



Exim-India's Experience in Cooperation with DFIs, South-South Co-operation

Mexico City, April 11, 2018

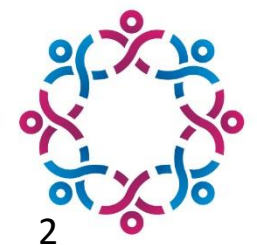


Strong Economic Fundamentals

- World's 7th largest economy based on nominal GDP in 2016⁽¹⁾
 - Nominal GDP for 2016: ~US\$ 2 trn⁽¹⁾
- World's 3rd largest economy based on GDP measured in PPP terms in 2016⁽²⁾
 - GDP in PPP terms for 2016: ~US\$ 8.7 trn⁽¹⁾
- Favorable demographic profile: 66% of the population is in the age group of 15 to 64 years⁽²⁾
- Sovereign rating: Baa2/Stable (Moody's), BBB-/Stable (S&P), BBB-/Stable (Fitch).
- According to the IMF, India's economy has grown at a strong pace in recent years owing to the implementation of critical structural reforms, favourable terms of trade, and lower external vulnerabilities.
- IMF- engines for growth – GDP growth 7.4% projected in 2018
- FDI inflow - US\$ 60.1 billion in FY2017, as compared to US\$ 34.3 billion in FY2013.
- FDI outflow - US\$ 24.9 billion in FY2017, against US\$ 26.9 billion in FY2013.

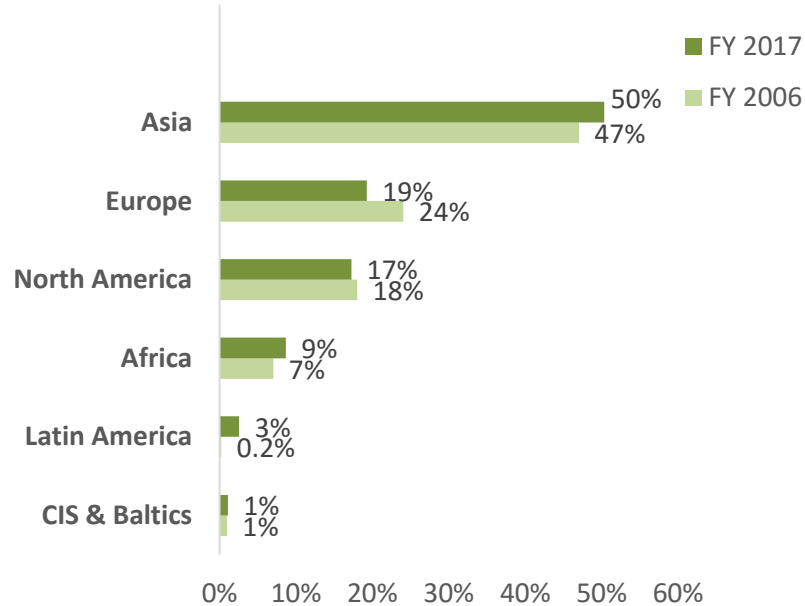
Source: (1) IMF World Economic Outlook April 2017.

(2) World Bank Database.

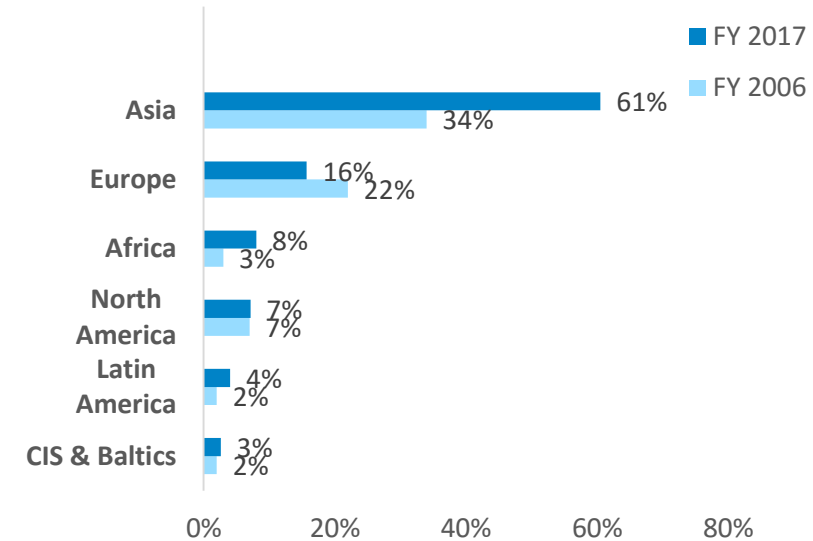


India's Trade: Shifting Southwards

Region-wise Export Destinations FY2006 and FY2017



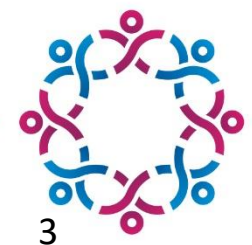
Region-wise Import Sources FY2006 and FY2017



- Direction of trade moving towards developing countries, particularly Asia, Africa and LAC.
- Share of Asia, Africa and LAC regions in India's exports increased from 54% in FY2006 to 62% in FY2017.
- Share of Asia, Africa and LAC regions in India's imports increased sharply from 39% in FY2006 to 73% in FY2017; of this, share of Asia region rose from 34% to 61% during this period.
- Future trade flows to be geared towards the developing nations (buttressed by GOI policies).

Note: - Mexico is excluded in North America's regional classification and included in Latin America
- Figures indicate percentage share to total export/import and may not add up to 100 as the data for unspecified countries are excluded.

Source: Ministry of Commerce & Industry, Government of India

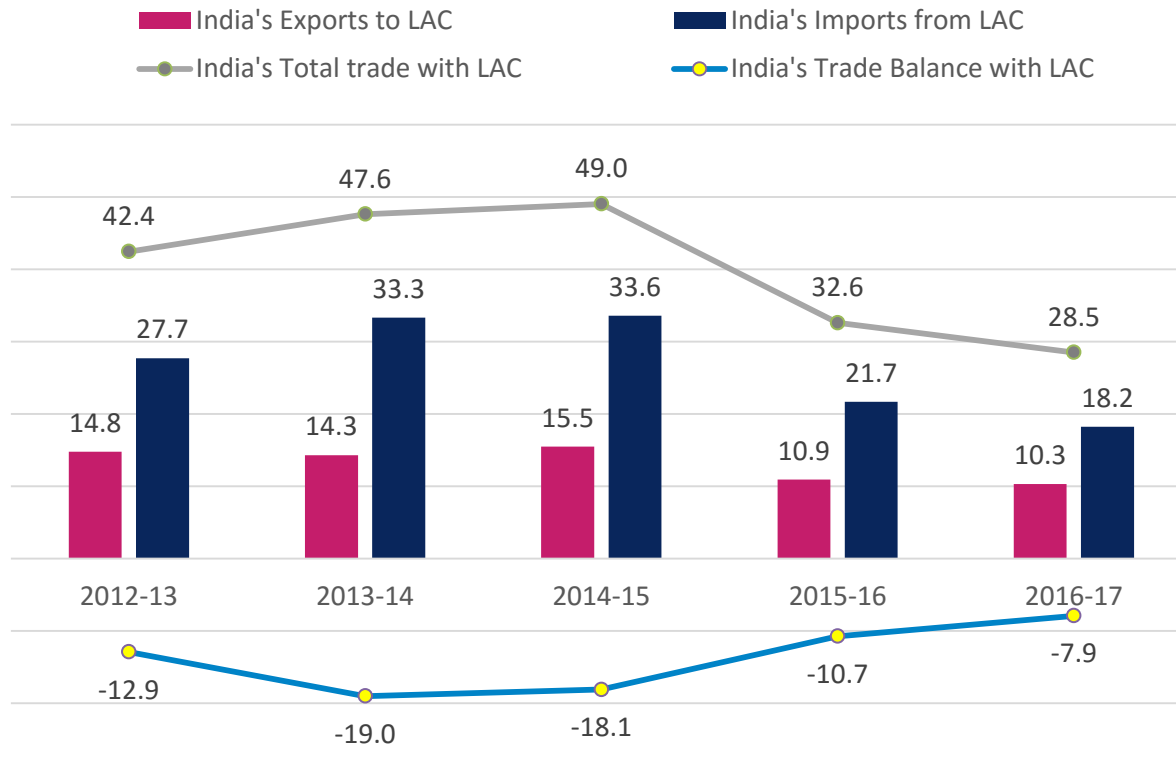




India-LAC Relations: Recent Trends

India's Trade Relations with LAC

India-LAC Bilateral Trade (US\$ billion)



- India's total trade with LAC has declined from US\$ 42.4 billion in FY2013 to US\$ 28.5 billion during FY2017.
- A decline in global commodity prices has primarily led to the fall in trade.
- India's trade deficit with the LAC region narrowed to US\$ 7.9 billion in FY2017 from US\$ 12.9 billion in FY2013.
- **In the period April 2017-January 2018, India has exported merchandise worth US\$ 10.22 billion to LAC region, which is an increase of 16.5% over the exports in corresponding period in the previous year.**
- **In the period April 2017- January 2018, India has imported merchandise worth US\$ 19.9 billion, which is an increase of 20.6% over the imports in corresponding period in 2016-17.**

Note: - Mexico is excluded in North America's regional classification and included in Latin America

Source: ITC Trademap, UN COMTRADE



India's Trade with LAC – Major Markets

India's Major Export Destinations in LAC

Country	US\$ Billion		
	2014-15	2015-16	2016-17
LAC Total	15.5	10.9	10.3
Mexico	2.9	2.8	3.4
Brazil	7.1	3.1	2.3
Colombia	1.1	1.0	0.8
Peru	0.8	0.8	0.7
Chile	0.6	0.7	0.7
Argentina	0.5	0.5	0.5
Guatemala	0.2	0.3	0.2
Dominican Republic	0.1	0.2	0.2
Panama	0.3	0.2	0.2
Ecuador	0.3	0.2	0.2

India's Major Import Sources in LAC

Country	US\$ Billion		
	2014-15	2015-16	2016-17
LAC Total	33.6	21.7	18.2
Venezuela	13.2	6.6	5.1
Brazil	5.5	4.1	3.6
Argentina	2.0	2.2	2.6
Mexico	3.4	2.7	2.4
Chile	3.2	2.2	1.2
Peru	0.6	0.7	1.0
Dominican Republic	0.1	0.6	0.6
Colombia	3.6	0.9	0.5
Bahamas	0.5	0.1	0.3
Ecuador	1.0	0.6	0.2

Note: - Mexico is excluded in North America's regional classification and included in Latin America

Source: ITC Trademap, UN COMTRADE



India's FDI outflows to LAC region

- India contributes just 1% of total LAC countries FDI, major FDI from USA, Canada
- Companies are present in the sectors such as Information Technology, Pharma, Agrochemicals, Oil & Gas, Automotive, Agribusiness, etc.
- Indian companies have potential to invest in Oil& gas, pharma, Communications, Alternative and renewable energy etc.

India's FDI inflows – from LAC region

- FDI inflows from the LAC region was 1% of India's overall FDI inflows during April 2000-September 2017
- Cayman Islands, British Virgin Islands and Chile were the major sources of India's FDI inflows from the LAC region
- Some of the LAC companies invested in India include IMPSA (Argentina), Biosidus (Argentina), Bago (Argentina), Marcopolo (Brazil), CVRD (Brazil), Sunley Fashion (Brazil), Weg (Brazil), Perto (Brazil), Gerdau (Brazil), Magneti Marelli (Brazil), Cineopolis (Mexico), Homex (Mexico), FANALCA (Colombia), Aje Group (Peru), Pollo Campero (Guatemala)



Government Initiatives

- **Focus LAC' programme was launched in 1997. This programme enabled Indian industry to target LAC markets for project exports, and export of industrial goods and services.**
- **India has a Preferential Trade Agreement (PTA) with Mercosur trade block and Chile.**
- **India was granted Observer Status to the Pacific Alliance in 2014. The Pacific Alliance, a Latin American trade bloc, currently has four member states—Chile, Colombia, Mexico and Peru.**
- **India has an institutional mechanism for dialogue with Central American Integrated System (SICA). The Member States of SICA highlighted the importance of financial cooperation received from India through Lines of Credit (LOC) and welcomed India's offer to increase this further to US \$240 million. The region is already utilizing Line of Credit worth approximately US \$ 133 million.**
- **The First Meeting of the India-CARICOM Joint Commission was held in Georgetown, Guyana on 2nd June 2015. The entire gamut of bilateral relations between India and CARICOM, including cooperation in agriculture and food security, health and pharmaceuticals, small and medium enterprises, marine development and oceanography and disaster management were discussed during the Joint Commission Meeting.**



Exim Bank Initiatives in the LAC Region

- Set up in March 1981 under an Act of Parliament to finance, facilitate and
 - promote India's international trade and investment
- Wholly owned by Government of India
- Commenced operations in March 1982
- Objectives:
 - “... for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade...”
 - “... shall act on business principles with due regard to public interest”
 - (Export-Import Bank of India Act, 1981)



Exim Bank of India's Products & Services

Export Credit

Projects

Products

Services

Lines of Credit

Buyer's Credit under NEIA

Supplier's/Buyer's Credit

Pre-Shipment Credit

Post-Shipment Credit

Guarantees & L/Cs

Finance for Export Capability Creation

Term Loans

Working Capital

Export Product Development

Export Facilitation

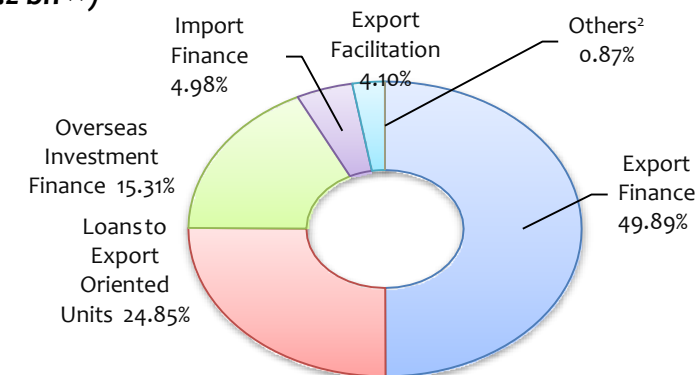
Overseas Investment Finance

Import Finance

Guarantees & L/Cs

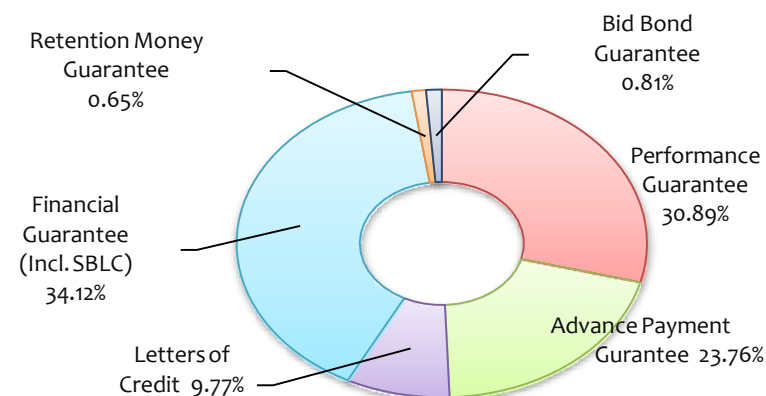
Funded Portfolio

(USD 16.2 bn⁽¹⁾)



Non-Funded Portfolio

(USD 1.9 bn⁽¹⁾)



Note: (1) As on March 31, 2017

(2) Includes advances under Production Equipment Finance Program, Long Term Working Capital Loan and staff loans. etc.

Financing Programmes relevant for LAC region

Lines of Credit

- ✓ Extends LOC to overseas financial institutions, regional development banks and foreign governments and their agencies.
- ✓ Govt to Govt facility routed thru Exim Bank
 - Long term upto 25 years, Concessional
 - Strategic relationship
 - 246 LOCs of about \$ 25 bn
 - In LAC-26 LOCs of \$ 492 mn
- ✓ Exim Bank to regional banks of LAC for import of goods & services from India
- ✓ Guyana, Cuba, Honduras, Jamaica, Nicaragua, Suriname

Buyer's Credit

- **Commercial Buyer's Credit** to overseas buyer for import of goods and services from India
- Long Term & Short term
- Generally extended to renowned overseas buyers with sound financials and against acceptable collaterals
- Non-funded- BBG, PG, RG, APG

Buyer's Credit under NEIA

- extends credit facility to overseas sovereign governments and government owned entities
- Credit period between 8 to 15 years.
- Growing portfolio- recently extended to Suriname for water pump stations
- 25 countries of the LAC region

Overseas Investment Finance

- Support Indian companies in investing overseas for expansion, acquisition, investments , JVs
- Varied structure- Direct equity, structured loan, mezzanine
- Borrower can be Indian parent, overseas subsidiaries, mid-level SPV, JVs etc.
- Supported more than 500 transaction with funding support of about \$ 10 bn.
- Latin America Region:
 - Brazil- pharma, oil & gas, engineering, sugar
 - Mexico- pharma, auto components
 - Antigua- Medical college



Lines of Credit – Select Cases in LAC Region



Construction of Cricket Stadium at Georgetown under Exim Bank's GOI-supported Line of Credit to the Government of [Guyana](#).



Supply and installation of traffic signaling system under Exim Bank's GOI-supported Line of Credit to the Government of [Guyana](#).



Lines of Credit – Select Cases in LAC Region



Supply of equipment to ENATREL Nicaragua under Exim Bank's GOI-supported Line of Credit to the Government of [Nicaragua](#) for transmission lines and substation project.



Project Initiation Meeting with local beneficiaries at Jamastran Valley under Exim Bank's GOI-supported Line of Credit to the Government of [Honduras](#) for development of agriculture and irrigation infrastructure in the jamastran valley in honduras



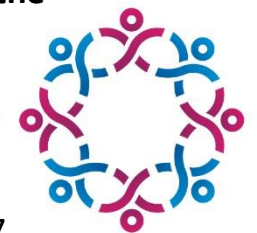
Overseas Investment Finance in LAC: Select Cases



Exim Bank sanctioned a loan to Renuka Vale Do Ivai (VDI), a **Brazil** based sugar-ethanol company, wholly owned by Shree Renuka Sugars Ltd (SRSL), India for part financing VDI's capex requirement and refinancing its existing debt.



Exim Bank has assisted Manipal Education Mauritius Private Limited, Mauritius (MEMPL) through its WOS, i.e. Manipal Education Americas, LLC, USA (MEA) for for establishing universities outside India including American University of Antigua Inc.. (AUA), **Antigua and Barbuda**, in the field of medical and allied education.



Overseas Investment Finance in LAC: Select Cases



Exim Bank sanctioned non fund based facilities to Suzlon Wind Energy Uruguay S.A for execution of contract for supply, erection and commissioning of 65.1 MW Rosendo Mendoza Windfarm Project in [Uruguay](#). The facility commissioned in 2015 is a first joint venture between Brazil and Uruguay.



Exim Bank sanctioned a term loan to CFSL Mexico (a wholly owned subsidiary of Camlin Fine Sciences Ltd. (CFSL), India) towards part financing the acquisition of 65% equity stake in Dresen Quimica, A.A. De C.V., [Mexico](#) along with its associated companies. Established in 1980, Dresen is uses knowledge and research to manufacture and distribute engineered speciality intermediate chemical solutions.



South-South Engagements with DFIs

Exim Bank's Co-financing with other DFIs

A. 2X40 MW Peat fired Power project in Rwanda

- US\$ 210 mn project Exim Bank co-financed with other DFIs such as Africa Finance Corporation (AFC), African Export Import Bank (Afrexim), Development Bank of South Africa (DBSA), Trade Development Bank (TDB), Development Bank of Rwanda and Finnfund.
- Indian company executing the contract – 1000 jobs during construction and 200 jobs during operation

B. 118 MW (2x59 MW) Nikachhu Hydro Power Project, Bhutan

- US\$ 200 mn project being funded by Exim Bank with Asian Development Bank (Debt & Equity) and SBI
- Bhutan proposes to export the power generated from the project.
- Indian company secured the project for execution



Global Network of Exim Banks and Development Finance Institutions (G-NEXID)

- Instrumental in creation of Global Network of Exim Banks and Development Financial Institutions (GNEXID) at Geneva, on March 13, 2006, under the auspices of UNCTAD to promote trade & development finance through cooperation and exchange of information.
- Currently has 14 active members from Africa, LAC, Asia-Pacific, Middle East and Eastern Europe
- Member institutions from LAC include: the Development Bank of Latin America (CAF) and Brazilian Development Bank (BNDES)



BRICS Interbank Cooperation Mechanism/ BRICS Summit

- Founded in 2010 with a vision to develop and strengthen economic and investment cooperation among member countries, the BRICS Inter-Bank Cooperation Mechanism serves as a platform for multi-faceted engagement among member development banks, aimed at mutual resurgence and empowerment
- Member Development Banks include BNDES, Brazil; Vnesheconombank, Russia; CDB, China, and DBSA, South Africa.
- In less than 7 years of its existence, the Mechanism has concluded more than 10 agreements, and formed 5 Working Groups in key cooperation areas viz.
 - ❖ Cooperation on Innovation and High-Technology
 - ❖ Co-financing in Local Currencies
 - ❖ Cooperation in Personnel Training and Experience Sharing
 - ❖ Establishing Alternate Rating Agencies for Emerging Markets
 - ❖ Establishing a Framework for Economic and Financial Research for Emerging Markets



South-South Cooperation: Advisory & Consultancy

- Consulting assignment for assisting the **Sri Lanka** Export Credit Insurance Corporation (SLECIC) to review its operating policies and suggest new products.
- Pre-feasibility study for setting up **Commonwealth Trade and Development Bank** (CTIB)
- Design, develop and implement a programme for **Nigerian Export-Import Bank** (NEXIM Bank) for expanding its exposure in financing films (under Film Financing Programme)
- Setting up an Exim Bank in **Malaysia**
- Establishing an Export Credit Guarantee Company in **Zimbabwe**
- Blueprint for establishing Exim Bank in **Zimbabwe**
- Feasibility study for setting up the **Afrexim Bank**
- Designing of Export Financing Programmes – **Turkey, South Africa**
- Export Development Project : **Ukraine, Vietnam, Armenia**
- Mauritius – Study on Projecting **Mauritius** as an Investment Hub for Indian Firms
- Feasibility study for establishment of an export credit and guarantee facility for **Gulf Cooperation Council countries**



Key Institutional Linkages

Select Multilateral Agencies

- World Bank
- Asian Development Bank
- African Development Bank
- European Bank for Reconstruction & Development
- Multilateral Investment Guarantee Agency (MIGA)
- International Finance Corporation (IFC)
- United Nations Conference for Trade and Development (UNCTAD)

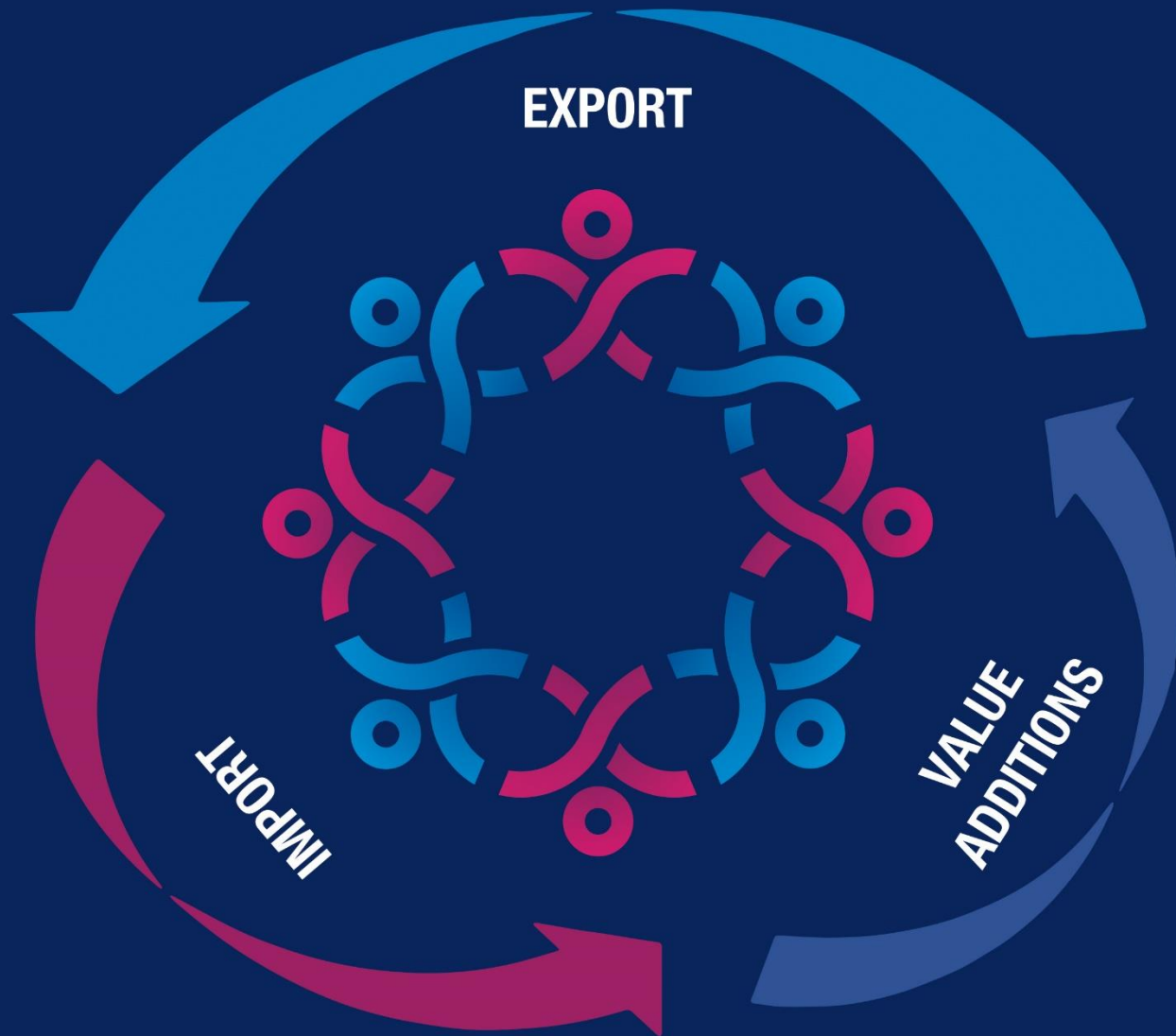
Trade & Investment Promotion Agencies; and ECA

- JETRO
- Netherlands Council for Trade Promotion
- Polish Agency for Foreign Investment
- Board of Investment of Sri Lanka
- Board of Invt. Mauritius
- Afghanistan Investment Support Agency (AISA)
- Export-Import Bank of the United States
- EDC Canada
- Exim Bank of China
- Uzbekinvest– National Export-Import Insurance Company
- Finnish Export Credit Ltd.
- Exim Bank of Romania
- Export-Import Bank of Russia

Partners in LAC Region

- Bancomext, Mexico
- BNDES, Brazil
- CABIE, Honduras
- Caribbean Association of Industry & Commerce, Trinidad & Tobago
- Andean Development Corporation (CAF)
- Banco de Inversion Y Comercio Exterior, Argentina
- Banco Mercantil, Venezuela





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