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Unleashing ECA potential ECAs and their importance in Trade Finance – Qatar context

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Draft

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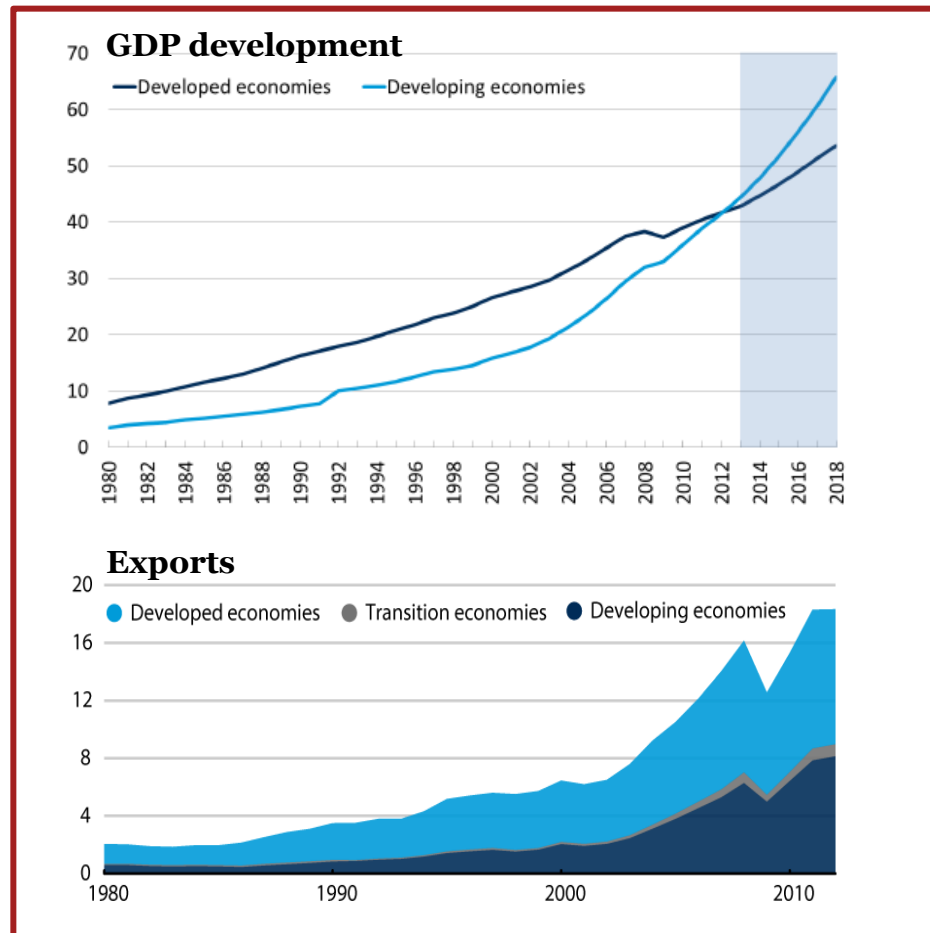
Agenda

- 1. The Role of ECAs: From Traditional to Modern**
- 2. How ECAs can fill the Financing Gap**
- 3. The Future of ECAs Today**

1. The Role of ECAs: From Traditional to Modern



With a shift of economic power to the east and rising GDP as well as trade figures globally, economies face new challenges



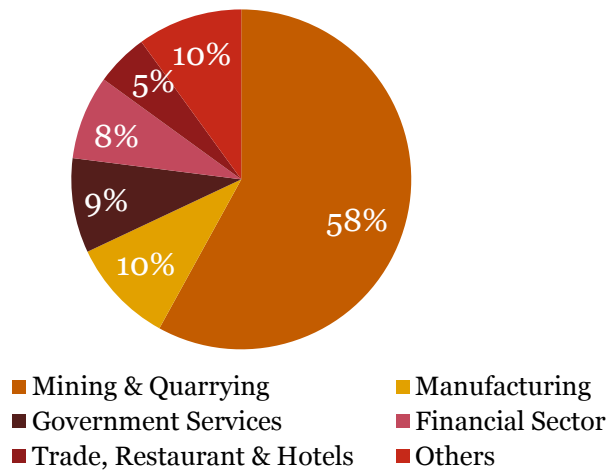
- **Economic power shifts** towards China, Asia in general and the MENA region
- **Global policy formulation** will mirror this trend leading to a more inclusive role of the east
- **The importance of economic growth** will remain central in global policy setting

Source: IMF WEO April 2013, UNCTAD (trillion dollars, current prices)

Qatar addresses economic challenges and opportunities with its ambitious National Vision 2030

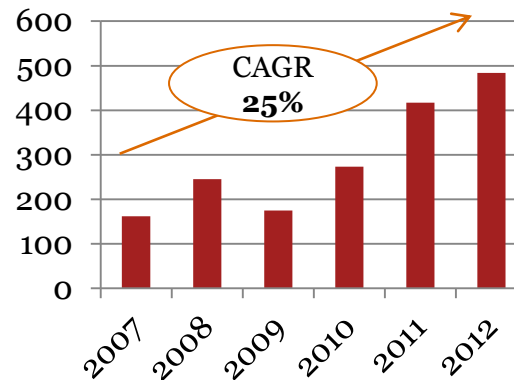
1. Diversification

GDP distribution by sector in 2012



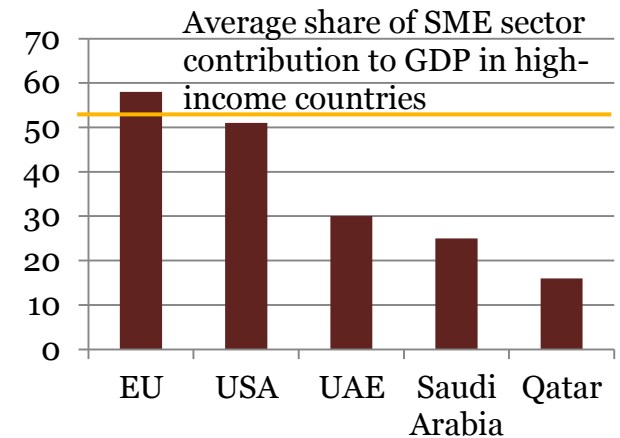
2. Export growth

Qatar total exports and re-exports (QAR in bn)



3. SME contribution

SME contribution to GDP (%)



Suitable economic diversification

Sound Economic Management

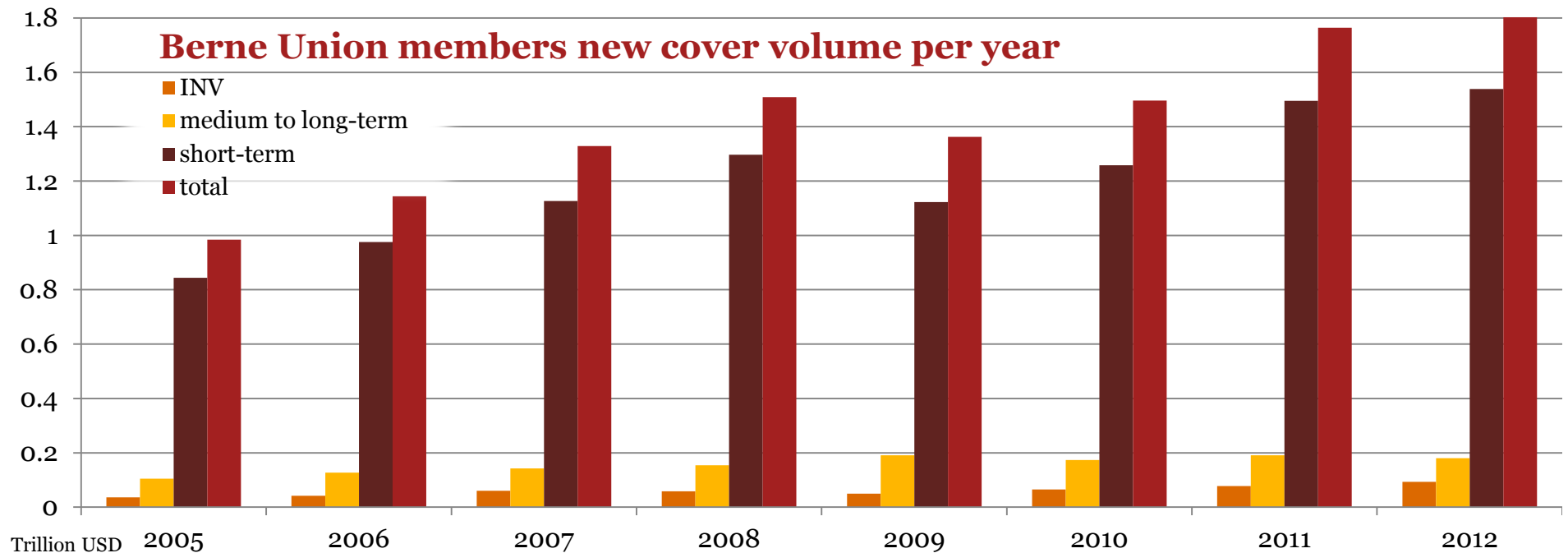
Responsible Exploitation of Oil & Gas

Source: Qatar Statistics Authority, World Bank Working Paper 2003, Gulf Investment Corporation, PwC Analysis

In the context of trade finance challenges, ECAs gain importance as drivers for export and economic growth

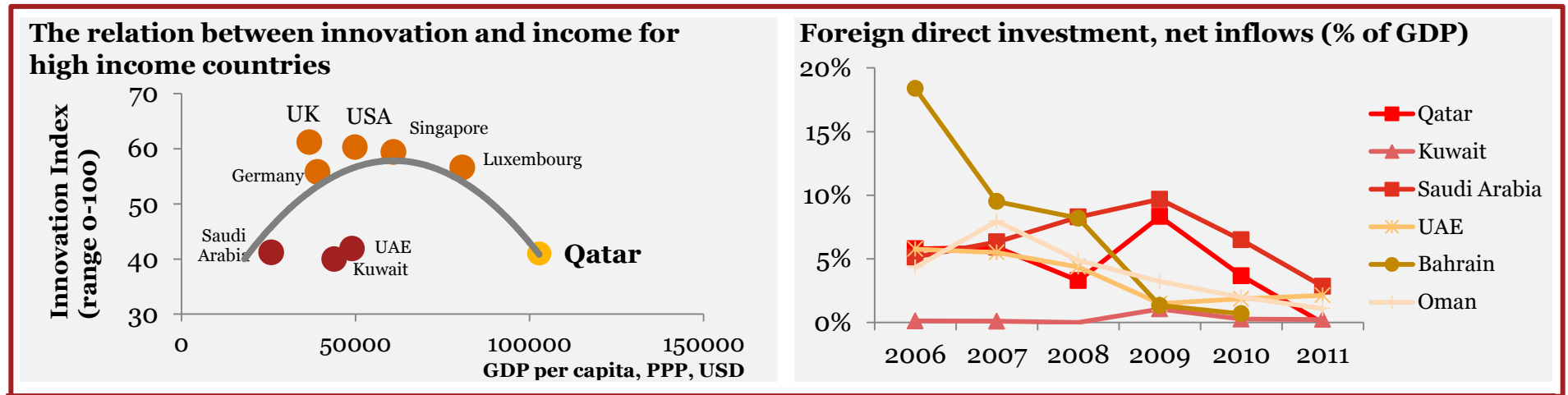
From insurance...

...to financing



Source: OECD Statistics, Berne Union Member Statistics, PwC Analysis

In Qatar, TASDEER is aiming to be one of the drivers of private sector and SME development



ECA change their role towards being financing enablers

Sustainable economic growth

- Diversification
- Knowledge-based economy
- Financial & economic stability
- Stimulating business climate
- Global competitiveness
- Strategic consumption of resources

2. How ECAs can fill the Financing Gap

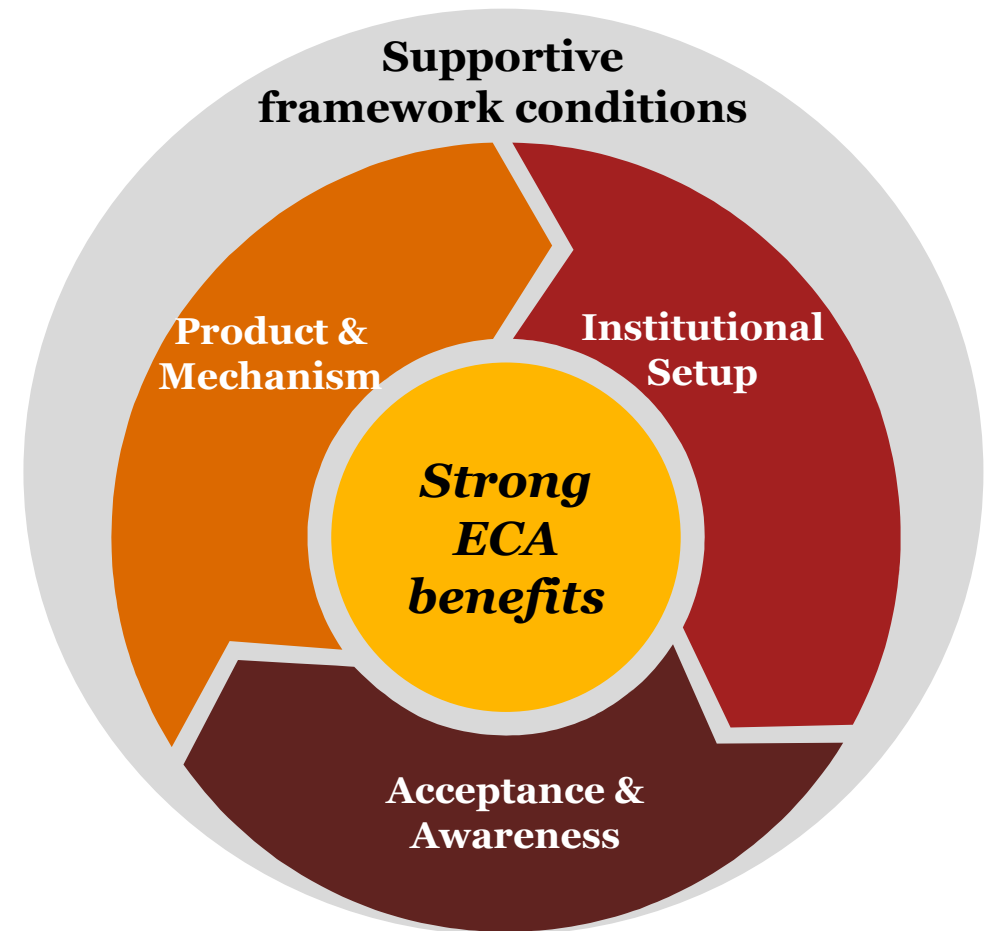


A holistic perspective on ECA setup and development can help to achieve ambitious objectives

The institutional setup is important to combine **promotion perspective** with **risk control and efficiency**

Banks and exporters need to **trust in the value of ECA** cover and **know about the benefits**

ECAs need to chose the right approach addressing **the national financing environment** and **private bank sector conditions**



A sound promotion approach combined with private market risk orientation is crucial

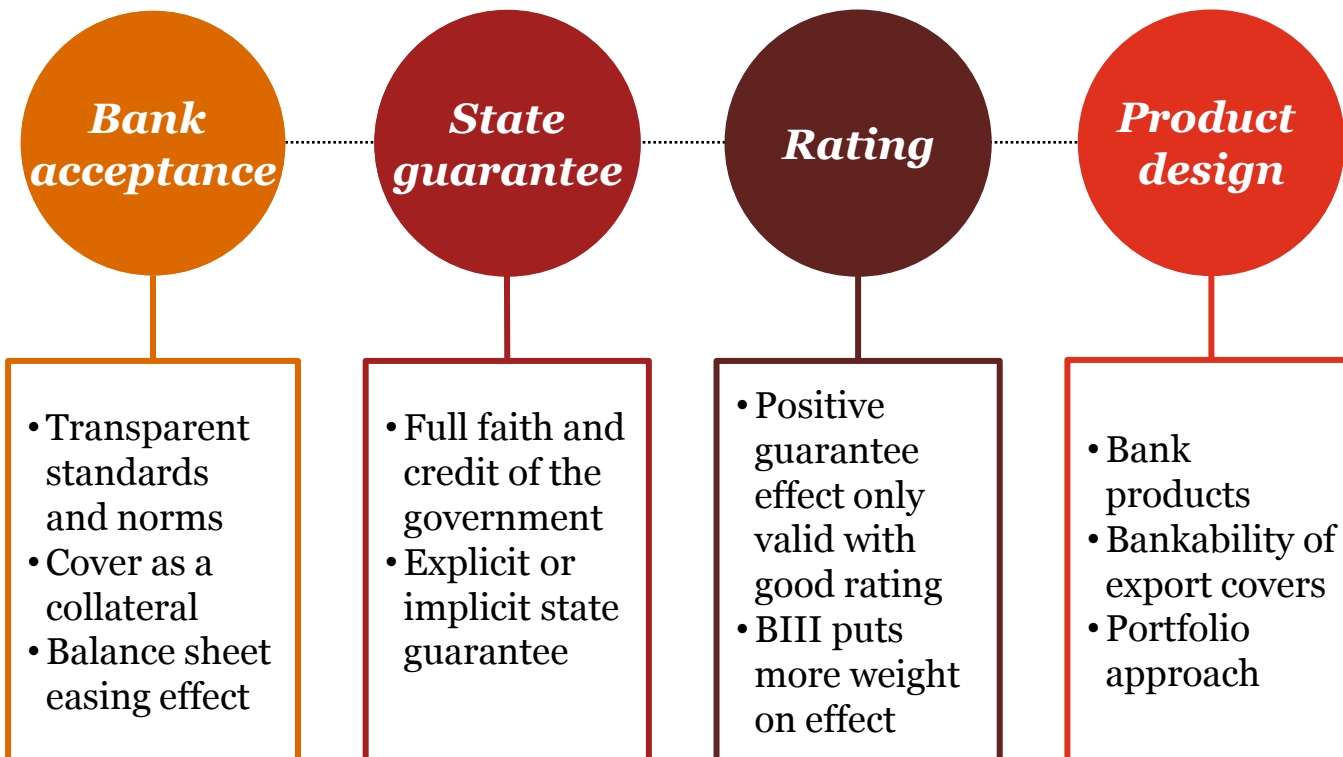
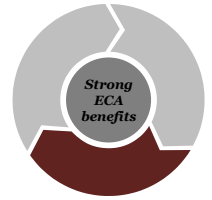


Promotion orientation meets Risk control and efficiency



- Part of Development Bank QDB
 - Unified coherent promotion approach towards QNV 2030
 - QDB is a recognized brand in Qatar, yielding reputation benefits
- +
- Regulatory space (bank vs. insurance)
 - Risk appetite
 - Trust in state offer
-

Involvement of commercial banks through solid technical layout enables fungibility of ECA cover

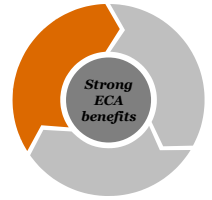


TASDEER | QDB

QATAR EXPORT DEVELOPMENT AGENCY | Qatar Development Bank

- Qatar has a rating of AA
- Full faith and credit of the government?
- Bank and bankable products?
- Transparent standards and norms including experts?
- Awareness for balance sheet effects?

Extent of ECA's financing role depends on market requirements and capabilities



Level of private bank's integration

Level of direct financing support

Pure risk cover

- Triggers private bank financing capacity through bankable products
- Low steering capabilities

Pre/post shipment



Cover for banks, investors & exporters



Export, entrepreneurs, leasing etc. guarantees



Refinancing enabler

- Provides risk mitigation and refinancing for private banks
- More complex

KfW refinancing (1.5 bn EUR per year)



USD refinancing (3 bn EUR)



Long-term refinancing (4.7 bn EUR)



Direct Lending

- Independent from private banking market
- High public budget impact

Conventional, Islamic financing & insurance



Direct lending: 11 bn EUR in 2011



Direct lending: 22 bn EUR in 2010



TASDEER
QATAR EXPORT DEVELOPMENT AGENCY

QDB
QATAR DEVELOPMENT BANK



QDB/TASDEER has the potential to grow along the financing requirements

3. The Future of ECAs Today



ECAs mobilizing capacities to take on the new role in order to unlock the potential

ECA environment, challenges and chances

ECAs are involved in various discussions

- Global Standards



- Sustainability



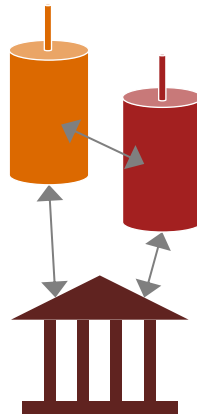
- Climate Finance



ECA solutions to tap new financing sources

From bank financing to...

...capital market financing



Enhance competitiveness and react on trends & risk

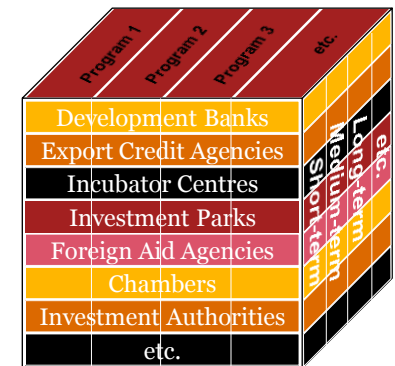
Open markets and global competition



Fast occurring crisis and trends



Embeddedness in promotion framework



ECA – Export, Creativity, Ambition



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