

Expert group meeting on the Trade Financing Gap

The Inter-agency Task Force on Financing for Development (IATF)
Department of Economic and Social Affairs, Financing for Development Office
United Nations, New York
16 November 2017 (8.45 a.m. to 1.45 p.m.)
Conference Room 8

In cooperation with the International Chamber of Commerce



Introduction and background

The importance of short-term finance to support global trade—known as “trade finance”—is explicitly recognised in the Addis Ababa Action Agenda on Financing for Development (“Addis Agenda”). Trade financing is an essential tool to enable the flow of trade through global supply chains and to support the growth of entrepreneurs and small businesses in developing and least-developed economies, by enabling access to global markets and value chains.

In the intergovernmentally agreed conclusions and recommendations of the 2017 ECOSOC Forum on Financing for Development follow-up, Member States ‘noted the US \$1.6 trillion shortage in trade finance provision reported by the Asian Development Bank (ADB) and the International Chamber of Commerce (ICC)’ and called on the IATF ‘to review the trade financing gap as part of its 2018 report.’ In response to this mandate, the Task Force is holding a technical meeting to:

- (i) Create a common foundational understanding of trade finance and supply chain finance, along with key issues related to the Trade Finance Gap
- (ii) share Task Force members’ perspectives and ongoing work on the Trade Finance Gap, and to
- (iii) discuss potential focus areas, key issues, messages and recommendations that would add value to the discussion in the context of the Financing for Development process, and that could be included in the 2018 Task Force report for consideration by Member States.

The deliberations at the meeting will inform the drafting of a section on Trade Finance in the 2018 Task Force report and will be published on the Online Annex (<https://developmentfinance.un.org/>).

Agenda for the IATF Meeting on the Trade Finance Gap

8.45 – 9.00 a.m. – Coffee and welcome

A buffet breakfast will be available.

9.00 – 9.20 a.m. – Introductions, session objectives and tour de table

The session will serve to situate the meeting in the overall work programme of the Task Force for its 2018 report, including the new mandates on trade finance. The session will provide an opportunity for Task Force members and others to report on ongoing work in the area of trade finance, and to reflect on how this work can add value in the context of the Financing for Development process.

- Ms. Shari Spiegel, Financing for Development Office, UN DESA.
- Mr. Daniel Schmand, Global Head of Trade Finance of Deutsche Bank and Chair of the ICC Banking Commission.
- Tour de table of ongoing work in the Task Force and others at the meeting.

9.20 – 9:50 a.m. – Financing Trade: A Few Fundamentals

This session will present selected concepts and techniques in trade finance and supply chain finance, and put them in the broader context of trade, development and inclusiveness, with a supply chain ecosystem perspective, touching upon payment, financing and risk mitigation and highlighting the needs and priorities of parties in the trade transaction lifecycle or the trade finance “chain”.

- Mr. Olivier Paul, Head of Policy, ICC Banking Commission.
- Mr. Joon Kim, Head of Global Trade Products & Portfolio Management, BNY Melon.
- Mr. Marc Auboin, Counsellor, Trade Finance and Coherence, World Trade Organization.

9.50 – 10.50 a.m. – The trade finance gap and implications for implementation of the SDGs

This session will discuss definitions of trade finance, elaborate on the trade finance gap and methodologies, implications of unmet demand for trade financing and benefits of narrowing or closing the gap. It will also situate these developments in longer historical trends and regional perspective, and the impact of the trade finance gap on developing countries and implementation of the SDGs.

- Mr. Steven Beck, Head of Trade & Supply Chain Finance, Asian Development Bank,
- Mr. Alexander Malaket, vice chair, ICC Banking Commission Exco
- Mr. Bala Bello, Executive Director, corporate services, Nexim bank

10.50 – 11.00 a.m. – Coffee Break

11.00 – 11.45 a.m. – Impact of regulatory requirements on correspondent banking and the provision of trade finance

This session will explore unintended consequences of regulation on the provision of finance for international trade. It will in particular pay attention on regulation impacting correspondent banking and subsequently the provision of trade finance, covering issues such as Anti-Money Laundering rules (AML), Know Your Customer processes (KYC) and Basel III requirements

- Mr. Stéphane Mahieu, Financial Stability Board.
- Mr. Daniel Schmand, Global Head of Trade Finance of Deutsche Bank and Chair of the ICC Banking Commission.
- Mr. Peter Zotos, Head of Correspondent Banking Americas, Standard Chartered.

11.45 – 12.45 p.m. – Business, Technological and financial innovation and collaboration in trade finance

This session will explore selected market evolutions, including block chain technology, mobile banking and securitisation of trade finance, that have the potential to advance access to trade finance.

- Mr. Mike Quinn, Head of Product Delivery, Financial Institutions, JP Morgan Chase.
- Mr. Richard Robb, CEO of Christofferson, Robb & Company.

12.45 – 13.45 p.m. – Conclusions and next steps: Policy recommendations and actions to expand finance to facilitate international trade

Moderated discussion on policy recommendations. This session will serve to discuss policy options to expand trade finance, in both developed and in developing countries. The conclusions and findings of this session will be incorporated in the 2018 IATF report and in the Online Annex of the IATF.

- Moderator Ms. Shari Spiegel, Financing for Development Office, UN DESA.
- Ms. Riefqah Jappie, ITC Representative to the United Nations, New York.

Relevant publications

- ADB (2016). 2016 Trade Finance Gaps, Growth, and Jobs Survey. Available from: <https://www.adb.org/sites/default/files/publication/190631/trade-finance-gaps.pdf>
- ICC (2017). Rethinking Trade & Finance. Available from: <https://cdn.iccwbo.org/content/uploads/sites/3/2017/06/2017-rethinking-trade-finance.pdf>
- FSB (2017). FSB action plan to assess and address the decline in correspondent banking. Progress report to G20 Summit of July 2017. Available from: <http://www.fsb.org/wp-content/uploads/P040717-3.pdf>
- FATF (2017). Money laundering and terrorist financing risks. Available from: <http://www.fatf-gafi.org/publications/methodsandtrends/documents/ml-tf-risks.html>

- WTO (2016). Trade finance and SMEs. Bridging the gaps in provision. Available from: https://www.wto.org/english/res_e/booksp_e/tradefinsme_e.pdf
- World Bank (2015). Withdrawal from correspondent banking; where, why, and what to do about it. Available from: <http://documents.worldbank.org/curated/en/113021467990964789/pdf/101098-revised-PUBLIC-CBR-Report-November-2015.pdf>
- IMF (2017). Recent trends in correspondent banking relationships. Available from: <http://www.imf.org/en/Publications/Policy-Papers/Issues/2017/04/21/recent-trends-in-correspondent-banking-relationships-further-considerations>

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