

APEC 2013 Trade Finance Survey

Policy Support Unit
APEC Secretariat

Advancing Free Trade for Asia-Pacific Prosperity



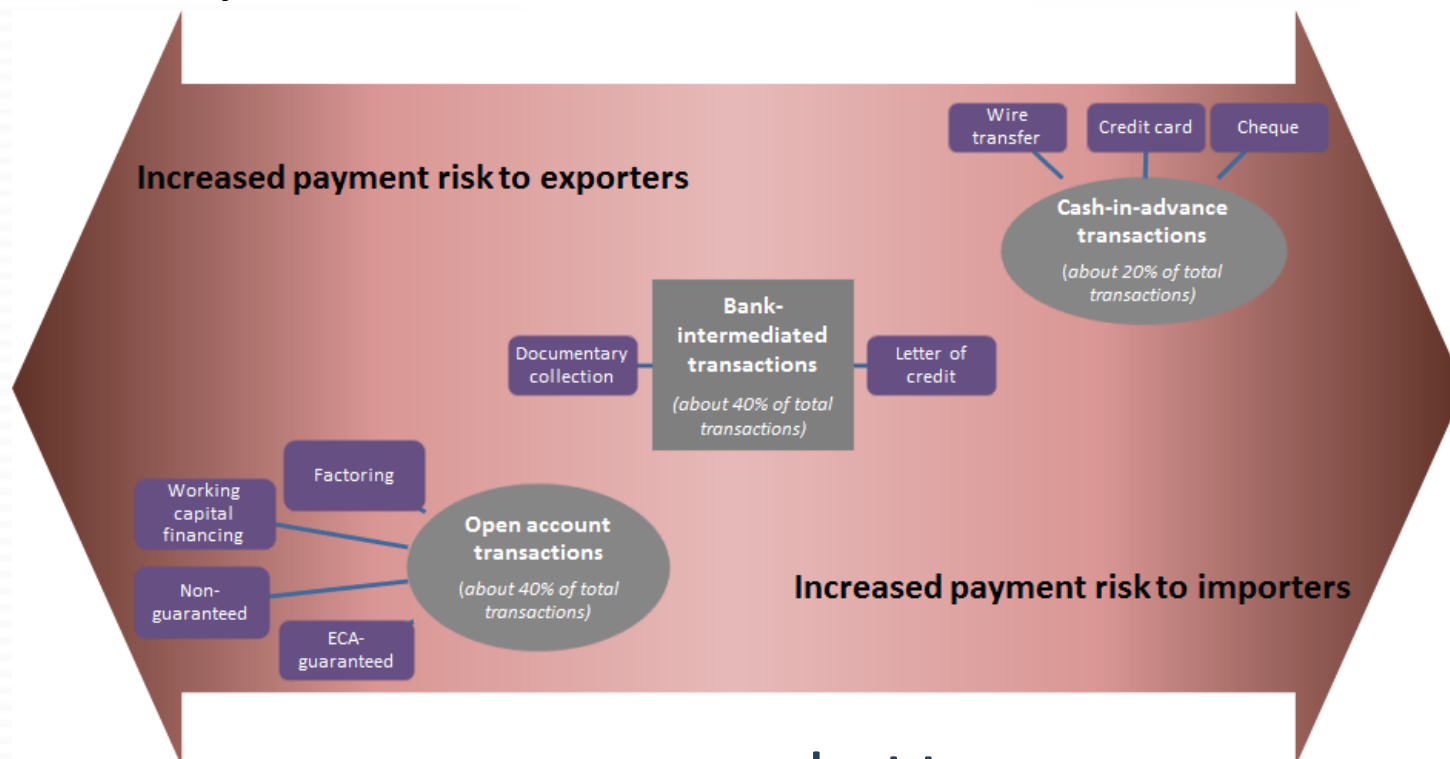
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Trade finance helps to mitigate the risks involved in international trade



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Payment methods and the balance of risk in international trade



main characteristics
of trade loans:

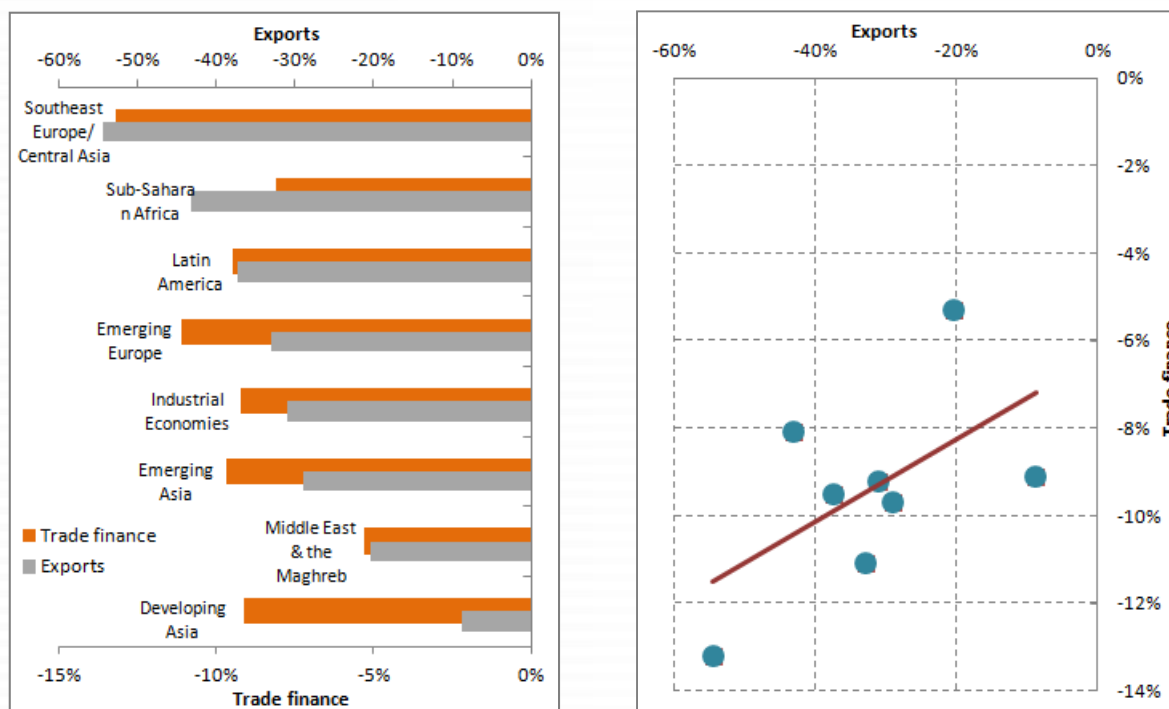
- short-term
- collateralized
- self-liquidating
- low rate of default

Credit available for trade finance fell sharply following the 2008 GFC



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% change in export value and trade finance, October 2008-January 2009



Source: Asmundson et al (2011).

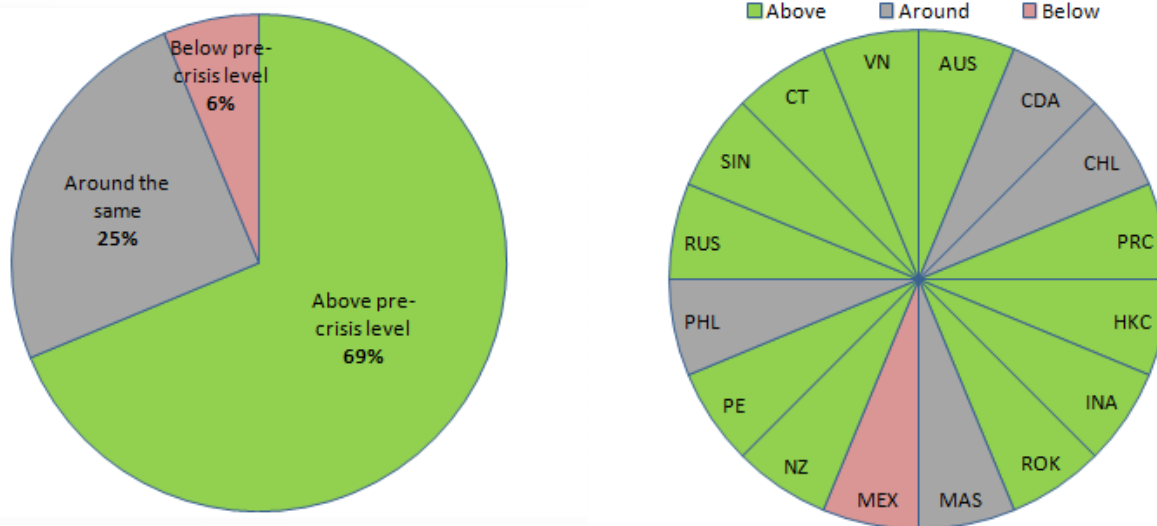
APEC 2009 Trade Finance Survey: 15 out of 17 respondents indicated that there was a trade financing problem in their economies, with 8 considering the problem to be moderately to very serious.

Trade finance in the APEC region has broadly recovered since the 2008 GFC



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Current volume of trade finance in APEC economies compared with the 2003-2007 average



Source: APEC 2013 Trade Finance Survey.

However, the recovery in trade finance has been uneven with changes in the provision of certain trade finance instruments as well as in the major suppliers of trade finance.

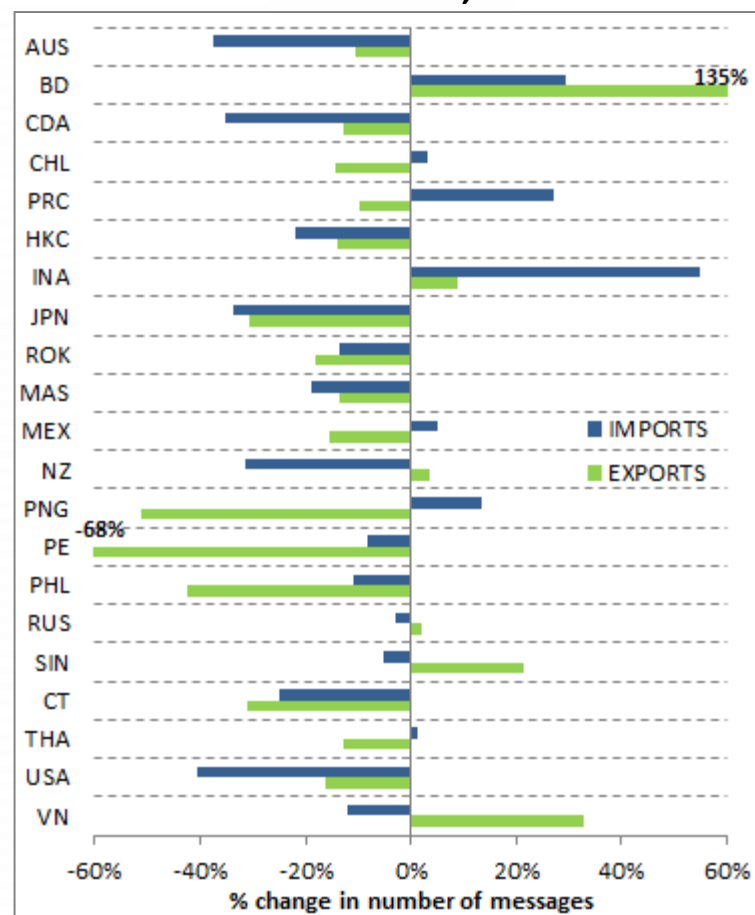
The use of letters of credit in the APEC region has declined substantially



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- In the APEC region, the issue of letters of credit for exports fell by 2.4% in 2012, while those for imports declined by 1.0%.
- Reasons include (1) a move towards open account payment methods and (2) stricter risk management policies adopted by banks.

% change in trade messages for letters of credit
in APEC economies, 2007-2012



Source: SWIFT and PSU calculations.

Deleveraging by European banks has reduced their role as a supplier of trade finance

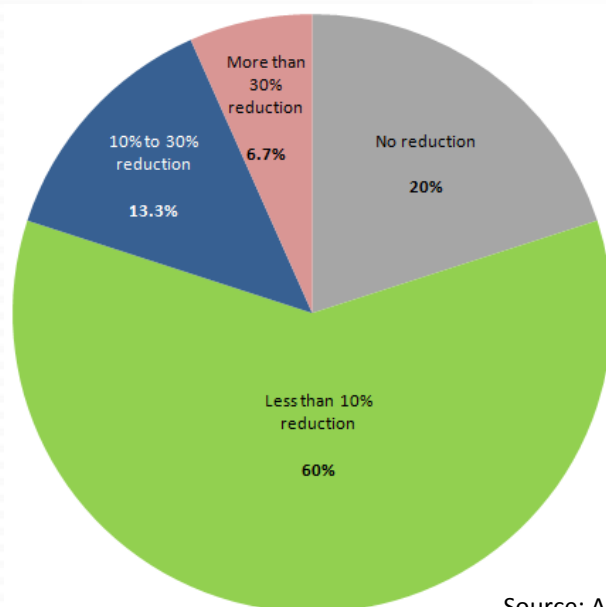


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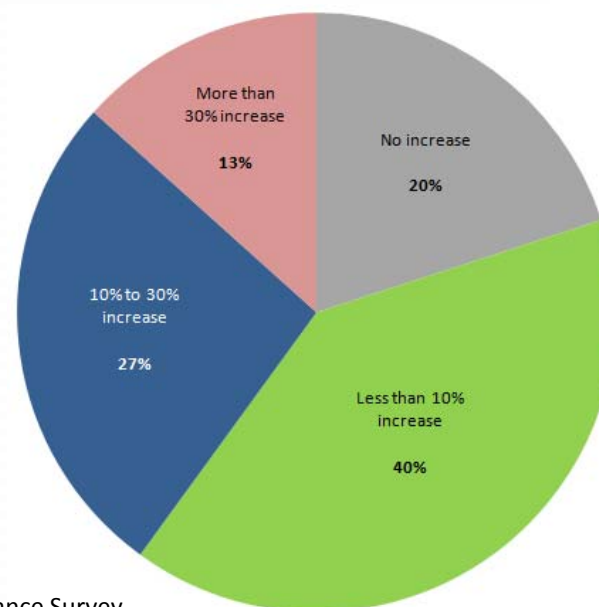
Nearly half the respondents to the APEC 2013 Trade Finance Survey reported that European banks provided less than 10% of the total volume of trade finance between 2003-2007.

Share of the total supply of trade finance in APEC economies since 2010

European banks



Domestic banks and other international banks



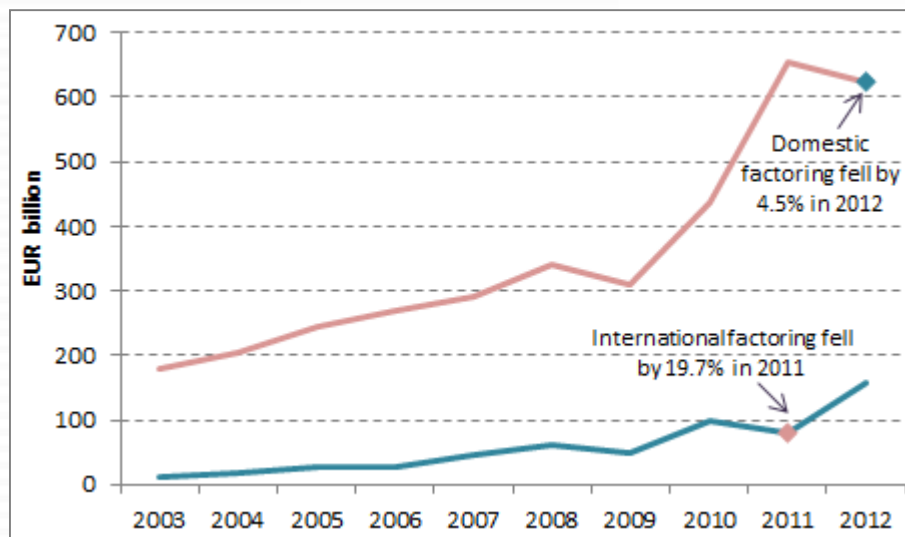
Source: APEC 2013 Trade Finance Survey.

Factoring in the APEC region was affected by the turmoil in Europe in late 2011

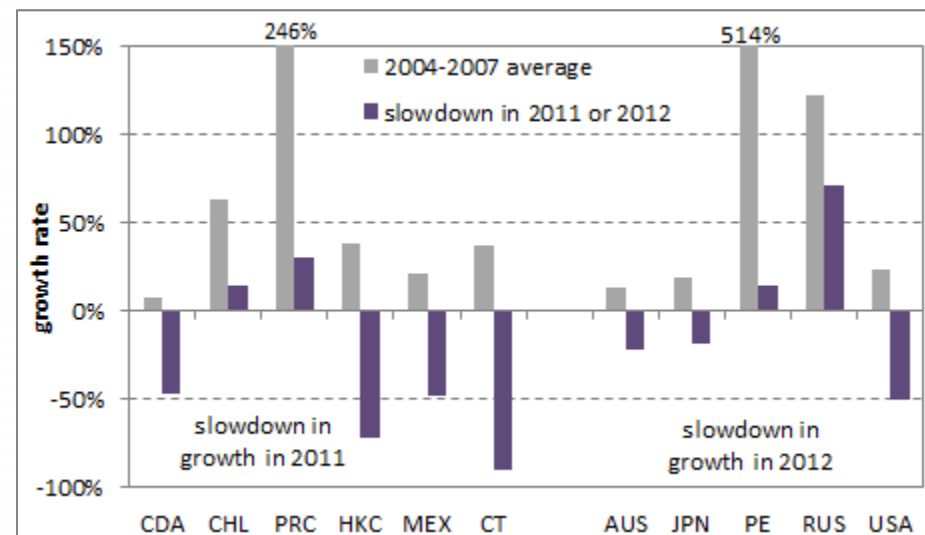


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Factoring value in the APEC region



Change in the value of international factoring in selected APEC economies



Source: Factors Chain International and PSU calculations.

- The value of international factoring in the APEC region fell by 20% in 2011 as a result of deleveraging by European banks.
- The magnitude and timing of its impact varied widely among the APEC members.

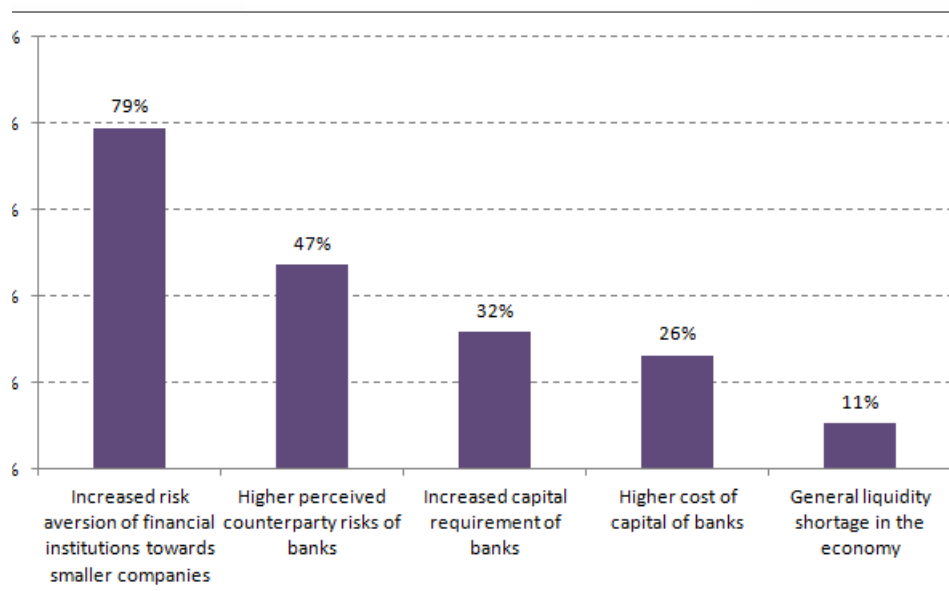


led by increased risk aversion of stitutions towards smaller companies



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ediments for SMEs to access trade finance in the APEC region



e: Survey respondents could select more than one option.

rce: APEC 2013 Trade Finance Survey.

e a range of challenges in accessing all types of
ever, trade finance should be easier to obtain.

ess to trade finance constrains the ability of SMEs to
rations and to become exporters.