



Second Annual Meeting of G-NEXID

March 22-23, 2007

Geneva, Switzerland

Minutes of G-NEXID Meeting



Second Annual Meeting of Global Network of Exim Banks & DFIs (G-NEXID)
Geneva, March 22-23, 2007

Introduction

1. G-NEXID was initiated in June 2004 in Rio de Janeiro during meetings held in preparation for the UNCTAD XI conference as a common institutional mechanism covering Exim Banks and DFIs to leverage their natural synergies to promote South-South trade and investment that can contribute to an overall development of the southern countries. A one-day brainstorming session followed in March 2005 that ended with the signing of a Memorandum of Understanding by five Exim Banks and DFIs present. After the acceptance of the legal statutes, G-NEXID was formally launched at the inaugural meeting held at UNCTAD in Geneva on March 13, 2006. The 2nd Annual meeting of G-NEXID was held on March 22, 2007 in Geneva. Programme schedule for the meeting is placed at ANNEXURE 1. Twelve member institutions were represented at the meeting (list of participants is enclosed at ANNEXURE 2).

2. The opening address was delivered by Ms. Lakshmi Puri, Director, Division of International Trade in Goods & Services, and Commodities, UNCTAD, who welcomed the new members into the network, including China Development Bank and Industrial Development Bank of Kenya into the network. Ms. Puri emphasised that G-NEXID is an institutional response to drive the new geography of international trade. Ms. Puri thanked Exim Bank of India for its commitment, investment and leadership to the G-NEXID network and assured UNCTAD's guidance and continuous full support to this initiative. Ms. Puri expressed the hope that new partnerships could be spawned as a consequence of the G-NEXID form, which could then be showcased at the UNCTAD XII conference in Accra, Ghana, key theme of which will be emergence of the new south.

3. In his welcome remarks, Mr. T. C. Venkat Subramanian, Honorary President, G-NEXID and Chairman & Managing Director, Exim Bank India, underscored the increasing significance of South-South trade flows, which now constitutes one-quarter of developing-country exports, and this trade is growing 50 percent faster than world trade. Mr. Subramanian pointed out that South-South capital flows are also growing more

rapidly than those between developed and developing countries, particularly in foreign direct investment with foreign direct investment flows from developing countries to other developing countries estimated to be of the order of US\$ 47 billion. Mr. Subramanian noted that given the existing level of cooperation among the member institutions, G-NEXID is, in due course, expected to become a Forum to share expertise and experience, leading to enhanced levels of South-South trade and investment. Mr. Subramanian apprised the members of the progress of G-NEXID achieved since its launch in 2006. A copy of the speech is at ANNEXURE 3. The statutes of G-NEXID were reconfirmed and uploaded on the G-NEXID portal. It was agreed that the additional 3 members of the Steering Committee would be co-opted in due course, subsequent to the expansion in the membership of the network.

4. Conveying his profound appreciation for Exim Bank in its commitment towards G-NEXID, Mr. Alex Gitari, Director, Finance, PTA Bank, in his address (on behalf of Dr. Michael Gondwe, Honorary Secretary, G-NEXID and President, PTA Bank), highlighted the emergence of the African continent in terms of better overall economic environment and stability. Mr. Gitari evinced his bank's keenness in partnering G-NEXID for supporting investments into the African continent. Mr. Iulian Velicu, Honorary Treasurer, G-NEXID and Vice President, Exim Bank of Romania, while reiterating the objectives of G-NEXID, reminded the members to remit the annual membership fees for 2007.

5. A formal report on the activities of G-NEXID during 2006 was presented by Mr. Sriram Subramaniam, G-NEXID Coordinator at Geneva. Members noted the progress of G-NEXID achieved since its launch in 2006. The member institutions were informed that the office of G-NEXID has been set up in Geneva, and a bank account has been opened in the name of G-NEXID. It was noted that the office space has been secured through the Swiss authorities and with the support of UNCTAD at a subsidised rate. Participants subsequently visited the G-NEXID office in the afternoon and appreciated its ambience and location. The increase in G-NEXID membership to 15 institutions spread across Asia, Africa, Europe and Latin America within such a short time was noted with satisfaction. Further, it was agreed that membership of G-NEXID should include more representation from hitherto unrepresented geographical areas. To this

extent, G-NEXID's efforts at inviting more than 50 institutions across the developing regions of the world to become members of the network were underscored. A copy of the report is at ANNEXURE 4.

6. The 2nd Annual meeting witnessed the technical launch of G-NEXID's official website, whose objective is to create competitive online presence, information and experience sharing, brand building, training and facilitate conduct of business among the member institutions. G-NEXID's official website layout and design was finalised after incorporating comments and suggestions received from member institutions. It was noted that the URL for the portal, which had become live and operational is www.gnexid.org, and that Exim Bank India has been in constant touch with member institutions for feedback and validation/inputs regarding contents pertaining to the respective member countries and institutions. Members' support was sought in order to make the portal an effective medium for flow of information, ideas and more. Members agreed to provide relevant and updated data about their institution/country including photographs wherever possible as rolling visuals on the portal's webpages. The main sections of the portal were highlighted and included background and objective of the Forum, profiles of member institutions, data resources under the downloads section and useful links. It was agreed to have a two-tier system of registration (access security protocol) wherein access to certain information will be restricted only to member institutions through provision of a unique ID and password. It was also agreed that a standard privacy policy and terms of use could be put up on the portal. Various suggestions were made including starting a quarterly e-newsletter capturing latest developments on issues of relevance to the G-NEXID forum, designing a mission statement for G-NEXID as an introductory webpage, creation of members' database and a discussion forum, categorisation of member institutions into regional and domestic banks, and translation of the website into French and Spanish. UNCTAD proposed to provide self-distant learning programme on commodity and structured trade finance.

7. Members of G-NEXID were thankful to UNCTAD for granting an 'Observer' status to G-NEXID. Members noted that under the observer status, G-NEXID will be

invited to attend UNCTAD meetings and conferences; G-NEXID could make oral statements on matters within the scope of their activities and circulate written material on matters related to an item of the agenda; G-NEXID will also receive ongoing information on UNCTAD's current activities, studies, publications, etc.

8. The meeting also witnessed presentations on varied technical topics including UNCTAD's south-south trade database and its preliminary findings in terms of the emergence of the South in international trade, economic intelligence through UNCTAD's Infocomm and infoshare knowledge and information management tools and on ways to improve SME access to finance by using Management Competence as "Collateral" through a case study of Enterprise Management Development Services programme – a joint initiative of ITC and Exim Bank India. Copies of the presentations are attached at ANNEXURE 5.

9. The first technical presentation, 'Economic Intelligence to Serve Developing Countries' was delivered by Mr. Olivier Combe, Associate Economic Officer, Commodities Branch, UNCTAD and underscored the use of knowledge management tools to formulate appropriate policies in order to optimise production, marketing, trade, process and finance of commodities. Mr Combe dwelt upon the details of two such tools developed by UNCTAD, viz. Infocomm and Infoshare. While Infoshare is designed to ease data analysis and understanding of the marketing and supply chains and dissemination of information, Infocomm (<http://www.unctad.org/infocomm>) is a macro level tool providing updated information on factors impacting commodity markets.

10. The second presentation on 'How to Improve SME Access to Finance by Using Management Competence as Collateral – An ITC / EXIM Bank of India initiative' was led by Ms. Aicha Pouye, Director, DTSS, ITC and Mr. Roger Megelas, Senior Adviser, Enterprise Management Development Section, ITC. The presentation focused on the case study of Exim India's partnership with ITC to explore ways to attract more SMEs to trade finance and extend more effective support to them. It was pointed out that Exim India has created a special trust fund for lending to SMEs to help contributing to employment creation and poverty reduction. ITC and Exim India (with EU/ATF funding) have decided to focus on specific enterprises that do not meet "normal" financing

criteria but offer a good business potential. The criteria of selection of SMEs were highlighted such as impact on job creation, on community and on poverty reduction, geographical location and gender (preferably women entrepreneurs). It was indicated that a methodology and tool was designed to assess the “real “ potential of a business, the management competencies required by it and the resources identified to implement its strategy. The advantages of the tool were highlighted – an elaborate rating system for financial institutions that ensures acceptable/adequate levels of risk by financial institutions through better knowledge of the client potential.

11. The last technical presentation focused on the emergence of the south in international trade through an analysis based on ‘South-South Trade Database’ by Ms. Miho Shirotori, Economic Affairs Officer, Trade Analysis Branch, UNCTAD. It was pointed out that the database contains bilateral trade flows among the South, and with the rest of the world covering 138 developing countries and territories plus 60 rest of the world countries. Preliminary findings from the database were presented which, inter alia, concluded that the share of the south in global trade went above the long-term trend during the period of high commodity prices (1973-1979), but declined again in the mid 1980s. The expansion since the later 1980s is continuing with the share having reached 35% of world exports in 2005, the highest in the Post-World War II period. It was pointed out that Asia was the hub with over 80% of South-South trade involving Asia. The main sectors traded among the south, factors that determine south-south trade pattern, and the scope for south-south trade expansion were also underscored.

12. A session was devoted exclusively for sharing of experiences by member institutions on areas related to SME financing, south-south cooperation and more. Broad consensus emerged in terms of the action plan for the activities for 2007. It was agreed that G-NEXID is intended to boost bilateral and multilateral agreements among Exim banks and DFIs and that such cooperation is expected to reduce the transaction costs of trade, spurring investment across borders and making financing more readily available to new and innovative businesses and enabling the growth of "niche markets." The newly established network, it was envisaged, would allow developing countries to learn from each other’s experience and share effective practices for entering new

markets, financing non-traditional goods and services, and establishing risk-sharing methods for investments.

13. A consensus emerged in terms of the activities that G-NEXID should carry out in the short and medium term. This included designing programmes for SME development through capacity building exercises; training programmes for member institutions through experience sharing and exchange of personnel; an open forum on topics of relevance to south-south trade and investment (which ideally can be held a day in advance of the Annual meeting); devise ways and means such that G-NEXID forum acts as the hub for providing solutions to the requirements of member institutions/countries (such as co-financing, risk sharing and guarantee programmes); document the bilateral business deals on the website for the benefit and knowledge of other member institutions.

14. Members of G-NEXID from different continents were enthusiastic about the developments during the last one year and eagerly looked forward to the forum becoming a significant catalyst for enhancing south-south cooperation, with particular focus on SME development, under the continued support and guidance of UNCTAD.

15. The proceedings of the 2nd Annual Meeting of G-NEXID were presented to the UNCTAD Commission on March 23, 2007 by Mr. T. C. Venkat Subramanian, Honorary President of G-NEXID and Chairman & Managing Director, Exim Bank of India.

16. A bilateral Memorandum of Cooperation (MOC) was signed between Exim Bank of India and Exim Bank of Romania at the sidelines of the Second Annual meeting of G-NEXID. The MOC seeks to identify areas of cooperation for enhancing two-way trade and investment, which inter alia, includes exploring the possibilities of exchanging mutual experience, information on financing export and import operations, project assessment and knowledge generated in respective fields of activity, providing mutual technical assistance and training, for purposes related to general and specific operations, exchange of information on business and investment opportunities.

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GLOBAL NETWORK OF EXIM BANKS & DEVELOPMENT FINANCE INSTITUTIONS
2nd ANNUAL MEETING
March 22-23, 2007
Palais Des Nations
Geneva - Switzerland
ROOM IX

PROGRAMME SCHEDULE

THURSDAY, MARCH 22

0900 HRS - 0930 HRS	REGISTRATION
0930 HRS - 0945 HRS	Official Opening of 2nd Annual Meeting <i>Ms. Lakshmi Puri</i> Director, Division of International Trade in Goods & Services, and Commodities, UNCTAD
0945 HRS - 1000 HRS	OPENING/WELCOME REMARKS <i>Mr. T. C. Venkat Subramanian</i> Honorary President, G-NEXID and Chairman and Managing Director Export-Import Bank of India
1000 HRS - 1015 HRS	REMARKS <i>Dr. Michael Gondwe</i> Honorary Secretary, G-NEXID and President PTA Bank
1015 HRS - 1030 HRS	REMARKS <i>Mr. Iulian Velicu</i> Honorary Treasurer, G-NEXID and Vice President Exim Bank of Romania

1030 HRS - 1045 HRS	REPORT ON 2006 G-NEXID ACTIVITIES & ACCOUNTS <i>Mr. Sriram Subramaniam</i> G-NEXID Coordinator at Geneva
1045 HRS - 1115 HRS	BREAK
1115 HRS - 1130 HRS	TECHNICAL LAUNCH OF G-NEXID WEBSITE
1130 HRS - 1230 HRS	DISCUSSIONS ON 2007 G-NEXID PROGRAM & ACTIVITIES
1230 HRS - 1330 HRS	VISIT TO G-NEXID OFFICE PREMISE
1330 HRS - 1430 HRS	LUNCH
1430 HRS - 1450 HRS	SOUTH-SOUTH TRADE FLOWS <i>Ms. Miho Shirotori</i> Economic Affairs Officer, Trade Analysis Branch UNCTAD
1450 HRS - 1510 HRS	INFOCOMM & INFOSHARE: Commodity Market Intelligence <i>Mr. Olivier Combe</i> Associate Economic Affairs Officer, Commodities Branch UNCTAD
1510 HRS - 1530 HRS	BREAK
1530 HRS - 1550 HRS	EXIM INDIA -ITC PROJECT: CAPACITY BUILDING OF SMES <i>Ms. Aicha Pouye</i> Director, DTSS ITC
1550 HRS - 1630 HRS	Experience Sharing by Member Institutions

FRIDAY, MARCH 23

Post Lunch	Presentation by President of the Proceedings of 2nd Annual Meeting of G-NEXID to UNCTAD
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LIST OF PARTICIPANTS

S.No	Organisation		First Name	Surname	Title
1	Afrexim Bank	Mr.	Jean-Louis	Ekra	President & Chairman of the Board
2		Dr.	Francis Kingsley	Mbroh	Principal Economic Analyst
3	BFPME, Tunisia	Mr.	Abdessalem	Mansour	Chairman
4	China Development Bank	Mr.	Zhao	Jianping	Assistant Governor
5		Mr.	Liu	Wensheng	Secretary to Asst. Governor
6		Ms	Zhang	Xiaorong	Deputy Director of International Finance Department
7	Corporacion Andina de Fomento	Mr.	Fernando	Infante	Director, Multilateral and Bank Financing
8		Mr.	Miguel	Rodriguez	Advisor
9	Development Bank of Zambia	Dr.	Richard	Phiri	Acting Managing Director
10	Ecowas Bank for Investment and Development	Mr.	Christian	Adovelande	President
11		Mr.	Thierno	Bocar Tall	Director of Research and Strategic Planning
12	Exim Bank of India	Mr.	T.C.	Venkat Subramanian	Chairman & Managing Director
13		Mr.	R.M.V	Raman	Special Adviser to Chairman
14		Mr.	Ashish	Kumar	Chief Manager
15		Mr.	Sriram	Subramaniam	Asst. General Manager
16	Exim Bank of the Slovak Republic	Mr.	Peter		2nd Secretary, Permanent Mission of Slovakia to UNOG
17	Exim Romania	Ms.	Carmen	Radu	President
18		Mr.	Iulian	Velicu	Vice-President
19		Ms.	Magdalena	Nitu	Director, International Relations
20	IDB Kenya	Mr.	James	Ochami	Managing Director
21	Nigerian Export-Import Bank	Mr.	Lateef A	Balogun	Executive Director, Management Services
22		Mr.	Mohammed	B. Mai-Bornu	Dy. General Manager, Research & Strategy
23	PTA Bank	Mr.	Alex	Gitari	Director Finance

G-NEXID Annual Meeting, Geneva, March 22, 2007

Second Annual Meeting of G-NEXID

Geneva, March 22, 2007

Welcome Remarks by

Mr. T.C. Venkat Subramanian

Honorary President, G-NEXID and

Chairman & Managing Director, Export-Import Bank of India

Good Morning Ladies and Gentlemen,

It gives me great pleasure to be present here in Geneva and address the second Annual Meeting of the Global Network of Exim Banks and Development Finance Institutions (G-NEXID). The thoughtful presentation by Ms. Lakshmi Puri was indeed illuminating and has set the right note for the inaugural session of this event, which incidentally marks the commencement of the formal operations of G-NEXID.

Today, trade among developing countries is growing significantly. South-South trade now constitutes one-quarter of developing-country exports, and this trade is growing 50 percent faster than world trade. South-South capital flows are also growing more rapidly than those between developed and developing countries, particularly in foreign direct investment. In fact, the foreign direct investment flows from developing countries to other developing countries are estimated to be of the order of US\$ 47 billion.

Private sector involvement is increasingly being seen as an area where South-South cooperation can contribute to overcome the most pressing development challenges. South-South FDI represents an opportunity for low-income countries. Except in the extractive sector, most Northern multinationals are unlikely to invest in small markets as their location decision is mainly driven by market size, whereas southern multinationals tend to invest in neighbouring developing countries with a similar or lower level of development than their home country. Hence, South-South FDI flows, however small, are significant for many poor countries, particularly those that are close to major investors. In many poor countries, South-South flows account for more than half of total FDI (UNCTAD, 2006). For example, India (in hotels and manufacturing) and China (in manufacturing) account for more than half of FDI in Nepal. Indian firms figure

prominently among foreign firms in Sri Lankan manufacturing. Most FDI in Mongolia comes from China and the Russian Federation. In the banking sector, cross-border investment by developing-country investors is more significant in low-income countries (27 per cent of foreign bank assets and 47 per cent of the number of foreign banks) than in middle-income countries (3 per cent of foreign assets and 20 per cent of foreign banks). In recent years, South-South FDI played an important role in offsetting the significant decline in FDI flows to developing countries from the North. Further, the enlargement and diversification of the pool of countries' sources of FDI may temper fluctuation, positively contributing to the economic development of host countries.

In order to reap the fruits of this increasing South-South cooperation, it is imperative to devise an institutional mechanism that can facilitate such interactions among the developing world. G-NEXID, as you would recall, is an attempt in this direction – to create a forum amongst institutions from emerging and developing world which would focus on specific action plans, such as devising strategies for enhancing South-South trade, defining a work programme for SMEs, developing and implementing training programmes, preparing a programme for commodity finance etc. Given the existing level of cooperation among the member institutions, G-NEXID is, in due course, expected to become a Forum to share expertise and experience, leading to enhanced levels of South-South trade and investment.

To put things in a better perspective, it would be pertinent to briefly provide an outline on the evolution of this network of exim banks and DFIs and the way it is expected to evolve in future. At the XIth Congress of UNCTAD in Rio de Janeiro, Brazil in June 2004, it was decided to create an international network of Export-Import Banks (Exim Banks) and Development Finance Institutions (DFIs) that would be a Global Network for institutions involved in trade and project financing, primarily in developing countries. A few of us from Exim Bank of India, Exim Bank of Malaysia, African Export-Import Bank, Andean Development Corporation and Exim Bank of Slovakia met in March 2005 in Geneva under the auspices of UNCTAD and concluded a Memorandum of Understanding (MOU) for creation of GNEXID. Following this, GNEXID was formally launched on March 13, 2006 in Geneva. At that meeting, we had the privilege of

witnessing Mr. Supachai Panitchpakdi, Secretary-General of UNCTAD open the meeting. Mr. Supachai underlined how this new network would serve to strengthen the emerging new geography of trade, in which South-South trade and investment flows grow much more rapidly than the traditional South-North flows. The Secretary-General also expressed the hope that this multilateral forum will unlock the full potential of cooperation among the South's financial institutions, and assured UNCTAD's willingness and full support to this 'exciting new initiative'. The meeting also witnessed the election of office bearers, the formation of a Steering Committee and the adoption of the G-NEXID statutes. The members agreed on registering G-NEXID as a non-profit association in Geneva under the Swiss laws.

It is indeed my pleasure to inform you on the progress achieved since the launch in 2006. A conference call was arranged among the Steering Committee members in October 2006 to examine the current status of G-NEXID and to discuss future course of action. Members of the Steering Committee noted the developments relating to G-NEXID's office and agreed to proceed with whatever formalities that would be required to set up the G-NEXID office. I am pleased to inform you that the office of G-NEXID has since been set up in Geneva, and a bank account has also been opened in the name of G-NEXID. Office space secured through the Swiss authorities is on a subsidised rate. As you can note from the Programme Agenda, a visit to G-NEXID office has been planned in the afternoon.

As regards membership of G-NEXID, it was decided during the conference call that with around 15 institutions having agreed to become members, the necessary logistics and formalities for payment of annual membership subscription could be worked out. Further, it was agreed that membership of G-NEXID could be expanded to around 25 initially. To this extent, we have written to more than 50 institutions across the developing regions of Asia, Africa and Latin America apprising them of the G-NEXID initiative and inviting them to become members. I am happy to announce that we have started receiving positive responses. With the membership expected to increase in the foreseeable future, it is envisaged to expand the members of the Steering Committee from six to nine members in due course, as laid down.

I am also happy to announce that the website of G-NEXID has been designed and we shall witness its technical launch very shortly. G-NEXID's official website layout and design has been finalised after incorporating comments and suggestion received from member institutions. The rationale of the portal is to create competitive online presence, information and experience sharing, brand building and facilitate conduct of business among the member institutions. As you may all be aware, the URL for the portal, which will shortly become live and operational, is www.gnexid.org. We, at Exim Bank India, have been in constant touch with member institutions for feedback and validation/inputs regarding contents pertaining to the respective member countries and institutions. I take this opportunity in seeking your support in order to make the portal an effective medium for flow of information, ideas and more.

As we move forward, it is important that G-NEXID should be recognised at international fora. Towards this end, I also have the pleasure to inform you that G-NEXID had applied and has now secured an 'Observer' status with UNCTAD. Further, as we move on, our objective would be to design ways and means to leverage upon the benefits of south-south cooperation. Working together through G-NEXID could help realize these benefits. We 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 allows better alignment of risks and returns.

I do hope that this initiative would seek to provide a mechanism for participating member institutions to enter into a process of dialogue which will contribute to maintaining goodwill and mutual trust, while providing an opportunity for cooperation in areas of trade and investment, capacity building, governance and beyond.

I believe that this meeting would provide members a platform to deliberate on the future course of action that G-NEXID should take and would lead to fruitful discussions. Let us all make it a landmark event in forging stronger relations within the emerging countries of the world.

THANK YOU!!

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Report on G-NEXID Activities During the Year 2006

1. **G-NEXID registered in Geneva:** It was decided during the inaugural annual meeting in March, 2006 in Geneva that G-NEXID should be registered in Geneva, the rationale being the importance of Geneva as the principal location of world negotiations, due to the numerous International Organizations and NGOs located in Geneva. All necessary documents were prepared and formalities completed with the Swiss authorities for G-NEXID to be registered in Geneva as a non-profit organisation.

2. **Office space secured through the Swiss authorities:** Necessary procedures were completed and relevant documents prepared to secure an office space in Geneva through the Swiss authorities at a subsidised rate. Subsequently, the office space was secured on lease basis in December 2006. The building is owned by a NGO, World Council of churches and is well located close to UNCTAD. The main terms of the agreement are:

Duration: from 1/12/2006 till 30/11/2007

Costs: CHF 480 monthly rent plus the following monthly charges:
 CHF 153 for heating, cleaning, hot water and switchboard
 CHF 24 for mail- box
 CHF 25 for telephone (only the line not the handset)

 Total : CHF 682

Plus VAT (7.6%)

Deposit: CHF 1.440 cash in the form of a bank guarantee for the same amount.

The costs above are inclusive of use of Conference Room facilities free of charge.

Contact details of the G-NEXID office have been forwarded to all members.

3. **Current account opened with UBS:** A current account was opened in the name of G-NEXID with UBS in January 2007. Details of the account were forwarded to all members to enable them to remit the annual subscription of USD 3000/-. Presently we have received subscription fees from 10 members. May we request the other members

also to remit the subscription fees as soon as possible to enable the smooth functioning of G-NEXID. A monthly account statement is being prepared and maintained for G-NEXID office bearers.

4. Official G-NEXID logo designed and adopted: A number of possible logos designed by Diego Oyarzun of the UNCTAD secretariat were considered at the 2006 annual meeting in Geneva. After some discussion, a consensus emerged on the official logo. Subsequently, the logo was finalised and officially adopted for all G-NEXID related activities.

5. Official G-NEXID website: It was agreed at the 2006 annual meeting that a G-NEXID website can provide the underpinning for much of the work to be done in the future. Exim Bank of India volunteered to develop and host such a website. Subsequently the website was designed by Exim Bank of India and the domain registered. The website address is www.gnexid.org. Members were requested to submit their suggestions on the content of the website. We would welcome members to kindly contribute in enhancing the qualitative content of the website.

6. Discussions of the Steering Committee held in October 2006: A review by the Steering Committee was held in October 2006 via teleconferencing to take stock of the activities. Members of the steering committee who participated in the discussions were:

- i. Mr. T.C. Venkat Subramanian: Chairman and Managing Director, Exim Bank of India (Honorary President – G-NEXID).
- ii. Mr. Thierno Bocar Tall, Director of Research and Strategic Planning, ECOWAS Bank for Investment and Development.
- iii. Mr. Mohammed B. Mai-Bornu, Deputy General Manager, Nigerian Export Import Bank.

Dr. Michael Gondwe, President, PTA Bank and Secretary, G-NEXID, who could not participate in the conference due to a last minute technical problem, was later apprised of all the deliberations and he expressed his concurrence to all issues agreed upon.

The discussions mainly focused on office space in Geneva, G-NEXID official website, 2007 G-NEXID annual meeting, membership and subscription. It was agreed that the 2007 annual meeting could be supplemented by discussions on south-south co-operation and UNCTAD be invited as a knowledge partner. As you all are aware, these discussions will take place in the afternoon session later today.


7. Membership: With a view to expand the membership base, a number of other financial institutions have been invited to become members of G-NEXID. The response is encouraging.

8. “Observer” status for G-NEXID with UNCTAD: G-NEXID formally applied for “Observer” status with UNCTAD and secured it. Non-governmental organizations wishing to establish close working relations and a firm basis for cooperation with UNCTAD apply for this status. Under the observer status, G-NEXID will be invited to attend UNCTAD meetings and conferences. G-NEXID can make oral statements on matters within the scope of their activities and circulate written material on matters related to an item of the agenda. G-NEXID will also receive ongoing information on UNCTAD’s current activities, studies, publications, etc.

9. G-NEXID 2007 annual meeting: All necessary arrangements were made and required formalities were carried out for holding the 2007 annual meeting in Geneva. The agenda was prepared and logistics were put in place for holding the event successfully. It also included inviting guest speakers on promoting South-South Trade and Co-operation. This meeting is expected to decide on the work programme for the current year and we invite suggestions and ideas from all of you to make the work programme effective and meaningful.

Thank you

March 22, 2007.





CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT

Economic intelligence to serve developing countries

Olivier Combe
Commodities Branch
UNCTAD

G-Nexid meeting, 22 March 2007, UNCTAD, Geneva



CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT


I. Main objectives


Knowledge management approach

- Promoting market transparency
- Improving understanding of commodity structures
- Facilitate access to economic analysis



- To formulate appropriate policies in order to optimise production, marketing, trade, process and finance of commodities.





CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT

I. What is at stake



CRUCIAL for all stakeholders

TRANSPARENCY: what are we talking about?
Each stakeholder knows that information exists, is available and where to get it.

TRANSPARENCY: why it is important?
Asymmetry of information leads to inefficient economy:
lack of trust, barriers to trade, not well informed decisions

Fair and well informed negotiations between sellers and buyers leads to trust and long term partnerships


Market transparency leads to confidence, reliability, sound decisions, appropriate actions, thus a more efficient economy





CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT

II.1 INFOSHARE

- Customized database according to the country, the failure of the market and the telecommunications infrastructure
- To ease collect and capture of data
- To ease the data analysis and the understanding of the marketing and supply chains
- To ease the dissemination of information (automatic and targeted to appropriate users)
- Improve the quality of information







CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPEMENT

II.2 INFOSHARE (collect)


- Infoshare helps to collect informations on the spot (internet, fax, SMS, phone)
- 1 price : producers, export, import, local market, futures ...
- 2 costs: inputs, transport, warehousing, inspection, taxes etc.
- 3 traded quantities
- 4 quality standards
- 5 list of exporters
- 6 interest rates
- 7 any other type of data either qualitative or quantitative



CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPEMENT

II.2 INFOSHARE (analysis)

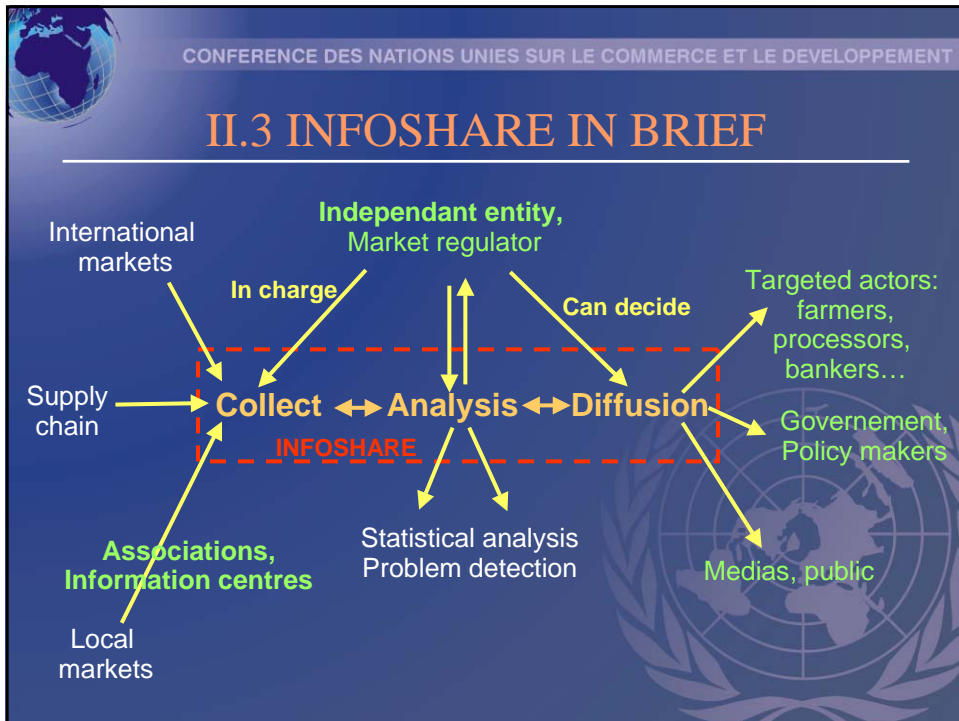

- Infoshare allows to process data automatically
- To analyse cost structures and detect problems
- To analyse price structure and detect problems of competition
- To produce long term statistics



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II.2 INFOSHARE (diffusion)

- Infoshare allows to disseminate information immediately
 - Through e-mails to news paper, radios, TV for a large audience
 - Through fax or internet access for targeted groups
 - Through mobile phone and SMS for specific data immediately



CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT

III.1 INFOCOMM

- Macro level
- Up-dated information – in three languages – on factors impacting commodity markets
- Beneficiaries :
 - all actors in marketing and financing systems (traders, bankers, etc)
 - policy makers
 - academic entities

<http://www.unctad.org/infocomm>

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III.2 INFOCOMM

- Commodities currently available
- Commodities to be developed this year

Banana	Paladium	Biofuels
Cashew nuts	Platinum	Coffee
Citrus	Pepper	Copper
Cocoa	Rice	Natural rubber
Cotton	Shea nuts	Tin
Crude oil	Sugar	Tropical wood
Iron/steel	Tobacco	
Jute	Tea	
Natural gas	Wheat	
Nickel	Wood	
Olive oil	Zinc	

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III.3 INFOCOMM

- Ten harmonized entries and monthly up-dated market trends
- Characteristics
- Quality (standards, harvest)
- Uses
- Market (production, trade)
- Marketing chains
- Companies
- Technology
- Prices
- Economic policies

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INFOCOMM
M@RKET INFORM@TION
IN THE COMMODITIES AREA

Menu Agricultural products Energy Metals minerals Beverages

Print friendly

Cotton

Français

Characteristics
Crop
Quality
Uses
Market
Marketing chain
Companies
Technology
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Economic policies
Entry page
Home page

Information on cotton

You can use the navigation bar at the left of the window to move through the sections of the site.

Site Map
Selected Sources of Statistics
Selected references
Clever links
Partners

Collaboration with the International Cotton Advisory Committee (ICAC)

March 2007
Aller

News

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III.4 INFOCOMM, PARTNERSHIPS

Other information available

<p><u>Countries statistics</u></p> <p>Collaboration with UNEP to link INFOCOMM with their «meta-bases» for disseminating statistical data and indicators on agriculture, energy, population and natural disasters.</p>	<p><u>On-line database of documents related to commodity issues</u></p> <p>around 600 documents are currently available.</p>	<p><u>On-line database on market concentration in the agricultural input industry</u></p> <p>Access to financial movements on international companies (merger, acquisitions, coordination...)</p>
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Coming in 2007


<http://www.unctad.org/infocomm>



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IV Other information tools

- Innovative tools to provide in-depth information on selected commodity sectors, CD-rom on cocoa market structures for instance
- Prepare a detailed publication on latest trends and new developments related to commodity markets. “World Commodity Survey 2007-2008” will be published on February 2008. (access to latest issue through Internet)
- Ad-hoc economic research publications on commodities



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Contributors

- French support
- Italian support
- National cocoa and coffee board, Cameroon



**Annual Meeting of the Global Network of Exim Banks and Development Finance
Institutions**

UNCTAD, Palais des Nations, 22 March 2007

**Introductory statement – Ms. Aicha Pouye, Director
Division of Trade Support Services,
International Trade Centre**

Mr. Chairman, Ladies and Gentlemen.

On behalf of the International Trade Centre, I wish to thank you for your kind invitation to speak at the 2007 annual meeting of the Global Network of Exim Banks and Development Finance Institutions (G-NEXID).

ITC is delighted to be part of this challenging initiative which we believe, is an excellent opportunity to increase cooperation between Exim-Banks and Development Banks, and international organizations focusing on trade development, such as WTO, UNCTAD and ITC. ITC's own activities in the area of SME Financing have a lot of complementarities with the activities of G-NEXID and as such, this could provide a platform for expanded cooperation in the future.

Mr Chairman, Ladies and Gentlemen,

As a joint technical co-operation agency of UNCTAD and WTO, ITC has over 200 permanent staff members based in our Geneva headquarters, who in concert with partners, consultants and field staff, implement around 190 projects in developing countries and transition economies (Africa, the Asia-Pacific region, Central Asia, Latin America and the Caribbean, Arab States and Eastern Europe).

For more than 40 years, ITC has developed programmes and applied its considerable experience through donor supported trade development projects. Our goal has been to

Technical Presentations Made at the Afternoon Session

ANNEXURE 5

assist the business communities of developing countries and transition economies to achieve sustainable human development through export growth, with a specific emphasis on increased competitiveness in world markets.

Taking into account the rapid evolution of the global markets, ITC is currently re-orienting its technical assistance efforts to focus more closely on the needs of our beneficiary countries through a consolidated program/document concept. This is a dynamic and consultative process, allowing ITC to adapt its structures, programmes and activities to ensure that all of our stakeholders, partners including development banks, understand ITC's *raison d'être*, which is emphasised through three strategic objectives:

1. Strengthen the international competitiveness of enterprises,
2. Develop the capacity of Trade services providers to support businesses and,
3. Support Policy makers to integrate the business sector into the global economy.

The focus of the Division that I am heading is to enhance the competitiveness of enterprises - mainly SMEs - in the world market. To achieve this, the Division tackles the needs of SMEs in developing countries in four main areas:

1. Managing the Business environment,
2. Managing the Enterprise,
3. Managing the Production through the Supply Chain, in addition to
4. Promoting the use of ICT for increasing the competitiveness of the Enterprise.

More specifically, the Division looks at how best to help countries build both their trade support institutions and delivery services to SMEs. This includes financial services under our SME Finance Unit. Our objective is to examine ways to increase the capacity of Trade Support Institutions to help businesses, and SMEs in particular, develop "bankable propositions" based on clearly identified business strategies to get access to finance. Access to finance as you all know, represents an important challenge for SMEs. We believe that the financing gaps are not insurmountable, but at the same time need to be tackled using a series of concrete actions. One important area is to "add value" to SMEs

Technical Presentations Made at the Afternoon Session**ANNEXURE 5**

by making them strong on financial and business planning so they become *models* for bank support. In the same spirit, SME management and strategy are reinforced through capacity building efforts to a degree whereby banks, under certain circumstances, are able to place more weighting on an enterprise's potential to generate new business and reimburse loans, than say on the collateral usually required to make a lending decision.

Small enterprises often need not only short term financing but also bridging working capital needs and accessing medium term funds for equipment purchases. Assistance to implement matching grant and/or guarantee schemes, as effective instruments in this process, can enable SMEs easier access to financing. As such, ITC's strength in the areas of SME financing lies in its capacity to link SME financial needs expressed at national levels with solutions available elsewhere, including from members of specialized networks like G-NEXID.

In this context, my colleague Mr. Roger Megelas will present details of an ITC project currently undertaken with the Exim Bank of India with the hope that this type of initiative can be replicated in other developing countries.

ITC looks forward to developing similar projects with the G-NEXID members aimed at allowing easier access to finance for business, especially SMEs, and in particular to those from smaller, emerging economies. .

Mr. Chairman, let me once again show my sincere appreciation for your personal interest and leadership in G-NEXID. As I noted, ITC and Exim Bank of India share an excellent working relationship and I am hoping that ITC can build similar such relationships with other members of the G-NEXID network.

Let me thank you once again for your invitation, looking forward to working closely with you all in the near future.



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Building Competencies for SME Financing

**How to improve SME access to finance by using
Management Competence as “Collateral”**

An ITC / EXIM Bank of India initiative*

Geneva, March 2007
Roger A. Megelas – Carlo F. Cattani
EMDS – BAS


* Funds for this project were provided by the EU/Asia Trust Fund programme



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Some facts and figures

- Globalisation is providing increasing potentials for SME trade and exports. SMEs are a real engine of the economy with 300 million persons employed worldwide
- In the ASEAN region, SMEs represent 90 per cent of the overall domestic firms.
- In developing (*and developed*) countries, a major impediment to SME creation and growth is ... **Access to Finance**
- Financial institutions often refer to the availability of collateral as the main (if not the only) parameter in assessing trade finance requests
- In India alone, the total number of SMEs is approx. **12 million**, employing **28.2 million persons**, producing an output of **US\$ 89 billion** and representing **33% of all India's exports**. The number of exporting SMEs exceed 56'000



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A case study: India and ITC


- The Government of India and Eximbank of India have established a partnership with ITC to explore ways to attract more SMEs to trade finance and extend more effective support to them
- Eximbank of India has created a special trust fund (11 Million) for lending to SMEs to help contributing to employment creation and poverty reduction
- ITC and Exim Bank (with EU/ATF funding) have decided to focus on specific enterprises that do not meet “normal” financing criteria but offering a good business potential
- The SME candidates are selected under the four criteria below:
 - Impact on job creation (labour intensive)
 - Impact on community and on poverty reduction
 - Preferably from the most impoverished areas in India
 - Women Entrepreneurs



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The Challenges:

- ❑ Increase the number of SMEs by making trade finance more accessible to them
- ❑ Increase the share of export related SMEs
- ❑ Speed up SME credit assessment while making it focused on both financial *and* non-financial parameters
- ❑ Ensure that SMEs remain solvent i.e. they meet their financial commitments and reducing defaults rates




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The Problem ...

- ❖ The *credit constraints* (capital and collateral) i.e. the minimum requirements used by financing institutions for screening, cannot be met by most SMEs .
- ❖ Bank Officers do not have the process for carrying thorough checks on “Non-Financial” parameters
- ❖ Many SME managers lack the competencies to determine with accuracy their financial needs, put in place financial monitoring and follow the performance of their own enterprises. They may not be able to show their strong non-financial points such as resources, their market strategy or key production elements

This *knowledge gap* makes it difficult for financial institutions to justify lending to these SMEs




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The solution

A methodology and tool was designed to:

- *Assess the “real “ potential of a business*
- *Assess the management competencies required by the business*
- *Assess the resources identified by the business to implement its strategy*



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The outcome :

- ❖ *An elaborate rating system for financial institutions that takes into consideration the potential of the business, the resources needed and an assessment of the competencies required .*
- ❖ *The system ensures acceptable/adequate levels of risk by financial institutions through better knowledge of the client potential*
- ❖ *Enable the potential of being mainstreamed in normal Banking practices and procedures while still presenting acceptable levels of security.*



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The methodology

How the tool is structured :

4 distinct parts :

- Company background
- Financial review of loan request
- Management competency analysis
- Reporting,Flags or indicators
- and assistance in the decision process



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Company / Business Background

In this section, the Bank Lending Officer builds the case and enter all the background information that will allow a good reporting but also a good retrieval system for follow up actions.

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International Trade Centre / Enterprise Management Development Section
LOAN RECEPTION NETWORK for Competency Measurement
Part I - Company's Profile
Company Background, Structure and Credit Record

What is the main sector of activity of the applicant?

- Primary
- Services
- Manufacturing

How many years of operating experience does the business have?

- Less than 1 year
- 1 to 4 years
- More than 4 years

How many years of exporting experience does the business have?

- None
- 1 to 4 years
- More than 4 years

What is the reason for which the SME manager is requesting a loan?

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Financial Review of Loan Request

In this section, the banker enters all the data supplied by the SME concerning their credit background and financial health.

Here the banker will also enter the nature and justification of the loan request

LOAN.COM
International Trade Centre / Enterprise Management Development Section
LOAN RECEPTION NETWORK for Competency Measurement
Part II - Company and Loan Overview
Security Package

If the offered collateral is a first mortgage on land and/or insured building, what is the value?

- No market or market value below loan amount
- Limited market or market value equal to loan amount
- Ready market or market value well in excess of loan


If the offered collateral is Charge on insured productive assets (other than land and building), what is the value?

- No market or market value below loan amount
- Limited market or market value equal to loan amount
- Ready market or market value well in excess of loan

If the offered collateral is a life insurance policy on the key manager, what is the value?

- None
- Less than loan value
- Adequate

If the offered collateral is "receivables", what is its quality?




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Analysis of Management Competencies

In this section, the banker is guided through a number of questions related to key management competencies for carrying the proposed project

The section deals with Strategy (including Business Planning), Production, Marketing, Transaction management and use of information technologies in the business.

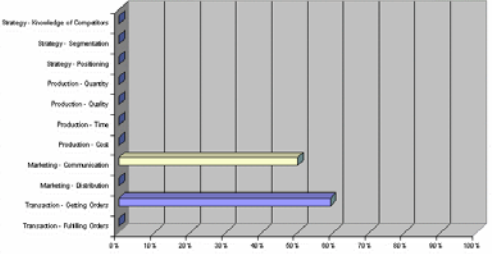

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International Trade Centre / Enterprise Management Development Section

Part III - REPORT
STRATEGY AND BUSINESS MANAGEMENT COMPETENCE

Overview

■ Very Good
 ■ Good
 ■ Insufficient
 ■ Very Bad




Details

From the answers provided by you based on your impressions after visiting the SME and talking to the manager(s), it seems that the business is facing, or is likely to face in the future, a number of problems in various fronts. If the financial assessment of this SME was sufficiently strong so as to compensate the lack of certain management capabilities, then you may consider gathering further information on the weaknesses detected.

Particular areas of concern are:

The business seems to have problems detecting who its main competitors are. This is a serious weakness that might jeopardize the future of the business.



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Reporting and Flags

Once the Banker has responded to all the questions, the tool generates a report for each of the sections and provides the banker with «perceived » areas of strengths and weakness along with appropriate recommendations.

Each report concludes with a « go » / « caution » and « no-go » recommendation.

The final decision is always with the Banker as he / she can balance with accuracy the levels of competencies together and the financial ratios with the risks involved.

The Banker can then submit the case to the loan committee for endorsement or advise the customer on corrective measures before the loan is re-submitted for consideration



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Comparative advantages of ITC's approach for SMEs

- By using this tool and additional coaching to SME managers, SMEs have better bankable proposals, refined strategies and more accurate description of the resources required.
- Specific export oriented sectors can be targetted more easily for promoting new comers and inducing growth of existing SMEs
- By empowering SMEs through knowledge and skills, ITC is effectively contributing to job creations and poverty reduction
- Upon completion of this project, 50 to 60 SMEs who otherwise might have been declined, have been helped to access finance while offering good potential for growth and security.
- ITC provides parallel support to strengthen the capacities of trade support istitutions in diagnosing SME needs and responding to these needs with a variety of products such as better financial products and structured finance for SMEs
- ITC offers a wide range of advise for SME management and SME finance ranging from strategy building and SME diagnostic to training of SME managers on accessing credit and structuring matching grants.




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Thank you !

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UNCTAD

South-South Trade Database

And the emergence of the South
in international trade

Presentation by Trade Analysis Branch/DITC

March 2007, Geneva

OUTLINE

UNCTAD South-South Trade Database

- Why do we need a new database?
- What does the database contain?
- Where do we stand?

Preliminary findings from the database

- the emergence of the South in international trade

UNCTAD South-South Trade Database

Why do we need a new database?

- In order to respond to the request from the Agreed Outcome of UNCTAD XI MTR
- In-depth analysis on the emergence of the South requires a times-series data of **bilateral** trade flows

But

- UN COMTRADE suffers from missing data
- No institution/organization has a database specifically looking at bilateral trade flows among developing countries

UNCTAD South-South Trade Database

What does the database contain?

- Country-to-country (bilateral) trade flows among the South, and with the rest of the world (RoW)
- Covering 138 developing countries and territories plus 60 RoW countries
- With a product classification at HS 6-dit level

UNCTAD South-South Trade Database

Where do we stand now?

- Developed an estimation method for the values of "missing data"
- Verified the estimated values for three independent years (1995, 2000 and 2005)
- Preparing data for all the years from 1991 onwards
- Seeking ways to expand the year coverage (i.e. estimating data for the period before 1991)
- Testing ways to link the database to analytical tools such as WITS/TRAINS

UNCTAD South-South Trade Database

What does the database allow us to do?

- Publish an annual report on the dynamics of South-South trade flows in world market
- Improve analysis on key issues of S-S trade:
 - e.g.
 - trade complementarities among the South,
 - patterns of the evolution of new trade geography,
 - determinants of S-S export performance,
 - new and dynamic sectors in the S-S trade, etc.
- Respond to member States' requests for specific data/analysis concerning S-S trade

Emergence of the South in World Trade

Preliminary findings are made from...

- Data completed for 1995, 2000 and 2005
- Analysis of S-S trade flows at an aggregated level
 - Developing countries being grouped into 3 regions, then into 13 subregions
 - Traded products being grouped into 23 sectors

Emergence of the South in World Trade

Prelude

- Dynamic expansion of exports from the South started in late 1980s

Figure 1. Post WWII Trend - Exports from the South

Year	Developing economies (%)	Poly. (Developing economies) (%)
1945	32	32
1946	30	31
1947	34	30
1948	32	29
1949	30	28
1950	29	27
1951	28	26
1952	27	25
1953	26	24
1954	25	23
1955	24	22
1956	23	21
1957	22	20
1958	21	19
1959	20	18
1960	19	17
1961	18	16
1962	17	15
1963	16	14
1964	15	13
1965	14	12
1966	13	11
1967	12	10
1968	11	9
1969	10	8
1970	9	7
1971	8	6
1972	7	5
1973	6	4
1974	5	3
1975	4	2
1976	3	1
1977	2	0
1978	1	0
1979	0	0
1980	1	0
1981	2	1
1982	3	2
1983	4	3
1984	5	4
1985	6	5
1986	7	6
1987	8	7
1988	9	8
1989	10	9
1990	11	10
1991	12	11
1992	13	12
1993	14	13
1994	15	14
1995	16	15
1996	17	16
1997	18	17
1998	19	18
1999	20	19
2000	21	20
2001	22	21
2002	23	22
2003	24	23
2004	25	24
2005	26	25

Emergence of the South in World Trade

Expansion of S-S trade in 1995-2005

In 1995

- South's exports to the world = US\$ 1.4 trillion
= 26% of world
- South's exports to the **South** = US\$ 572.5 billion
= 11% of world
= 41% of South's exports to the world

In 2005

- South's exports to the world = **US\$ 3.7 trillion**
= **35%** of world
- South's exports to the **South** = **US\$ 1.7 trillion**
= **16%** of world
= **46%** of total South
- Weight of S-S trade in total exports increased in each region (Asia, Africa and the Americas)

Emergence of the South in World Trade

S-S trade flows look like a "Hub-and-Spoke"...

- Asia is the hub → over 80% of S-S trade involves Asia
- Trade between Africa & the Americas → only 1.3% of S-S trade

South-South Export (2005): Total = \$1,465.4 billion

Share of subregion in the S-S exports		
2005	Destination	Origin
Eastern Asia	51.9%	45.5%
Southeast Asia	20.0%	21.0%
Western Asia	8.0%	15.5%
South America	6.0%	7.7%
South Asia	5.2%	3.8%
Central America	2.6%	1.1%
Southern Africa	1.7%	1.9%
North Africa	1.5%	1.3%
Western Africa	1.4%	1.2%
Caribbean	1.0%	0.2%
Eastern Africa	0.6%	0.3%
Central Africa	0.1%	0.5%
Pacific	0.1%	0.1%

Emergence of the South in World Trade					
... but, the mainstay of S-S trade is intra-regional trade					
Top 5 Destinations of Exports					
2005	1	2	3	4	5
Eastern Asia	RoW	E Asia	SE Asia	W Asia	S Asia
Pacific	RoW	E Asia	SE Asia	Pacific	S Asia
Southeast Asia	RoW	SE Asia	E Asia	S Asia	W Asia
South Asia	RoW	W Asia	E Asia	SE Asia	S Asia
Western Asia	RoW	E Asia	W Asia	SE Asia	S Asia
Central Africa	RoW	E Asia	Caribbean	SE Asia	W Africa
Eastern Africa	RoW	E Africa	S Africa	W Asia	S Asia
North Africa	RoW	W Asia	E Asia	N. Africa	S. America
Southern Africa	RoW	E Asia	S Africa	E Africa	SE Asia
Western Africa	RoW	W Africa	S Asia	S America	E Asia
Caribbean	RoW	Caribbean	S America	E Asia	Cent America
Central America	RoW	S America	Cent America	Caribbean	E Asia
South America	RoW	S America	E Asia	Cent America	W Asia

Emergence of the South in World Trade				
What are the sectors traded among the South?				
Rank	South Subregions ALL		South Subregions excl. E Asia and SE Asia	
	Sectors	(%) of total	Sectors	(%) of total
1	Electrical machinery and equipment	21.7	Fuels	47.4
2	Fuels	20.8	Base metal and products	8.2
3	Computers, machinery and mechanical appliances	11.5	Chemicals & allied industries	5.9
4	Base metal and products	7.3	Vegetable products	4.0
5	Textile and textile articles	6.5	Ores and minerals, excl. fuels	3.8
6	Chemicals & allied industries	5.5	Articles of stones, glass, precious stones & metals	3.8
7	Plastic and rubber	4.8	Prepared foodstuffs, beverages, etc.	3.8
8	Optical and precision instruments	3.0	Vehicles	3.6
9	Vehicles	3.0	Textile and textile articles	3.5
10	Articles of stones, glass, precious stones & metals	2.7	Plastic and rubber	3.2

Emergence of the South in World Trade

So, what determines the S-S trade pattern?

- Comparative advantage among the South
 - E & SE Asia being specialized in the manufacturing sectors
 - The rest of the South in resource-based sectors
- Global investment and production networking strategies
 - Increased flows of manufacturing parts/accessories between and within E and SE Asia
 - And between and within Central and South America to an extent
- “Relation-based” network of trade
 - Historical and cultural linkage (incl. language) among South nations
 - E.g. trade networking of South Asia with Eastern and Southern Africa

Emergence of the South in World Trade

Where does the S-S trade expansion come from?

1995-2005, the value of S-S trade increased by three-fold

- Majority of the expansion came from an increase in trade with existing trade partners (countries)
- But **23%** of the expansion came from trade with new partners in the South
 - Asian countries increased the number of trading partners most
 - But South Africa, Mexico and Brazil also expanded their trade network
- Most traded products with new partners are:
 - (In value) high-end manufacturing goods/parts (e.g. telecom equipments, computer parts, electric circuits, optical instruments)
 - (in frequency) light-manufacturing consumer goods (e.g. printed matters, textile and apparel, articles of plastics, electrical equipments)

Emergence of the South in World Trade

Future Research Agenda

Using the South-South Trade Database, issues that can be further explored include:

- Patterns of the evolution of new trade geography
- Identifying new trading opportunities (complementarities)
- Monitoring of new and dynamic sectors in the S-S trade
- Analyzing desirable and meaningful contents of South-South RTAs

.... and others