my dedication paid off and I was ranked second in the Top 25 graduates of the 2012 intake, Nataša Eftimovska won a place at the historic ICC Banking Commission Meeting in Lisbon in April 2013.

SOLUTION

“Lost – but who is the loser?”

ANALYSIS

Thankfully it is rare for documents to get lost between a nominated bank and the issuing bank but it does occasionally happen. The answer to your question can be found in UCP 600 article 35 where it states “If a nominated bank determines that a presentation is complying and forwards the documents to the issuing bank or confirming bank, whether or not the nominated bank has honoured or negotiated, an issuing bank or confirming bank must honour or negotiate, or reimburse that nominated bank, even when the documents have been lost in transit between the nominated bank and the issuing bank or confirming bank, or between the confirming bank and the issuing bank.”

CONCLUSION

Put simply, your bank as the issuing bank has an obligation to pay or reimburse the nominated bank. However, as your query states your account has been debited, you must have provided the nominated bank with a reimbursement authorisation in the credit. It would now be a good idea to have the nominated bank send photocopies or scanned images of the actual documents presented. These copies should then be checked for compliance. Remember, UCP 600 article 35 makes specific reference to a presentation that is complying and UCP 600 article 2 defines a letter of credit as a “definite undertaking of the issuing bank to honour a presentation”.

It is also recommended when issuing a letter of credit and providing the nominated bank with a reimbursement authorisation that you include a specific instruction to the nominated bank in the credit to advise your bank by authenticated SWIFT when complying documents have been presented and forwarded as instructed in the credit, together with the amount and value date of any reimbursement amount claimed in respect of the documents.

Finally, one or two respondents mentioned that the counterparty may be liable in respect of lost documents. While this is true to some extent it is worth remembering that the counterparty, like all carriers, have their liability tightly capped at very low amounts so this should not be relied on.

WINNERS

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

Nigar Allahverdiyeva, Azerbaijani Industry Bank, Azerbaijan; Inessa Amirkhiams, Correspondent Bank, Armenia; Ulan Asanakunov, UniCredit Bank, Kyrgyz Republic; Lusine Balasanyan, Ameriabank, Armenia; Irina Chuvakhina*, Converse Bank, Azerbaijan; Alla Kharchenko, The State Export-Import Bank of Ukraine, Ukraine; Igor Kudinov, Megabank, Ukraine; Maria Minina, Locko Bank, Russia; Katerina Petrovska, Komercijalna Banka Skopje, FYR Macedonia; Svetlana Pyatak, Ukrsotsbank, Ukraine; Marco Raimondi, Banca Popolare dell’Emilia Romagna, Italy; Irakli Shubitidze, Efes Georgia, Georgia.

*Special mention by the panel of adjudicators

PIT YOUR WITS AGAINST THE EXPERTS!

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

Stamped and signed – double trouble?

Can we have your expert opinion as to whether or not the following situation represents a discrepancy under a documentary credit available with a confirming bank by sight payment?

The credit called for a “handover certificate to be signed and stamped by both representative of beneficiary and representative of applicant”.

Upon presentation, the confirming bank examined and then, determining compliance, paid at sight to the issuing bank under authenticated SWIFT advice.

Upon receipt of the documents, the issuing bank observed one discrepancy in respect of the handover certificate and rejected the presentation by SWIFT MT 734 stating the discrepancy.

“Handover certificate is signed and stamped by both representative of beneficiary and representative of applicant”.

Upon examination of the handover certificate, there is no stamp attached at the signature of the representative of the applicant as specifically called for in the credit.

The applicant has since accepted the documents but there remains an issue regarding discrepancy fees. Also, what would have been the outcome had the applicant not accepted?

Can you advise whether you consider this a valid discrepancy or not?

Can you advise whether you consider this a valid discrepancy or not?

Can you also provide some guidance on how banks should issue letters of credit when customers require signatures of parties representing the beneficiary or the applicant to be verified?

What do you think? Provide us with your expert view

Send your answers to TF-Expert@ebrd.com Solutions and prize-winners will be announced in the next issue of Trade Exchange.
Trade Finance e-Learning Programme
Graduation Ceremony
Moscow, Russia
19 February 2014

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