



TFP Trade Finance Program

WORKSHOP ON AML/CFT AND TRADE FINANCE

26-28 June 2019

Tanoa International Hotel, Nadi, Fiji



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The merchants of peace

ICC was created in 1919 by a handful of entrepreneurs to:

- expand international trade
- represent business all over the world



Mission: ICC, the world business organization, promotes **cross-border trade and investment** and the multilateral trading system

ICC's conviction that trade is a powerful force for peace





Commission on BANKING

1. STANDARD SETTING & RULE WRITING

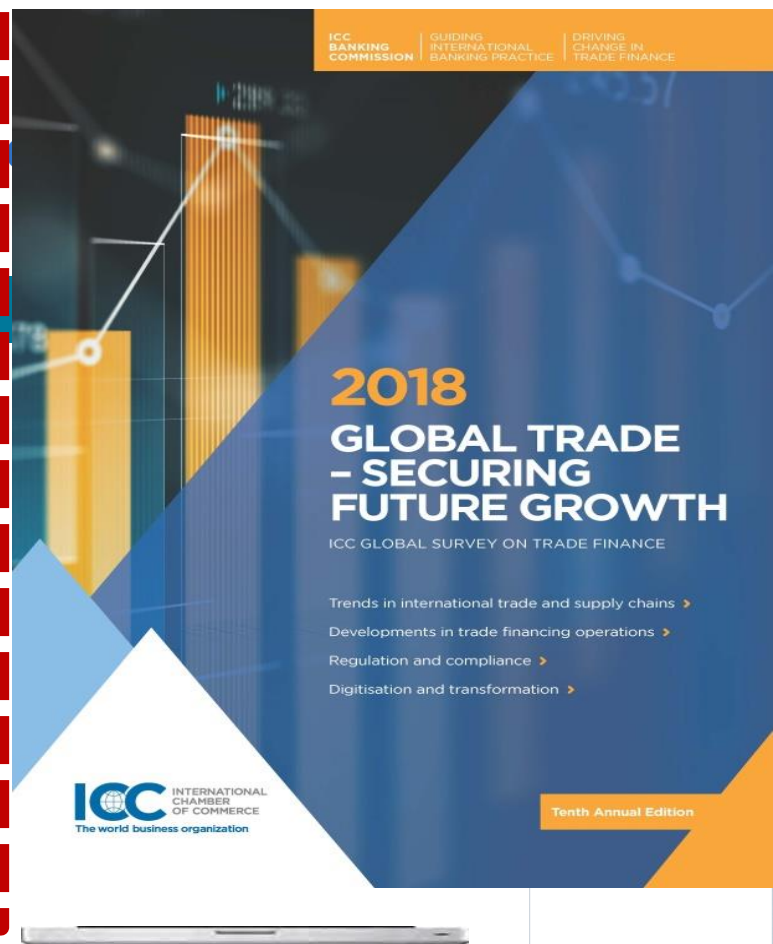


2. POLICY & REGULATORY



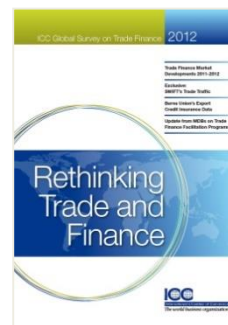
3. ANALYTICS & PUBLICATIONS

Global Surveys





Commission on BANKING





Commission on BANKING



**International
Finance Corporation**
World Bank Group



WORLD TRADE ORGANIZATION
ORGANISATION MONDIALE DU COMMERCE
ORGANIZACION MUNDIAL DEL COMERCIO

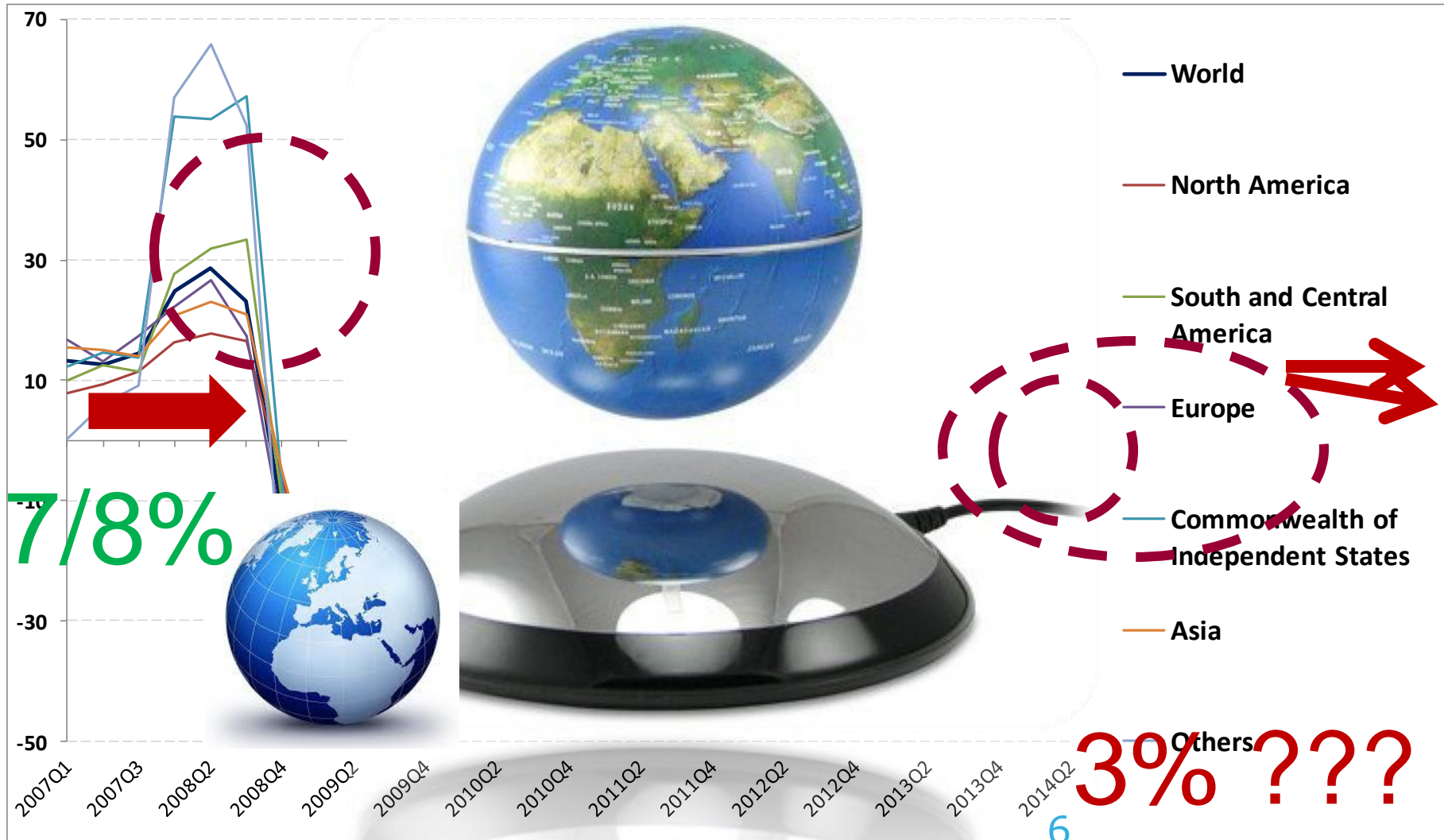


**INTERNATIONAL
CHAMBER
OF COMMERCE**

The Story Starts September 2008 - to end 2018

Growth in world merchandise exports trade.

(Year to year % change in dollar values)



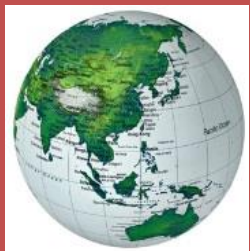
**2015 World Trade Volume
Grew 2.7%**

**2015 World Trade Value
Down 14%.. Down to USD16 Trillion**

**2016 World Trade Volume
Grew 1.3%**

**2017 World Trade Volume
GREW BY 4.5 %**

**Trade grew at twice the pace of GDP between 1990 and 2007.
Between 2011 and 2016, trade growth and GDP growth were
comparable ABOUT SAME GROWTH RATE**



2018 World Trade Volume
Growth 3.0%
...downgraded from 3.4%

Forecast 2019 World Trade Volume
Forecast growth 2.9%

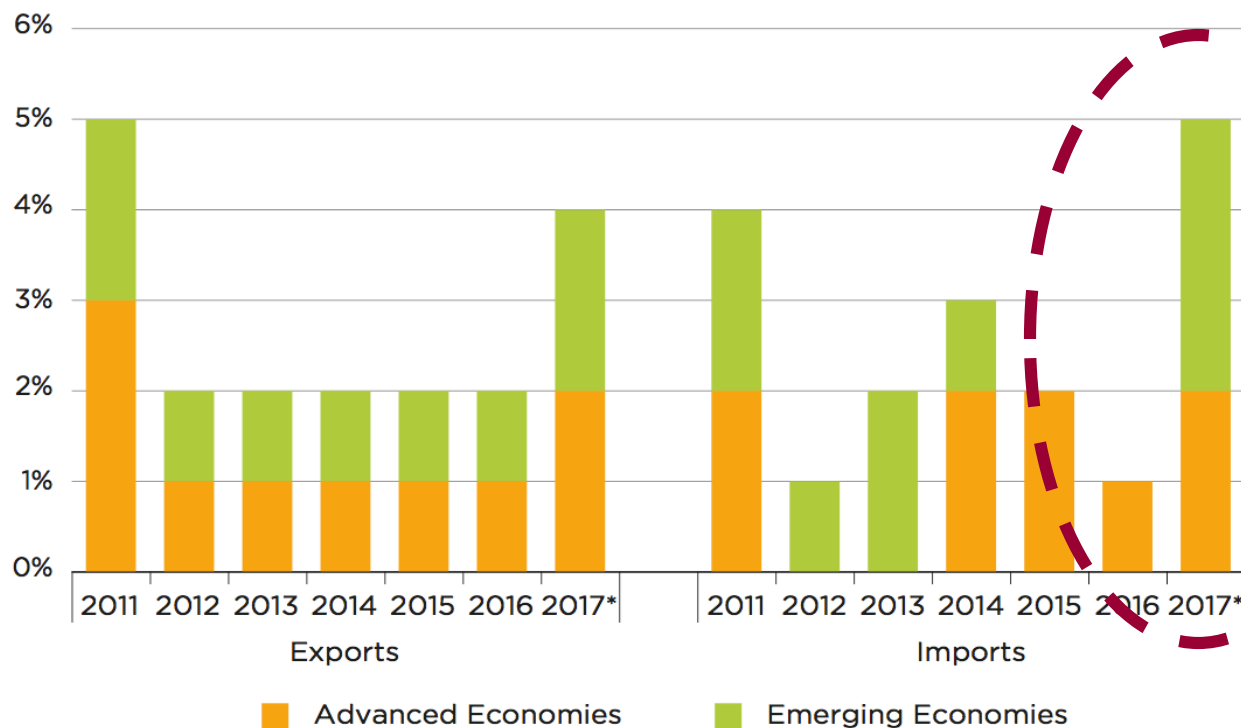
REVISED MAY 2019 ...
...UP OR DOWN?



EMERGING MARKETS ARE THE KEY TO DEVELOPMENT....

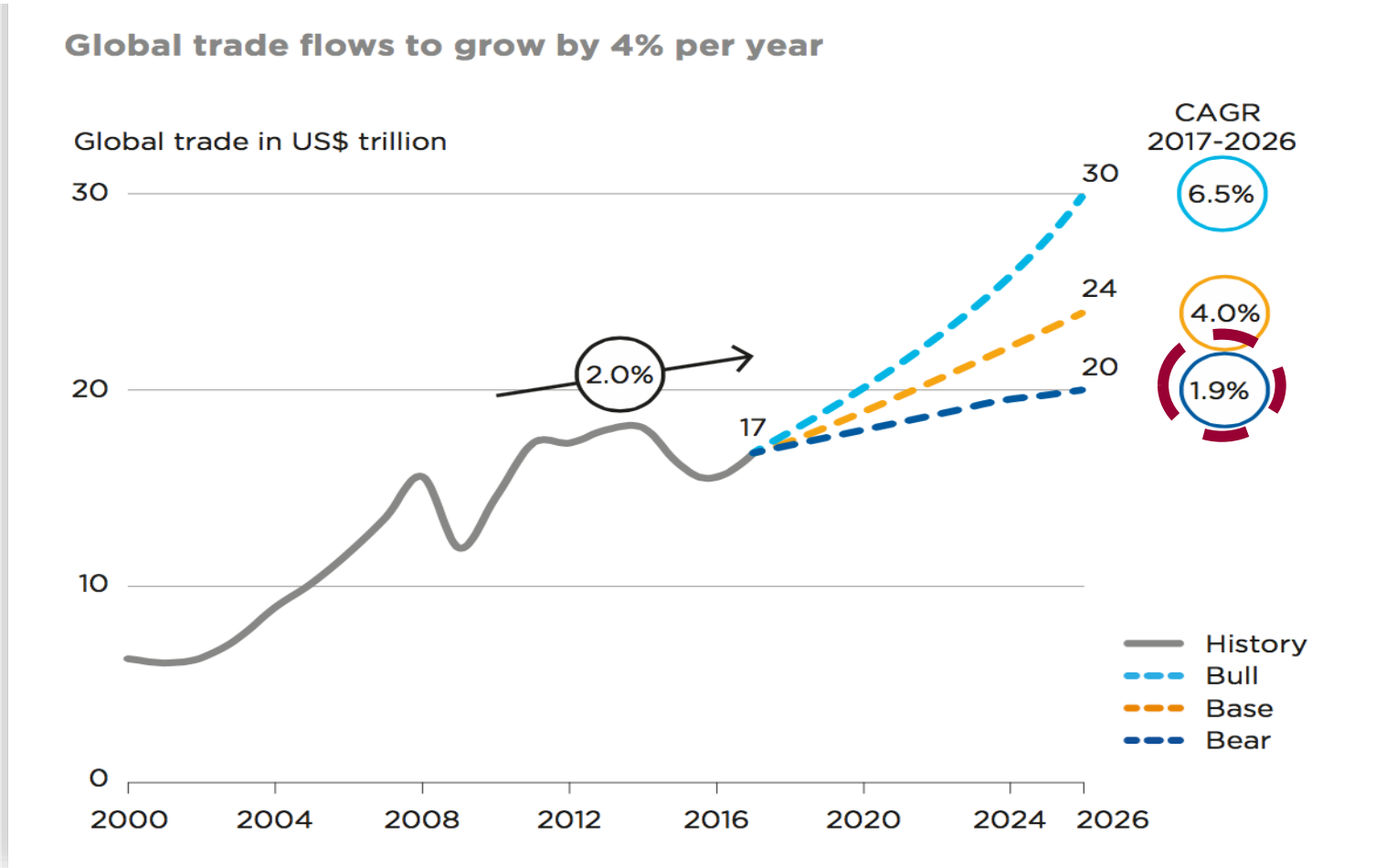
.....but may face liquidity crunch due to trade finance blockage!

B. Contribution to growth in goods export and import volume, by country group, percent





OPTOMISTIC FIGURE OF 6% IS ACHIEVEABLE IF TRADE FINANCE IS AVAILABLE ...

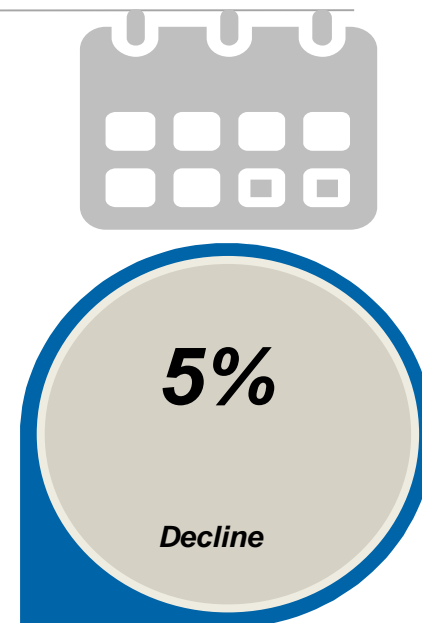
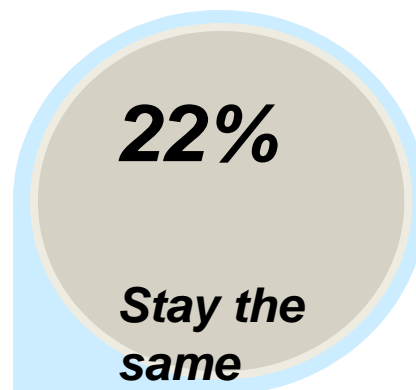
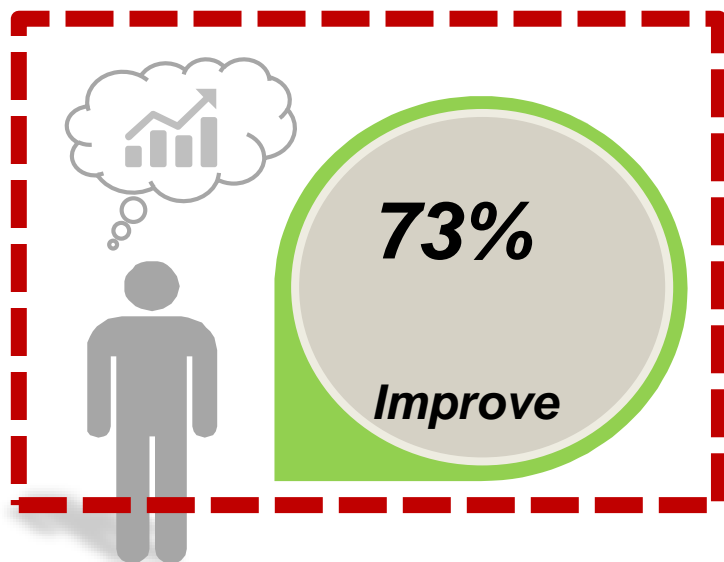






2018 OUTLOOK ON GLOBAL TRADE FINANCE GROWTH

Next 12 months





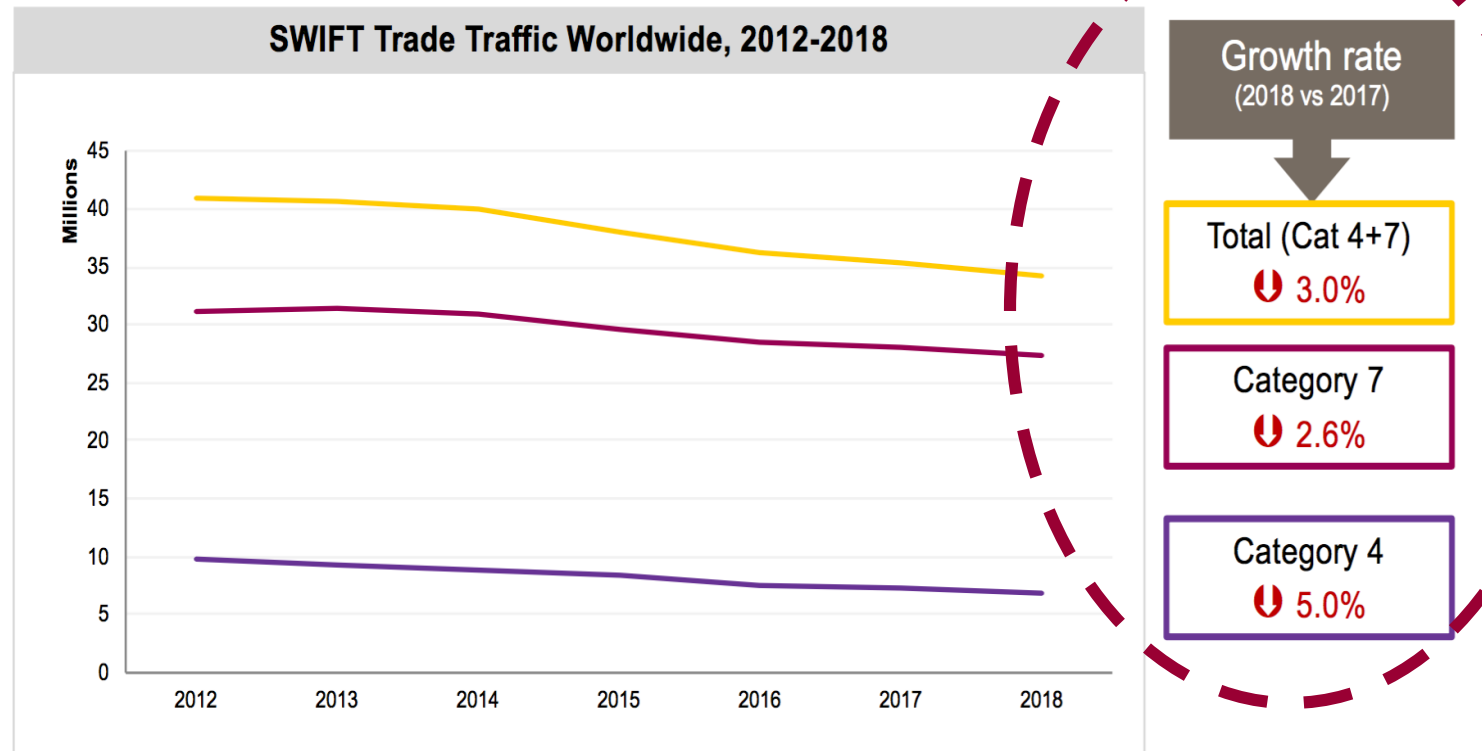
SWIFT Trade Messaging Trend

Trade Figures in 2018

2018 SWIFT trade traffic down 3%

Global Trends

SWIFT Trade Traffic Worldwide in Number of Messages



SWIFT Trade Messaging Trend

Source: [SWIFT BL Watch](#)

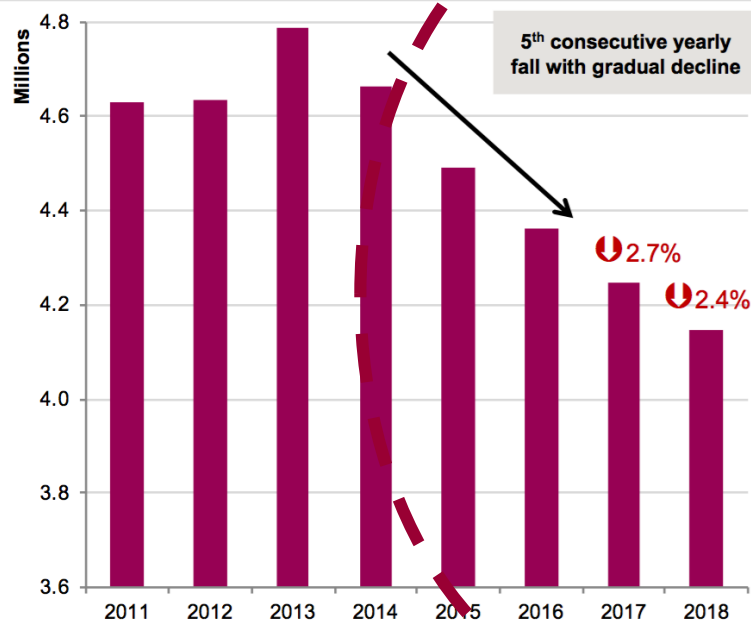


Issuance of letter of credit MT 700

Global Trends

Live, delivered MT 700 (Issue of a Documentary Credit),

Volume of MT 700, 2011 - 2018

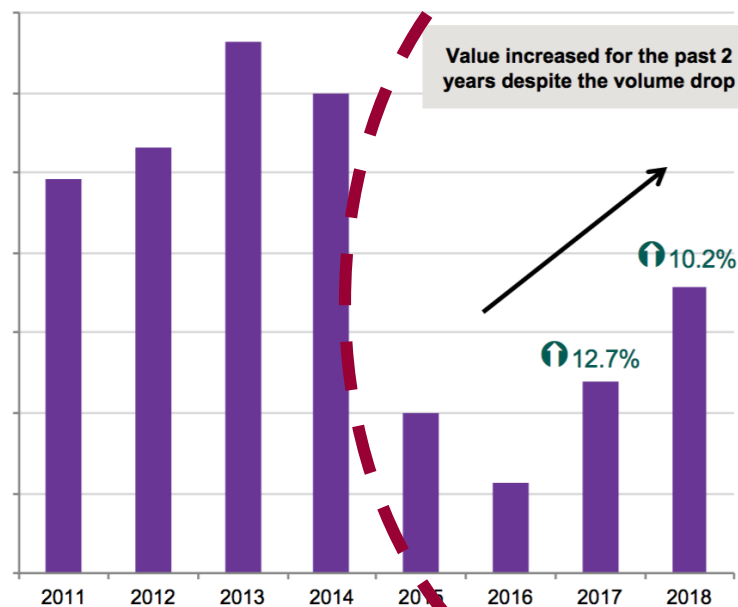


5th consecutive yearly fall with gradual decline



SWIFT Trade Messaging Trend

Value of MT 700, 2011 - 2018



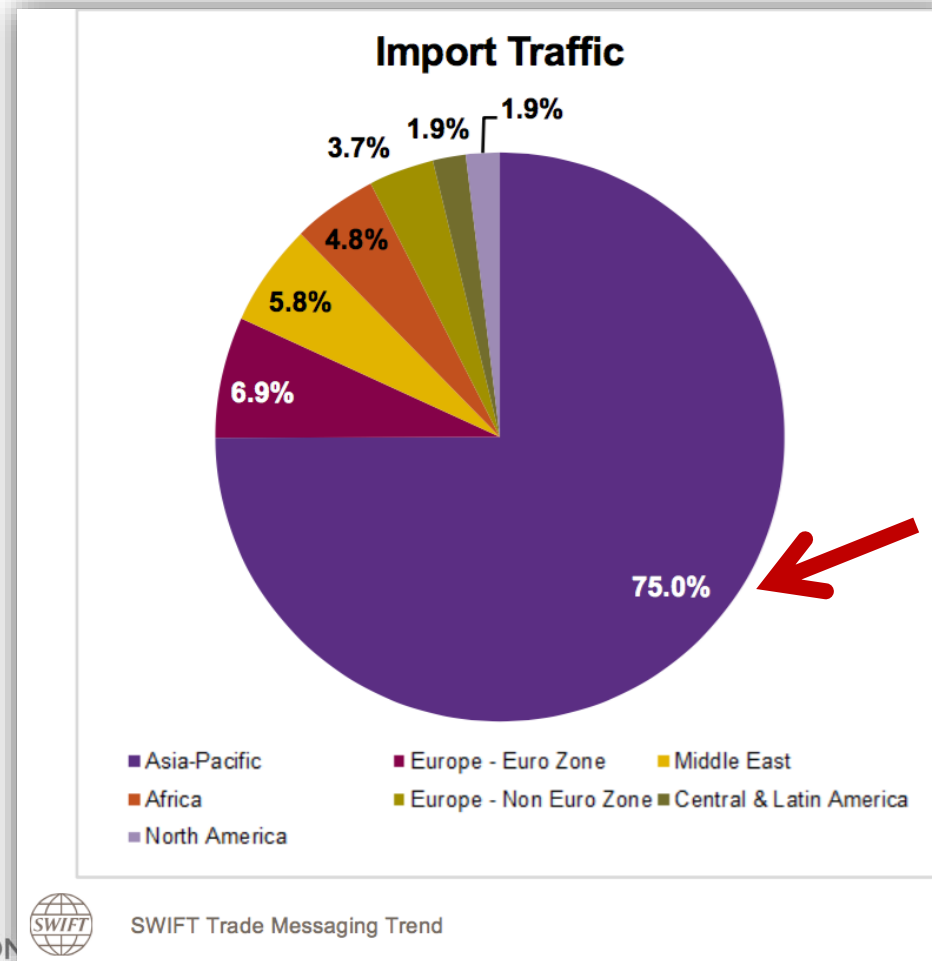
Value increased for the past 2 years despite the volume drop

Source: [SWIFT BI Watch](#)



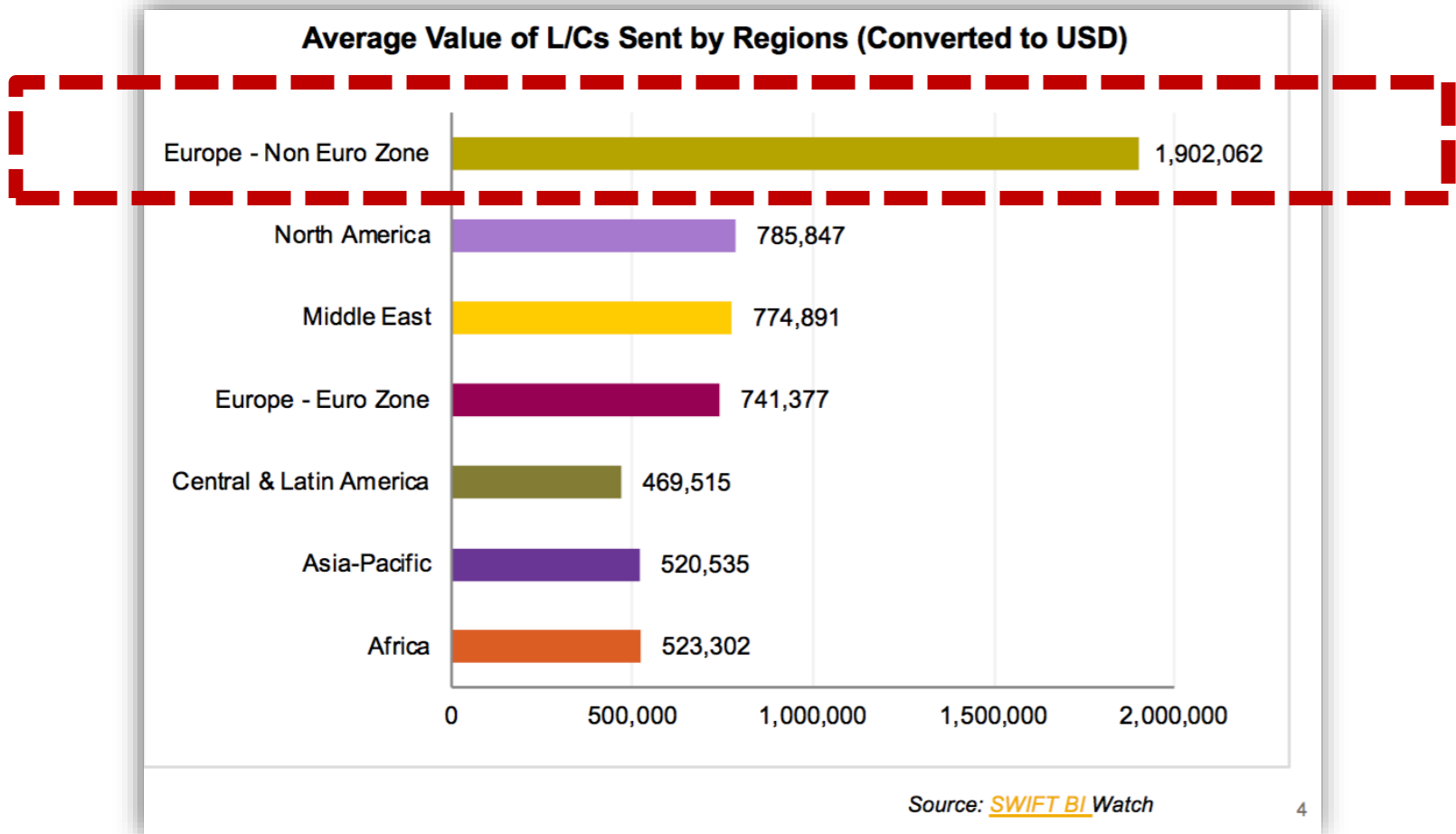
SWIFT Messaging Trends Trade Traffic

75% Import Messaging Trade Traffic originated Asia Pacific



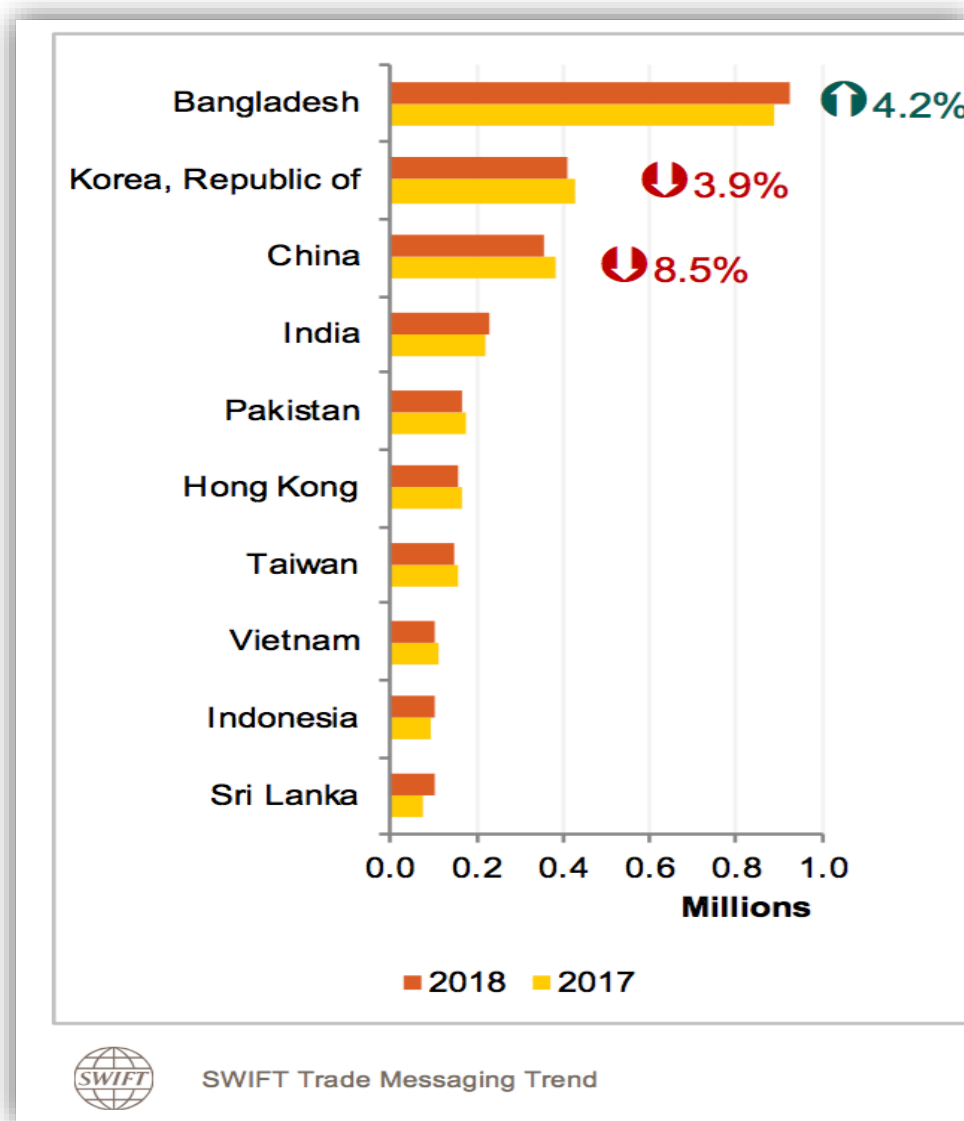
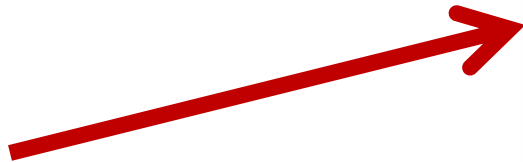


AVERAGE IMPORT LC VALUE IN USD





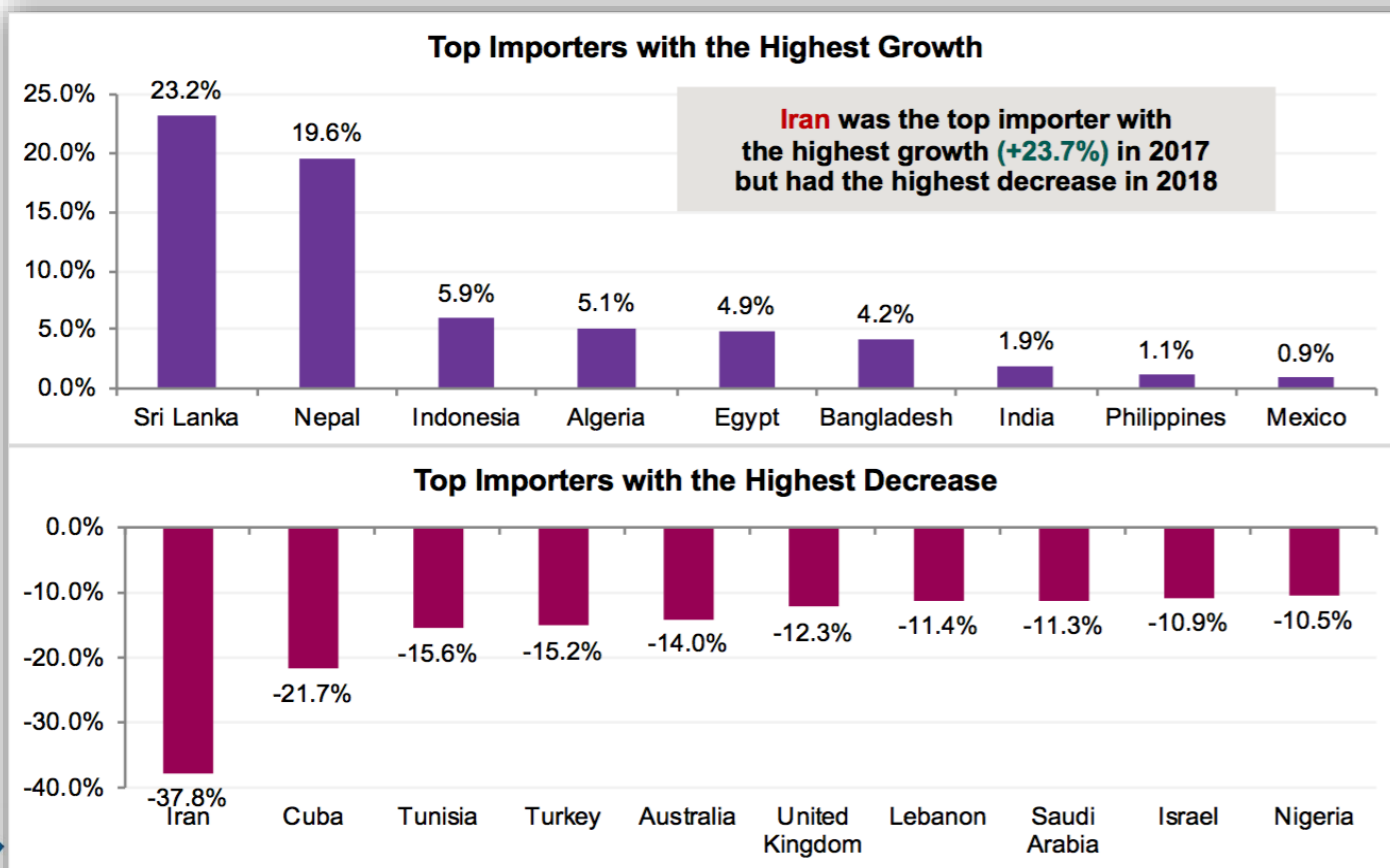
TOP IMPORTING COUNTRIES 2018





2018

MT700 ISSUANCE growers - decliners



* Growth (FY 2018 vs FY 2017)

* From countries with yearly volume of MT 700 greater than 10,000 since 2017

Source: [SWIFT BI Watch](#)

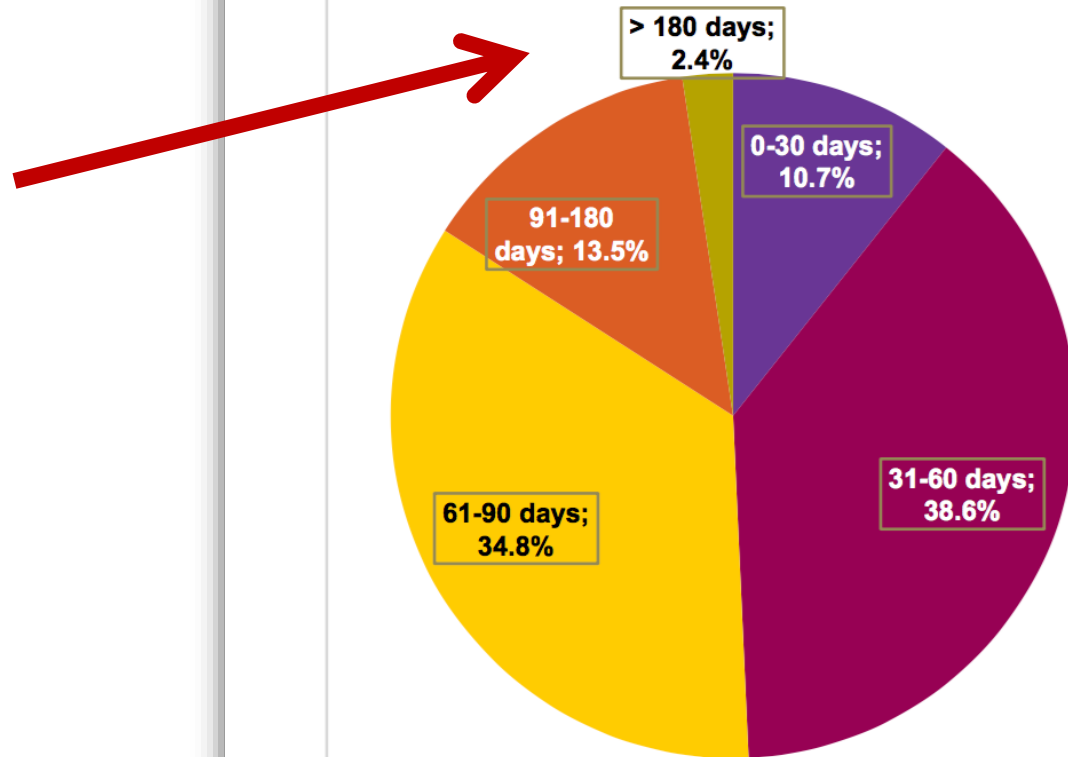
10
TOP





LC'S ARE SHORT TERM TRADE INSTRUMENT

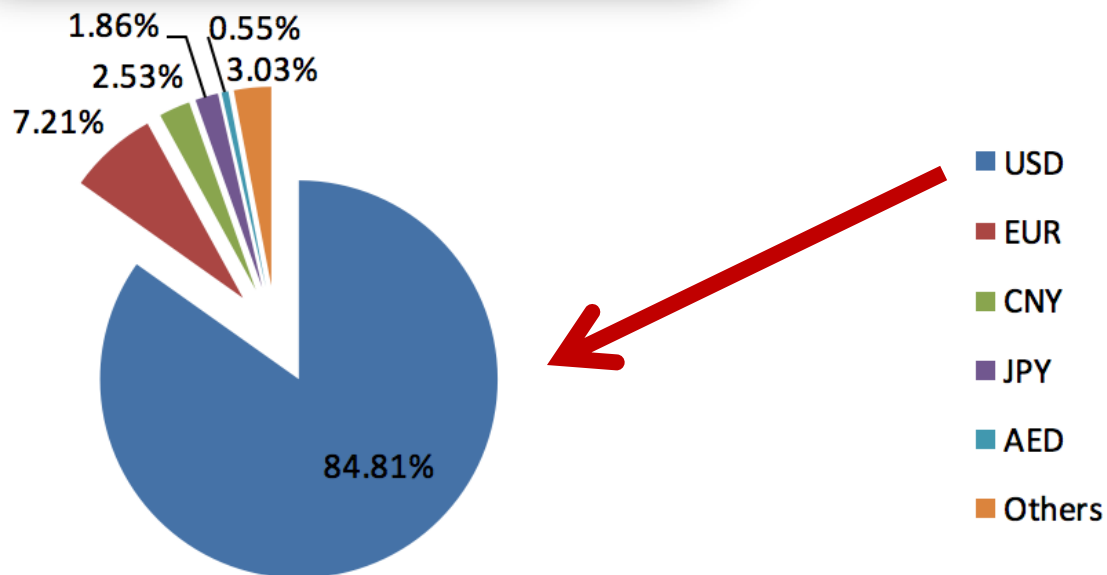
Volume of L/Cs Received by Credit Length, 2018





SWIFT Trade Messaging Trend

Trade Figures in 2018



From the Field/How China finances its growing trade and globalisation

By Vincent O'Brien and Jun XU

Vincent O'Brien is Executive Committee Member of ICC's Banking Commission;
Jun XU is Deputy General Manager of the Global Trade Services Department of the B
China Jiangsu Branch in Nanjing, China.

China's trade finance market has some unique features, and the country is moving forward with novel ways to fund e-commerce.



SINOSURE view/What's driving China's galloping growth in trade finance?

- 65% of the world's population
- one-third of the world's GDP,
- a quarter of all goods transported
- upgrade ports
- improved logistics
- lower trade barriers
- infrastructure building

“Total trade between The People's Republic of China and other Belt and Road countries from 2014 to 2016 was over US\$3 trillion”

“ In 2017, the total volume of imports from and exports to the Belt and Road countries rose 17.8%. ”

**Trade along the
Belt and Road has
exceeded over
US\$3 trillion**

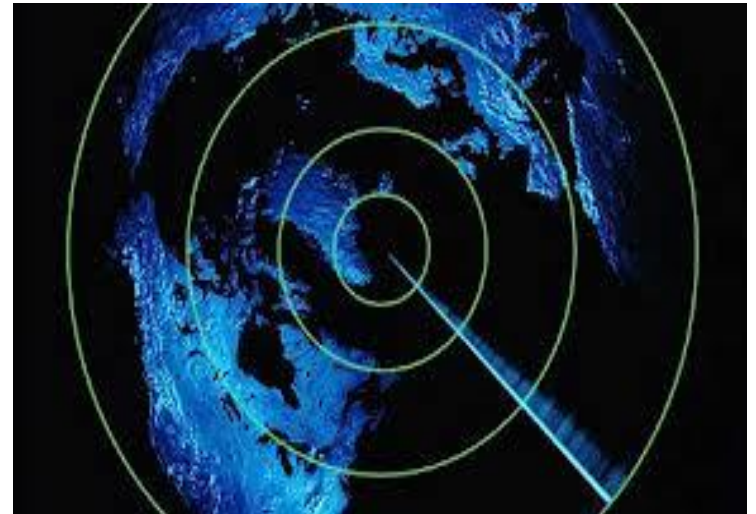


Compliance – KYC - AML

35.5% experienced termination of correspondent relations due to KYC and AML

62% declined transactions due to KYC and AML

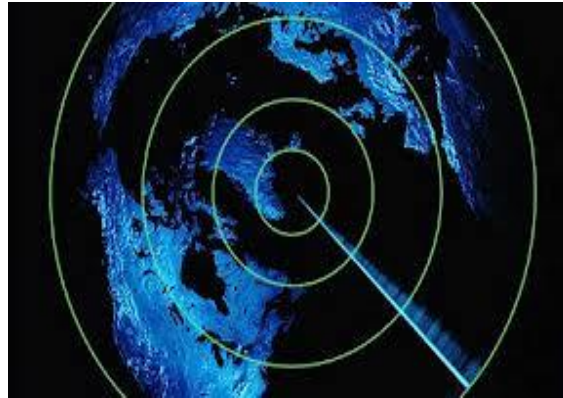
72% nervous about transactions due to SANCTIONS !





Compliance – KYC - AML

75% consider that the customers feeling most negative impact from compliance are **SMEs**



82% expect compliance to get more restrictive into 2018



NEW CHINESE GUARANTEE RULES Since 1 DECEMBER 2016



GOOD NEWS



Tbilisi 2018 – ICC BANKING COMMISSION

Technical Meeting
15,16 and 17 October 2018
Trade Finance Forum

An initiative of The ICC Banking Commission - Georgia
& The ICC Banking Commission - China



BEIJING – SPRING 2019





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