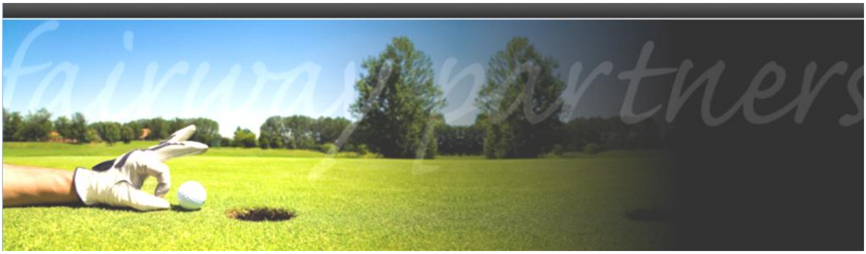

TRADE FINANCE

2014 Q3 REVIEW

Contents

Corporate news

U.K's global trade deficit narrows more than expected during Q3

The British coalition government's pledge to turn the U.K. into an exporting economy remains a long way off despite a shrinking trade gap. When U.K. Treasury Chief George Osborne took office in 2010, he promised a more balanced economy in terms of trade. He also pledged to double exports to exports by £1 trillion by 2020 however export volumes have remained flat mainly due to stagnation in the Eurozone and sanctions on Russia have made selling abroad even more difficult for British companies.

The gap between what the U.K. imports from the rest of the world and what it exports shrank in August by more than had been expected by economists, on both a month-to-month and yearly basis. Figures from the office for National statistics showed the deficit in global trade, which includes both goods and services, was £1.9bn during the month of August, down from a revised £3.1bn figure in July. Ultimately, export and import volumes were at its lowest since late 2010.

RBS continues to see improvements

Due to dramatic improvement in its Irish operations and other areas of business that weren't doing so well, RBS is erasing £800m of bad debt provisions. This in effect strengthened the group's shares however the chief executive has warned that inevitable "conduct and litigation matters" could still potentially dent profits.

Barclays

Barclays' shares have increased after their results exceeded what they expected in Q3. Pretax profits for the three month period were recorded at £1.59b, 15% higher compared to the previous year. This result is due to the retail banking performing well and cutting costs throughout the company. This result also overshadowed the fact that the company's investment banking side of the business didn't do as well as expected and saw pretax profits drop from £465m to £284m which a performance chief executive, Antony Jenkins described as 'disappointing'.

Despite their overall success the bank has had to set aside £500m to cover potential fines relating to alleged rigging of currency markets. It has also set aside an extra £170m to compensate customers wrongly sold PPI. Furthermore in regards to ongoing investigations, certain regulatory authorities such as The Serious Fraud Office and Financial Conduct Authority are investigating the alleged fixing of the currency market that is worth in excess of $5trillion per day.

UBS

UBS is another one of many finance companies to be facing several high-profile lawsuits and investigations recently. The company reported a profit increase of 32% compared to a year ago. Q3 profit totaled at $861.81m (762 Swiss francs), this result was largely to do with the corporation's returns from its investment banking and wealth management. UBS CEO, Sergio Ermotti has a lot of confidence for the future business however believes that legal fines will reduce the company's profits significantly. The company will focus on its flagship wealth-management and aim for higher returns from a more refined investment bank.

The Swiss bank is taking caution and preparing for geological upsets and issues that may become a challenge such as the Ebola virus and a mixed outlook for global growth.

The International Chamber of Commerce changes rules for dispute resolution in trade finance

The ICC Banking commission has revised the rules for Documentary Credit Dispute Resolution by Expertise (DOCDEX). Jointly created by the ICC Banking Commission and the ICC commission on Arbitration and ADR in 1997 and further revised in 2002, DOCDEX rules have become a trusted way of resolving disputes regarding documentary credits, demand guarantees or collections that are governed by the ICC Banking Commission rules. Georges Affaki, chair of the ICC DOCDEX Drafting Group said, "The new DOCDEX rules offer the world of trade finance more transparency, straightforwardness and ability to cope with today's increasingly litigious world while embracing the traditional features of DOCDEX".

In terms of enlarging the scope, the new DOCDEX rules make them available to any trade finance-related dispute whether or not a set of ICC Banking Commission rules apply.

Regarding more transparency, prospective experts are now required to state from the inception their availability, independence and impartially to serve as appointed experts.

Improved straightforward processing is achieved by imposing the principle of electronic submissions according to standard templates available online.

Rolls Royce innovative supply chain finance program

Rolls Royce has offered a supply chain finance program in partnership with Citibank since 2010. The program was made available to suppliers across the globe that had business with Rolls Royce valued at more than $150,000 per year and the indicative pricing at that time was LIBOR + 3.5%. Suppliers from Rolls Royce North American and European Finance Service Centers were offered the program.

The project, called ‘funding the unfundable’ was to alleviate this pressure by providing trade finance at competitive rates for a term of up to three years. Launched in all parts of Rolls-Royce, suppliers can access finance in three currencies: US dollars, British pounds and Euros.

Future of Latin America's trade finance path

Trade finance has been emerging as a key part of the Latin America banking business model. With international trade flows at record levels and new trade routes being established, trade finance looks set to retain its newly acquired strategic status within banks globally.

According to several experts, there are potentially some big opportunities for Latin American trade finance Firstly, there is room to grow in the Brazilian market as smaller companies are beginning to look at international experts. Infrastructure remains a growth area in Brazil as does supply chain finance.

The biggest challenges for trade finance in Latin America are around:-

- Continuous growing competition and adverse market conditions
- Regulations seem to be the largest concern for trade financiers
- Weakening commodity prices (due to competition but also environmental issues such as drought)
- "Political elections can possibly be a crucial source of disruption in both Brazil and Argentina regardless of the political outcomes and will determine shifts in the macroeconomic, fiscal and monetary policies in these countries.

Some of the changes have already been priced into the market, while others are still to be determined" says Ms Ricciardi, Deutsche's Head of GTB for Latin America.

World Trade Organization allows developing countries to adjust to major shifts in trading environment

The WTO has enabled developing countries to adjust to major shifts in trading environments to take advantage of, adapt to and mitigate risks arising from current trends.

The WTO has done this by ensuring that countries take binding commitments which increase certainty over their trade policies, by providing flexibilities that better allow developing countries to undertake such commitments, and by facilitating technical assistance to build trading capacity within those economies.

Countries undertaking substantial improvement related to WTO agreements were found to increase around 2.5% faster for several years afterwards.

The four trends show that trade is one of the key enablers of development. Trade has played a central role in lifting millions of people out of poverty in recent years and helped to achieve many of the UN millennium development goals (MDGs). The WTO and its rules should be seen as an integral part of the enabling environment for realizing any post-2015 development agenda.

Although the WTO aims to improve economies within developing countries, they need flexibilities because their economic circumstances can get in the way of their ability to implement obligations.

The World Trade Report 2014 identifies these four trends as:

1) *the rise of the developing world*

Incomes in developing countries have been meeting with those of rich countries. Since 2000, GDP per capita of developing countries has grown by 4.7 per cent. The share of developing countries in global trade rose from 33 per cent to 48 per cent since 2000.

2) *the expansion of global value chains*-

Developing countries are increasingly involved in international production networks, including through services exports. More than half of their total exports in value-added terms are now related to global value chains (GVCs).

3) *the higher prices of commodities*-

Prices for food, energy, metals and minerals roughly doubled since 2000. Although prices have eased back from these historical highs, strong demand from large developing countries provides a strong reason to believe that the high-price environment is likely to stay.

4) *Developing countries increased their market share in global agricultural exports from 27 to 36 per cent since 2000.*

Trade in natural resources has also grown strongly, not only in value terms but also in terms of volume.

5) *the increasingly global nature of macroeconomic shocks*-

Global trade value fell by over 30 per cent within only a few months in face of the global economic crisis. This 2008-09 trade collapse and quick subsequent recovery revealed the dependency of developing economies on cyclical developments originating in large developed economies. The synchronization of downswings and upswings across the world illustrated the strong inter-connectedness of economies through trade and financial links, in particular the role of supply chains in the propagation of shocks, and the importance of trade finance, which had dried up.

Channel Capital expands trade finance business

London-based Channel Capital Advisors has appointed Kevin Owen and Dan Luther to build out its trade finance business for non-bank investors.

Owen is a senior trade finance investment professional and Luther is a trade receivables specialist who will act as transaction manager of the asset portfolios.

Owen said in a statement "I'm delighted to be sourcing trade finance assets for investors at Channel. Banks have a strong motivation to find co-investors for these assets. Given credit investors' concern about over-priced markets, trade finance offers a credible investment option with low default risk and high diversification benefits."

Citigroup plan to exit 11 consumer-banking markets

Citigroup exceeded Wall Street analyst estimates with their Q3 results by achieving earnings per share of $1.15 rather than an expected EPS of $1.12. Revenue was also $500m higher than expected totaling $19.6bn.

Also in the Q3 report, Citigroup says it intends to exit 11 consumer banking markets which will include; Czech Republic, Guatemala, Hungary, el Salvador, Costa Rica, Egypt, Guam, Nicaragua, Japan, Peru and Panama plus the consumer finance business in Korea thus reducing their global number of markets they operate in from 35 to 24. Michael L. Corbat, CEO of Citigroup, summarized their actions by stating; "I am committed to simplifying our company and allocating our finite resources to where we can generate the best returns for our shareholders. While we have made progress optimizing these 11 consumer markets, we believe our Global Consumer Bank will achieve stronger performance by focusing on the countries where our scale and network provide a competitive advantage".

Why global trade has slowed down

Global trade started to slow down noticeably in the course of 2011 after it bounced back from the Great Trade Collapse during 2008/2009. In 2012 and 2013 the growth rate of global trade volume reached only 3% against nearly 7% in the pre-crisis period (2002-2007) and 6.8% in the time frame of 1985-2007.

There are a number of possible factors as to why this is the case. There are two categories in which to distinguish the factors behind the global trade slowdown, which are cyclical versus non-cyclical (structural) factors.

Non cyclical factors:
Global value chains (GVCs) trade may have been a significant driver of the Great Trade Collapse as it fell significantly more than total trade. Since the 1980s, global trade increased significantly faster than world GDP. One hypothesis for this development is that trade liberalization gave trade a strong boost in the decades preceding the Global Crisis, which not only affected direct exports (from one country to another) but also contributed to an increase in the fragmentation of production across countries. A useful statistic on protectionism from the WTO is the imports covered by import-restrictive measures divided by total imports. An advantage of this approach over the number of measures from the GTA is that the WTO takes the announced trade measures (only traditional measures) and matches them to disaggregated imports data to get a sense of the fraction of imports that gets affected.

Cyclical factors:

Starting with advanced economies, Eurozone trade was particularly weak in 2012, before rebounding somewhat in 2013. Even though most of the slowdown of Eurozone trade comes from trade among member countries, extra-Eurozone trade also contributed negatively to global trade growth. Among EMEs, European EMEs have shown weaker trade than other regions, particularly in 2012, likely because of the spillover effects from sluggish Eurozone economic activity.

Deutsche Bank overwhelmed by legal issues

During the third quarter of 2014 Deutsche Bank lost €92 million as the bank had to deal with ongoing lawsuits. In comparison, Q3 2013 saw a profit of €51 million and a profit of €231 million in Q2 2013. Although, hoping all legal issues would be cleared in 2014, legal battles have been postponed further to 2015.

Shares for Deutsche bank have seen a steady decline through the year 2014 however during q3 shares were relatively consistent apart from a small decrease in August, however rising again slightly the following month to near enough match that of the month of July.

Despite the ongoing lawsuits pretax profits are up by 3.6% in the company's investment bank division.

Middle East

Emirates NDB leads against competitors

Emirates NDB doubles its net income to DH1.56bn in the three months ending September 30th in comparison to the same time during the previous year. This result beat a mean estimate of Dh1.12bn. Also loans increased 6% to Dh247.7bn.

Emirates NDB's chief operating Officer, Surya Subramanian said that "despite a competitive environment, we have been able to widen margins helped by growth in higher margin retail and Islamic products, a more efficient funding and capital base and contribution from our Egyptian business."

Solid growth expected for UAE and Saudi Arabia in 2015

Euler Hermes, the worldwide leader in trade credit insurance, presented strategic options to leverage trade finance and insurance for domestic and foreign trade growth. Euler Hermes is looking at optimizing opportunities leading up to the World Expo 2020 in Dubai and the FIFA World Cup in Qatar 2020.

UAE's GDP is expected to grow at 4.2% in 2014 and 4.5% in 2015. Total exports of $379 billion in 2013 are expected to grow a further 6% in 2014, taking advantage of increasing demand from Asia – particularly in India, Singapore, Taiwan and Thailand. With strong logistics and infrastructures, UAE is well-positioned for future global trade development.

Saudi Arabian GDP is projected to grow at 4.5% in both 2014 and 2015.Total exports of $376 billion in 2013 are expected to grow by more than 4.5% in 2014. Trading activities in fertilizers, gas, organic chemicals, petroleum and related materials, and plastics connect the Kingdom to global markets. In 2015 China, India, Japan, South Korea, Taiwan and the USA are expected to remain its largest trading partners.

DIB Q3 profits increase

Dubai Islamic Bank's third quarter profit increased 55.7% to Dh676.8m. DIB, which currently has businesses in Pakistan and Jordan and is now currently in the process of expanding in countries including Kenya and Indonesia where there is demand for its services.

Mashreq's Corporate & Investment Banking Group praised

Mashreq has developed an innovative solution for its corporate customers through its integrated online platform – mashreqMatrix, which has been widely accepted within regional markets as well as international corporate. The company's success also continues with its loan syndications and dept capital markets platform. Due to their accomplishment a total of four awards was given to the corporate business in 2014 which included; Model Bank, Cash management and

Trade Finance Award, Best Corporate Account, Best Cash Management Services and Best Loan House.

Head of Corporate Banking Group, Julio De Quesada said *"these are key achievements for Mashreq, which give us a huge sense of encouragement that we are delivering solutions and products that meet the dynamic and holistic needs of our customers. Against such huge competition, these awards demonstrate that Mashreq is truly an innovator in the industry and is setting the benchmark for banking excellence, not just in the Middle East, but Worldwide."*

Trade finance to boom in Saudi Arabia

Trade is expected to grow in MENA and the increase in trade means the increase in usage of trade finance. In order to meet demands of the future more sophisticated and unique products will be needed.

"There remains some niche opportunities in trade finance manifested in streamlining trade settlements and reducing the cost of transactions. This can be achieved via incorporating technologies and better telecommunication which will add convenience (and thus demand for this means of finance), and improve the profit margin for banks, which in-turn will increase competitiveness in this area. So, in retrospect, we project a positive outlook in the long run from both the demand and supply sides" says Mr. Khalid M. Bashniny, Senior Vice President, Transaction Banking Department, Corporate Banking Group, National Commercial Bank.

The Kingdom is now focusing on building a knowledge driven economy with a heavy emphasis on non-oil exports. “We are currently observing a structural change in the region: from a pure importing region (except for the Oil & Gas industry) into an import-export hub for cross continental trading. The region is in the process of becoming the main bridge between Europe, Asia and Africa. When it comes to the Kingdom of Saudi Arabia, we are witnessing a significant increase in the public spending, which are aimed to improve the day to day life of Saudi nationals, as well as Pilgrims. We are also noticing an increased demand for optimisation of working capital for private companies that are reaching MNC sizes”, says William El Karak, Regional Head of Global Trade Solutions, BNP Paribas.

The Saudi Trade Finance Summit is going to unravel the future trends in Trade Finance, and will discuss the Top 8 challenges faced in the domain of trade finance in the Kingdom. The summit kick starts with a Macroeconomic overview on crucial issues that will shape the economy of Saudi Arabia, and then moves on to discuss burning topics like Liquidity, compliance, Islamic Trade Finance, Supply Chain, Risk, CFO Challenges and Business Transformation.

Dubai plans to become global hub for Islamic economy

Dubai’s 10th annual World Islamic Economic Forum (WIFE) broke London’s previous record with an attendance of 3,215 people in attendance. The conference was attended by His Highness Shaikh Mohammad Bin Rashid Al Maktoum (Vice-President of UAE and ruler of

Dubai), Dato Sri Mohd Najib Tun Abdul Razak (Malaysian Prime Minister) and others alike.

The highlights of the conference were the announcements of greater partnerships and innovation complying with Islamic laws, also to improve productivity, competitiveness and incomes that are essential to the stability and to accelerate improvements in the Islamic economy.

"…To enhance cooperation in terms of standards and certification. Establishing a unified regulatory authority to provide framework for standards across halal industries will accelerate growth," Hamad Buamim said before continuing by stating "likewise, we need to see increased cooperation and partnership between the public and private sectors. This is already happening with great success here in Dubai."

National Bank of Fujairah announces launch of equipment finance unit

NBF's Corporate and Institutional Banking division will provide tailored solutions to companies and vendors in sectors ranging from transportation and logistics to healthcare and manufacturing. It has already closed AED50 million of business deals across commercial assets and equipment funding of multiple industries. The equipment finance unit will be capable of supporting the asset acquisition requirements of companies, the financing arrangements of equipment manufacturers and distributors operating out of the UAE.

CEO Vince Cook says “the establishment of a specialized equipment financing unit is a natural extension of our comprehensive approach to serving our customer’s needs.”

New trade finance solution available - BPO

A new trade finance solution not yet available in the Middle East is catching on fast in Western financial markets. Bank Payment Obligations (BPOs) is a payment instrument that’s less risky than an open-account transaction and more automated than traditional letters of credit. Companies in Bahrain and the Middle East can tap BPOs through consultants and multinational banks according to Dubai-based Nimai Management Consultants’ founder partner Pankaj Mundra and his colleague Nisarg Dugad as well as saying that the International Chamber of Commerce and SWIFT have come up with the solution to simplify supply chain finance for import-export.

UAE economy minister calls for removal of barriers to trade

During a three day event (Global Trade Development) the UAE economy minister called for removal of barriers to trade to facilitate the growth of international trade across all borders.

H.E. Al Mansoori said “we all agree that trade is a vital engine of economic growth that creates quality jobs. However we need to remove barriers to trade that hamper economic growth”

The Minister also used his speech to reflect on the UAE's continuing economic success, "growth will continue to rise over the next several years as the UAE continues to meet its economic development diversification targets."

"The macroeconomic outlook is positive. Economic growth is expected at 4.8 percent in 2014 and about 4.5 percent in coming years, supported by a number of megaprojects announced over the past 18 months and the successful bid for the World Expo 2020. The GDP in 2013 was $402 billion. The value of foreign direct investments stock in the UAE by the end of 2013 reached $105.5 billion, while the value of UAE investments abroad by the end of 2013 amounted to $63 billion," the Minister continued.

Commodities

Stability in oil prices set to continue

Geopolitical tensions are said to have a limited effect on the price of oil. The recent headlines in the media state that, "oil prices rise due to tensions in Ukraine." Oil prices have been increasing, however, the impact of the recent geopolitical tensions having an effect on the prices is limited.

The (Brent) oil price has been trading within a narrow range of US$100-$120/bbl since mid-2012. Oil production remains stable at the moment.

A further decline in oil prices is being anticipated and the main factor of this is over production. The expectations of declining oil prices is also supported by a limited increase in demand, mainly in Europe due to energy efficiency as well as a stronger US dollar which will in turn add pressure to oil prices. Oil prices are expected to drop to the lower region of the US$100-120/bbl trading range in the course 0f 2014.

Plans for Standard Chartered Plc

Standard Chartered Plc CEO, Peter Sands said financing commodity trade will remain an essential part of its business even after falling prices worldwide helped curb a decade of profit growth.

Deputy CEO Mike Rees said “it is not an option to ask if we are in commodities or not – they’re such an integral part of the business. This isn’t about what some other banks are doing. Commodities are part of the DNA of the bank, we are a trade-finance bank.

The bank plans to close its consumer finance and savings bank in Korea, consumer fiancé business in Hong Kong and China, and decrease both its small and medium-sized lending business in the United Arab Emirates.

Peter Sands declared that the company will be targeting $400 million of “productivity improvements” means possibly closing as many as 100 branches (approximately 8% of its outlets) and reducing employment throughout the company.

Copper prices expected to rise amidst of majority of commodities looking bleak

At best, commodity prices are expected to hold steady and many are expected to fall.

Oil, the most heavily traded commodity in the U.S. is expected to go down in price due to tension between Iran and the West easing and signs of oil production in Libya improving. Ethanol prices are also lowering as a result of the U.S. government deciding not to increase the amount of commodity that gasoline refiners must blend. Consequently, Tom Pugh, Capital Economics commodities economist forecasts that corn will fall from $4.20 per bushel to £3.50 in December as fuel production controls approximately 40% of the U.S. corn crop. Also Strong supply will weigh on commodity prices such as Wheat, Barley, soy bean and cotton.

Unlike the majority of the other commodities, Copper is expected to rise. Throughout the last 12 months copper has fallen more than 12% from $3.72 per pound to $3.26. However, there are fundamental changes occurring that should see copper increase in value as the results of the changes have already seen copper's price increase by 1.7%.

Dry conditions in Brazil affect Arabica coffee

During Q1 2014 Brazilian coffee production had to deal with severe drought resulting in higher coffee prices.

Due to the lack of rainfall in Brazil coffee prices are expected to remain high. It is estimated that rainfall levels will remain low in the near future.

At the end of Q3, coffee rose by 6.9% to USD $2.255 per pound, the highest since January 2012. Several investors estimate that the price will exceed USD $3 per pound.

Trafigura sells assets worth $860m

Trafigura is planning to sell a controlling stake in docks, tanks and various other assets around a thriving Texas oil port as concern threatens sales of US petroleum abroad.

Buckeye Partners, an oil logistics company, is on the other side of the deal. Buckeye will pay $860m for an 80% stake in the assets. Buckeye also mentioned that Trafigura has committed to use them for seven to ten years.

The deal with Buckeye Partners, centers on Corpus Christi, the port city that has become an outlet for oil from the Eagle Ford shale formation. It also includes a planned condensate splitter, a type of simple oil refinery Trafigura has been building. Trafigura's latest annual report described the Corpus Christi complex, acquired in 2011, as "one of the company's most important strategic assets" due to the dynamism of shale oil production.

The spokeswoman has commented on the transaction saying; "It allows us to do what we do best, which is trading."

FAF provides support to Honduras coffee producers

The Cooperative Cafetalera Limitada (COCAFCAL), an organization of small producers of coffee located in the southern hills of Honduras, has received a long term loan of USD $500,000 as well as a trade finance loan of USD $1.5m from the Fairtrade Access fund (FAF).

The long term loan will be used for the rehabilitation programme of 319 hectares of coffee farms, benefiting 173 smallholder coffee farmers and will contribute to the increase of the production rate which was negatively affected due to coffee rust.

The trade finance loan will provide financial resources to purchase coffee from its members during the cycle 2014/2015.

Wheat prices fluctuating

At the moment wheat prices are fluctuating due to political tensions in the Black Sea Region and adverse weather conditions in Northern America.

After a decline in the wheat price during January, prices started to rise from the beginning of February. Since then, wheat prices surged more than 28% reaching a high of USD $717 per bushel at the end of Q1.

Asia

Favorable pricing helps increase trade finance in Asia

Following a period of de-concentration in the competitive landscape of trade finance providers in Asia, the leading providers on average lost a few points of market penetration, as a long tail of local and emerging regional banks picked up relationships, said Greenwich Associates.

These new competitors won client relationships largely on the basis of ready balance sheets and competitive pricing. Similarly the smaller providers—those ranked outside the region's Top 20—saw their gains plateau as a group, Greenwich said in its report.

"Nevertheless, the strong and growing supply of trade finance in Asia has resulted in a highly competitive market—much to the benefit of companies looking to utilize trade finance with high quality service and very low prices," says Greenwich Associates consultant Paul Tan.

This favorable pricing is helping to fuel an increase in the use of trade finance among companies across Asia. Both the share of large corporates in Asia (including MNC subsidiaries) using trade finance and the average amount spent each year by users has been increasing steadily.

India and U.S resolve disagreement

India and the US have managed to resolve a disagreement over food stockpiling and subsidies, clearing the way for a major global trade deal.

India's insistence on retaining its right to stockpile and subsidize staple foodstuff for the poor had held up talks on the World Trade Organization deal since July.

"We are extremely happy that India and the US have successfully resolved their differences relating to the issue of public stockholding for food security purposes in the WTO in a manner that addresses our concerns," Indian Trade minister Sitharaman said in New Delhi.

The International Chamber of Commerce expects that the deal would lead to 21 million new jobs, mainly in developing countries as a consequence create an incentive for investments worth up to a trillion dollars.

Trade scandal develops in China once again

China claims to have exported more to Hong Kong than the territory imported from Mainland China in September, implying that the practice of fraudulent trade invoicing is becoming a problem once again.

"While the abuse of trade invoicing to move money into and out of China has always been present, the scale of the practice has escalated in recent years. The problem was particularly bad in early 2013, and we don't seem to have reached that sort of stage yet this year, but it is worrying that the impact of the crackdown introduced by the authorities last year has already faded," says Duncan Innes-Ker, China analyst at the Economist Intelligence Unit.

Bloomberg reports that China recorded $1.56 of exports to Hong Kong for every $1 in imports recorded in the semi-autonomous region, through September. Year-on-year, the figures are even more damning: China recorded an increase in exports to Hong Kong of 34% on September 2013, whereas Hong Kong registered an increase in imports of just 5.5%.

This illegal practice is thought to have become more commonplace as China attempts to move from an investment-led to a consumption-led economy. The People's Bank of China (PBOC – China's central bank) has therefore tightened its lending rates and finance has been in even shorter supply. What with greater percentages of commodity collateral required to obtain loans, leading in turn to companies using the same collateral to obtain multiple loans.

Politician insists easing Japans commodity trading rules

A Japanese politician is pushing for an evaluation of regulation regarding exchanges, potentially opening the door to a long-awaited consolidation of the country’s fragmented trading landscape.

The firebrand head of the ruling Liberal Democratic Party's finance division, wants to change laws so that Japan Exchange Group (JPX) can offer commodity futures without seeking permission from the powerful ministry of Economy, Industry and Trade (METI).

Mr Shibayama said, "If they won't change the law, I want to know what they're thinking – and what other ideas they might have to revitalize capital markets."

DBS Bank among top three in Singapore

Across Asia, companies are utilizing trade finance as a new source of capital and for process improvement in working capital management.

DBS Bank's push in the trade finance business has clinched it a place among the global banks. In Singapore DBS has made it to the top three banks serving multinationals based there. Consequently there is now a three way tie in Singapore amongst HSBC, DBS Bank and Standard Chartered Bank.

"For the past several years, the leading trade finance providers in Asia had been losing market share to local providers with expansion ambitions and banks from Japan and elsewhere" says Paul Tan, Green Associates consultant. He then goes on and says "the strong and growing supply of new providers has resulted in a highly competitive market – much to the benefit of companies looking to utilize trade finance with high quality service and very low prices."

China boosts regional role with trade

China is launching a rapid-fire series of trade and finance pacts that might dilute U.S. influence to boost its status as a regional power. Chinese president, Xi Jinping urged the 21 economies present at the Asia-Pacific Economic Cooperation summit to push ahead with regional economic integration and other efforts to promote business ties.

Beijing has announced a free-trade agreement with South Korea as well as the announcement of a $40bn Chinese-financed fund to improve trade links between Asian economies. Also regulators approved a plan to open Chinese stock markets wider to foreign investors by linking exchanges in Hong Kong and Shanghai.

For the first time Beijing has taken the lead in promoting a multinational trade-agreement to promote its own regional free-trade pact despite U.S. pressure to make progress on other initiatives.

Obama has insisted Washington sees no threat from Beijing's growing economic and political status and says, "The United States welcomes the rise of a prosperous, peaceful and stable China.

Africa

Entrepreneurs urged to "access Africa Export-Import Bank"

Bank of Zambia (BoZ) governor, Michael Gondwe has urged local entrepreneurs to access finance from the Africa Export-Import Bank (AFREXIMBANK) in order to grow their businesses and take advantage of this opportunity. He then goes on to say "there is an outcry that most businesses do not have access to finance but it's inexcusable that they are not exploiting facilities offered by AFREXIMBANK".

Dr Gondwe also reiterates that trade and export development remains central to the continents economic revival and that the economic stability has improved vastly since the death of President Sata and peace prevailing within the country. Furthermore Jean-Louis Ekra, AFREMIXBANK president called for increased intra-Africa trade due to trade among African countries remains low.

Afreximbank holds training programs to boost African trade

Afreximbank is holding a series of back-to-back training activities aimed at improving the finance capabilities of African financial institutions. The company's methods would include forums, seminars and workshops targeting bankers, financial institutions, regulators and others involved in the trade finance activities in Africa in order to allow them to be able to handle any unfamiliar situations involved in financing trade in Africa.

The event will bring together legislators and regulators from across East and Southern Africa to discuss how African countries can take full advantage of the many benefits of factoring as a trade finance instrument. According to the president of Afreximbank, Jean-Louis Ekra said that the training activities were aimed at ensuring that African banks and financial institutions are adequately prepared to meet the trade finance needs of the continent.

Zambian businesses urged to take advantage of factoring as trade finance tool

During a one-day seminar on factoring, Bank's Executive Vice President in charge of Business Development and Corporate Banking Benedict Oramah said the legislators and regulators had a vital role to play in developing appropriate enabling laws to allow factoring to flourish within Africa. Dr. Oramah's aim is to increase awareness on factoring in Africa and begin the groundwork toward a facilitative legal and regulatory environment across the continent in a bid to improve the economy.

Afreximbank President Jean-Louis Ekra said that the absence of enabling laws and regulations was an important impediment to the expansion of factoring in Africa and had significant negative implication on the ability of SMEs to participate in Africa's gradually expanding value chain. Mr. Ekra also said "if we want SMEs to form the bulwark of the new Africa we are all looking forward to, we must work towards expanding factoring in the continent."

Rwanda to set trend in structured finance

Merging, Acquisitions and opening shop of new banks in Rwanda's market imply increased competition within the financial sector and in order to compensate banks need to innovate and develop new trade products.

Structured financing of commodity trade could be one of the measures banks should consider.

Financial institutions need to adapt the basics of using the new trade finance tools in order to avoid risks in emerging markets. Traditional tools are no longer sufficient to dealing with the growing risks and are, therefore, less viable. Producers, processors, traders and banks that fail to adapt to the new realities of international commodity and financial markets risk losing out.

The future will see various structured finance tools like pre-shipment or pre-export financing, post-shipment financing, warehouse receipt financing. And structured trade and commodity financing utilized by a number of banks. Smaller, more local banks are yet to follow the trend in which larger banks are setting.

People

Bolero International hires Maria Malinowska

Former Barclays Director of Trade and working Capital Maria Malinowska has been appointed to the senior team of trade finance software specialist Bolero International.

Maria says, “I’m looking forward to using my supply chain experience and banking connections to further the straight-through processing agenda with major trade banks and major trade users.” In her new role, Maria will focus on banking relationships in the UK and Nordics region aiming to raise the profile of the trade finance technology thus adding value to corporate relationships.

Carlo d’Amore, Bolero’s current executive says “strengthening our bank client relationships is a fundamental part of Bolero’s new commercial strategy” and believes Malinowska will be able to add value to the company what with her extensive experience working with companies such as IBM, CIBC and Barclays Bank PLC where she managed product management and sales leadership in supply chain finance.

RBS appoints Martin Knott as Head of Trade

Royal Bank of Scotland has recently hired Martin Knott as Head of Trade in an attempt to strengthen its trade finance business.

Knott has an extensive amount of experience within the banking sector totaling 30 years. Prior to his new role he was at BAML where he was Head of Trade for Europe, Middle East and Africa as well as working at RBS where he managed Central Eastern Europe and Africa for transaction services where he cash, trade and card products. He has also been Head of Transaction Banking for Russia at ABN AMRO and originally started his career with Barclays where he took part in product development roles. At his new position in RBS he will be reporting to Carol Berndt, Head of GTS (Global Transaction Services). She says she is “delighted that Martin is joining our team” and that “his experience will further the value we bring to our clients”.

Santander updates Global Transaction Banking (GTB) team

Headed by Jose Luis Calderon, Santander global banking and markets has revamped its global transaction banking team. Jose was made global head of GTB at Santander in August (2014). Prior to this role Calderon was head of GTB in Portugal and Spain and also has 16 years experience with transaction banking.

The newly appointed team will consist of Yago Espinosa de los Monteros (head of global cash management), Rogier Schulpen (Head of Trade and working capital solutions), Octaviano Couttolenc (head of export and agency finance), Alberto Amo (head of GTB trade asset solutions) and Julia García (head of International Financial Institutions).

Société Générale hires Sonal Priyanka

The French multinational banking and financial services company, Société Générale has appointed Sonal Priyanka as regional head of trade for its Southeast Asia, India and the Middle East sectors within the Global Transaction Banking division. Working predominantly from Singapore she will manage Southeast Asia (Singapore, Philippines, Indonesia, Malaysia, Vietnam and Thailand), India and Middle East. This decision is part of Société Générale Global Transaction Banking's development strategy by providing clients with a complete and competitive trade services offering in Asia. The newly appointed Sonal will be promoting new offerings that will include both trade services and supply chain finance products.

Prior to joining Société Générale, Sonal was working at the Bank of America Merrill Lynch in Singapore where she spent over four years, her last role being director and Southeast Asia head of trade & supply chain finance. Before this, she was vice president (trade sales) at the Hong Kong and Shanghai Banking Corporation in Singapore for five years. Prior to her Singapore stints, Sonal also spent about seven years in India across various roles with Citibank and GE Commercial Finance.

Santander hires new European head

Eugenio Cavenaghi has been hired by Santander for the position of managing director, head of trade, export and supply chain for Germany, Austria and Switzerland. Cavenaghi will be reporting to Santander's head of global trade business for continental Europe (Bart Timmermans, based in Madrid) and will be leading a team to build and consolidate the banks position throughout Europe offering a broad range of trade finance products to key European exporters.

Cavenaghi was previously at Barclays where he was head of trade and supply chain finance products for Europe and country head of trade for Germany and Holland as well as working at UniCredit until 2012 where he was head of trade product development and sales facilitation.

Legion Trade Finance hires two

Legion Trade Finance has hired two new members of staff to its team with the aim of further providing UK SMEs with access to financing.

Stuart Mann joins as business development manager and will focus on developing new business in south East England. Mann has 10 years experience in financial sales. Stuart says, “Trade finance is a rapidly expanding sector as the (UK) economy returns to growth and customers need working capital to fund their current and future business opportunities.”

Graham Meek is joining as business development executive aiming to bring in new business across the Midlands from the firm’s Birmingham office, building relationships with brokers, factors and bankers. Meek has 10 years’ corporate finance experience and says “This is an exciting time to be joining Legion as the firm expands and market trends move upwards."

ABN Amro hires Arjan Van Rijn

ABN Amro has made a senior appointment within its Asian corporate finance business for global energy, commodities and transportation (ECT) clients. The bank's recently launched ECT clients business will be based in Singapore and the bank has appointed Arjan Van Rijn as head of ECT clients, Asia.

Arjan has helped to rebuild ABN Amro's corporate banking franchise in the Netherlands and has worked at Citigroup, Deutsche Bank and ABN Amro.