Trade Finance: Crisis and Response in the Americas

The Role of the Inter-American Development Bank

Workshop on Aid for Trade and Trade Finance
May 15, 2012

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Resiliency of IDB-supported trade finance in LAC in past crises

IDB's Trade Finance Growth compared to US Economy's
The IDB’s Tripartite Approach: Trade Finance Reactivation Program

Trade Finance training & technical assistance

Structured Trade Finance & Funds: US$240.50 mn in IDB A/B loans approved

TFFP Guarantees, A/B Loans and Co-loans: US$1.5 bn in line approvals supporting over US$2.1 bn in underlying trade transactions

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The IDB’s Added Value

- Counter-cyclical position to finance trade in times of liquidity shortage
- Private lender and investor mobilization
- Non-traditional & traditional financial instrument expertise
- Local and regional debt and capital markets support
- Global outreach
- Promotion of intraregional (“South-South”) transactions
- Special program to bring small LAC banks to the TFFP
- Developmental mandate
TFFP: Total approved lines per country, US$ mn

- ARGENTINA, $150, 10%
- BAHAMAS, $100, 7%
- BELIZE, $3, 0%
- BOLIVIA, $31, 2%
- BRAZIL, $225, 15%
- CHILE, $30, 2%
- COLOMBIA, $220, 14%
- COSTA RICA, $95, 6%
- EL SALVADOR, $60, 4%
- ECUADOR, $77, 5%
- DOMINICAN REPUBLIC, $80, 5%
- GUATEMALA, $103, 7%
- PANAMA, $97, 6%
- PARAGUAY, $47, 3%
- PERU, $55, 4%
- SURINAME, $3.5, 0%
- URUGUAY, $28, 2%

NICARAGUA, $21, 1%
MEXICO, $50, 3%
JAMAICA, $12, 1%
HONDURAS, $32, 2%
Example of Structured Trade Finance Products:
Trade Finance Funds ensure development impact even in times of uncertainty

- Competitive regional and global integration
- Strengthened access to finance for underserved players
- Increased # of SMEs financed
- Better financing terms for SMEs
- Improved risk assessment - Environmental Management System (EMS)
Aid for Trade Fund & the IDB: Promoting Trade Finance

- **AfT Fund**: Endowed with US$ 14 million from Canada, Chile, Switzerland & UK

- **Goal**: Strengthen public and private sector entities’ global market integration and access

- **Current usage**: 10 projects in Execution; 8 in Eligibility

- **Sector focus**: Trade policy, trade facilitation, sanitary and phito-sanitary standards and **trade finance**

- **Fund impact**: Projects leverage trade finance as a catalyst for SME capacity building:
  - Raising awareness about best practices,
  - Sharing market entry solutions and
  - Building business relationships.

- **Next Steps**: IDB is responding to growing demand for more AfT-supported projects in trade finance.