

## ANNEX II

### GLOBAL NETWORK OF EXIM BANKS AND DEVELOPMENT FINANCE INSTITUTIONS

#### CREATING A COMMON AGENDA

Palais des Nations, Geneva, March 13, 2006

#### **Opening Statement**

**Supachai Panitchpakdi**

**Secretary-General of UNCTAD**

Mr Chairman,  
Ladies and Gentlemen,

I wish to welcome the representatives of Export-Import Banks and Development Finance Institutions (DFIs) to Geneva and this meeting in particular, which is taking place in the context of the new global network, G-NEXID. This is an exciting new initiative, which UNCTAD is pleased and willing to support.

In the last two decades, South-South trade has grown dramatically – for most of the time, faster than world trade. At the same time, South-South investment flows have also increased rapidly and now account for more than one-third of the total investment flows to developing countries. These are impressive and encouraging developments. Even more impressive, however, is the fact that these growth trends took place despite the weak financial support system for South-South trade and investment flows. Many countries in the developing world suffer from a serious gap in the financing of commodity trade and investments. Without such facilities, it is hard to imagine how countries could develop their enterprise sector or benefit from the full potential of the international market place. UNCTAD has for more than a quarter of a century supported innovative thinking on ways to remedy these weaknesses. It is heart-warming, therefore, to see such a gathering, which is aimed at formalizing cooperation among financial intermediaries from developing countries. We believe that the establishment of your network is timely and essential for promoting bilateral and multilateral agreements. No doubt that it will also act as a vector for further development of South-South economic interrelations.

Mr Chairman,

The failure of the international community to create new and viable financial institutions or mechanism for supporting South-South trade has induced many governments from developing countries to rely on their own efforts. Indeed, since 1990, the number of non-OECD export credit agencies that provide trade finance for exporters has tripled. The roles and responsibilities of these agencies have also evolved. Indeed, UNCTAD has been advocating the establishment of such institutions for many years. We will continue to do so and we stand ready to assist the development of new export credit agencies as well as the strengthening of existing ones. We hope that the G-NEXID will act as a catalyst in this process.

The role and functions of Eximbanks and DFIs are likely to be affected by two other recent developments: the New Basel 2 Capital Accord, which will be implemented from 2007 onward, and the growing sophistication of the capital market. Basel 2 will make bank lending for “risky” borrowers much more expensive, which means bad news to South-South finance in particular; but at the same time, it carves out a special place for Export Credit Agencies. In contrast, however, the strengthening of the capital market could enable developing countries to avoid some of the negative effects of Basel 2. UNCTAD’s analytical work on these issues should help decision-makers such as yourselves to develop pro-active policies and practices that can safeguard commodity and trade financing activities.

Finding ways to strengthen South-South financing can be a win-win game, reducing the costs of trade, enhancing South-South investments, and bringing attractive returns to those providing the finance. Working together through a Network such as yours could help realize these benefits. You can learn from each other, on ways to enter into new markets, mechanisms to finance non-traditional goods and services, or new financing mechanisms that allow you to better align risks and returns. Networking will also enable you to enhance bilateral interactions and find new risk-sharing methods for investments. Some of you have already done much on a bilateral basis, but we hope that this multilateral forum will unlock the full potential of cooperation among the South’s financial institutions. UNCTAD stands ready to extend its support.

I wish you all the best in your deliberations and thank you for giving me this opportunity to address you.