

Indo-Kazakh Ties Enter a New Phase



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Dear Reader,

Greetings. Right at the outset, on behalf of Indo-CIS Business we welcome the appointment of distinguished banker T.C.A. Ranganathan as the new Chairman & Managing Director of Export-Import Bank of India (Exim Bank). Ranganathan brings with him vast and varied experience as a banker, which, we are sure, will provide inspiring leadership for India's premier financial institution promoting bilateral trade. We wish him all the best.

It is heartening to know that India's relations with the major constituents of the CIS region, such as Russia and Kazakhstan, have been upbeat. It is also good news that several of them have started displaying signs of recovery from the crippling impact of the global economic meltdown. Of these, Kazakhstan is in the forefront, thanks mainly to the foresight of President Nursultan Nazarbayev, who had initiated crisis-management measures in time. Kazakhstan is all set to further fortify its relations with key strategic countries, including India. It may be recalled that the Head of State of the Central Asian country laid the foundation for a long-term Strategic Partnership with India during his visit to this country in January 2009 when he was the Chief Guest at the Republic Day celebrations. In pursuance of the set agenda, many ministerial exchanges between the two countries have since taken place. The latest and most significant of these was the visit to Kazakhstan by India's External Affairs Minister S. M. Krishna from 11 to 13 May, 2010, during which he held detailed discussions with his Kazakh counterpart Secretary of State Kanat Saudabayev, President Nazarbayev and Prime Minister Karim Masimov. A business delegation from the Confederation of Indian Industry (CII) that accompanied Minister Krishna interacted with representatives from both public and private sector Kazakh companies. The current issue the Indo-CIS Business carries Minister Krishna's visit as its cover story. Recently, India and Russia, as partners along with Brazil and China in the BRIC bloc, pledged to work towards building global prosperity. We carry the report in our Focus section. In Perspective, we have an Agenda for Sustainable Growth and Development, Exim Bank's annual lecture by Dr. Supachai Panitchpakdi, noted economist and UNCTAD Secretary-General. Elsewhere, there are three well-researched studies by Exim Bank - one on Uzbekistan and one each on the Indian IT and leather industries. There is plenty of news from the European Bank for Reconstruction and Development (EBRD), whose operations cover the CIS region. The issue carries the usual Russian section besides other regular features.

Wish you happy reading

A handwritten signature in blue ink, appearing to read 'Satya Swaroop', with a long horizontal flourish extending to the right.

Satya Swaroop

Managing Editor

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Roadmap for Cooperation in Oil, Gas & Uranium Mining Sectors Getting Ready

Indo-Kazakh Ties Enter a New Phase

Ushering in a new phase in their Strategic Partnership, India and Kazakhstan, have agreed to further strengthen relations and cooperation in key economic areas ranging from oil and gas exploration and agriculture to uranium mining and extraction.

This major development was the outcome of Indian External Affairs Minister S.M. Krishna's visit to Kazakhstan in May 2010, to take forward to a higher level the impetus provided by Kazakh President Nursultan Nazarbayev's 2009 January visit to India.

Krishna told a press conference after his discussions with President Nazarbayev and Prime Minister Karim Masimov and other ministers and senior officials that the two nations have agreed to draw up a 'Roadmap' for further intensification of bilateral cooperation, encompassing socio-political and economic spheres.

The Minister was accompanied by a high-level delegation of senior government officials and representatives from the Confederation of Indian Industry (CII) during his three-day visit from 11 to 13 May.

Minister Krishna said India attached great importance to further developing bilateral cooperation with Kazakhstan, an emerging economy in the Central Asian and CIS regions. Political and



economic contacts between the two countries were actively developing and together they could contribute to attaining stability in the region, he added.

Minister Krishna also discussed cooperation in the field of civilian nuclear energy, including uranium mining and setting up and construction of nuclear power plants during his meetings with the Kazakh leaders.

Apart from the President and the Prime Minister, Krishna also held discussions with State Secretary and Foreign Minister Kanat Saudabayev, Deputy Prime Minister and Minister of Industry and New Technologies Asset Isekeshev and Minister of Oil and Gas Saut Mynbayev.

The Indian Minister also participated in the Indo-Kazakh Business Forum in the Kazakh Capital of Astana along with First Vice Minister of Industry and New Technologies Albart Rau.

During his meeting with President Nazarbayev on 12 May 2010 Minister Krishna discussed further development of trade, economic,





cultural and humanitarian cooperation between the two countries.

He called on Prime Minister Masimov on the same day and the two leaders reiterated their interest in further developing the Strategic Partnership and to raise bilateral trade and economic cooperation to a new level.

Minister Krishna called on State Secretary Saudabayev on the same day and their meeting was followed by delegation level talks. The two Ministers reviewed the progress in bilateral relations, especially since the January 2009 visit of President Nazarbayev to India, besides discussing regional and international issues of mutual interest.

Following the talks, an intergovernmental agreement on cooperation in the fields of culture, art and sports was signed in the presence of the two Foreign Ministers.

Soon after the talks, Minister Krishna said that he was pleased to state that India and Kazakhstan had a strong congruence of views on major regional and international issues. He thanked Kazakhstan for steadfast support to India in its fight against terrorism, especially after the Mumbai terror attacks in November, 2008.

Minister Krishna said that good progress had been made during the discussions to deepen cooperation in all sectors, including hydrocarbons, oil and civilian nuclear energy. He said that in addition to these fields, cooperation between India and Kazakhstan was also developing in other economic sectors such as agriculture, space, pharmaceuticals and information technologies, adding that discussions in several promising areas like thermal power plants, transportation and banking were in an advanced stage.

Minister Krishna said he was in Astana to further develop the mutually beneficial cooperation and to work out a road map for implementing such projects. He, however, said that the level of bilateral trade between the two countries is much below potential and called for business communities from both countries to actively engage each other.

The Minister emphasized that the high level business delegation accompanying him during his visit to Kazakhstan indicated the great interest that Indian businessmen had in diversifying relations with Kazakhstan. He invited companies from Kazakhstan to invest in the Indian economy and to participate in development of the huge Indian infrastructure.

Minister Krishna said that Kazakhstan counts on India's support in creating an international nuclear fuel bank in Kazakh territory. He said that both countries were currently engaged in talks on cooperation in the field of peaceful nuclear energy.

Indo-Kazakh Business Forum

Minister Krishna participated in a meeting of the Indo-Kazakh Business Forum along with Minister Rau. A delegation of Indian business leaders representing leading organizations and business houses such as Tata International Limited, Sun Group, Apollo Hospitals, Punj Lloyd, Tata Motors, BHEL, ONGC etc who accompanied the minister and prominent businessmen from Kazakhstan participated in the Business Forum. The Forum provided an opportunity for both sides to discuss opportunities for trade and investment as also implementation of joint projects in Kazakhstan under the aegis of the Innovative-Industrial Development Program.

At the end of the Forum meeting, Ms Latha Reddy, Secretary (East), Ambassador, Vishnu Prakash, Official





Spokesman of the Ministry of External Affairs and Ajay Bisaria, Joint Secretary (ERS) interacted with journalists at a press conference.

Ms Reddy said that technical discussions were taking place between both the sides on civilian nuclear cooperation agreement and that both countries were close to finalizing a final umbrella agreement on the subject. She said that it was a win-win situation for both countries. She said that as part of deepening

cooperation, India will look for supply of natural uranium, investments by Indian companies in mining and construction and supply of small nuclear reactors with Indian technology.

Regarding cooperation in the oil sector, Ms Reddy said that the government was happy with the progress of discussions on India's participation in the Satpayev oil block. India has already signed an umbrella agreement for this purpose during

President Nazarbayev's visit to New Delhi in January 2009.

The visit of Minister Krishna, the first by an Indian Foreign Minister to Kazakhstan was built upon the results achieved during the visit of President Nazarbayev to India in January 2009 and has given a significant boost to bilateral relations between the two countries. ■



T.C.A. Ranganathan Exim Bank's New CMD

Distinguished banker T.C.A. Ranganathan has been appointed as Chairman & Managing Director of Export-Import Bank of India (Exim Bank). Prior to this appointment, Ranganathan was Managing Director of State Bank of Bikaner & Jaipur.

Ranganathan is a career banker with an experience of 35 years with State Bank of India (SBI). He has held diverse assignments including, inter alia, Chief General Manager, International Operations; Head, Corporate Finance; Regional Controller of Branches. He was also member of the Technology Planning Group set up by SBI in early 2000 for introducing new technology and change management initiatives. He was also the North India Head of SBI Capital Markets Ltd. and also General Manager, Mid-Corporate Group, New Delhi Region. In 2005, he opened the first branch of SBI in Shanghai, making SBI the first Indian Bank to commence operations in China. He has also subsequently been the Chief General Manager of the Bank's Gujarat operations during the period when State Bank of Saurashtra was getting integrated into the main Bank during 2009 after the financial merger.

Ranganathan holds a Masters degree in Economics from Delhi School of Economics, and has also attended Executive Development Programs at Wharton, and IIM, Lucknow. ■

Tackling Global Challenges

Emerging Economies Have a Key Role to Play Sharma



India's Minister of Commerce & Industry Anand Sharma has emphasized the need for a greater role for the major emerging economies in facing the current challenges.

Addressing the Plenary Session of the St. Petersburg International Economic Forum (SPIEF) on "current global economic recession and emerging world economic order" recently, Minister Sharma said that at the present juncture where significant recovery has not been achieved, dismantling of existing trade barriers is required rather than creating new ones. The plenary session was inaugurated by Russian President Dmitry Medvedev.

Stressing that protectionism will now be counter-productive. Minister Sharma recounted the achievements of the Indian economic reforms programme launched since 1991. The Minister specifically dwelt on the sagacity of Indian trade and investment policies that had ensured a minimal impact of the economic crisis on India's economy which, despite the global recession, registered a growth of 7.5 percent in 2009-10.

"Going by the last quarter GDP growth of 8.6 percent, it is a reasonable expectation that the Indian economy will continue on its high growth path", he said. The Minister further noted the relevance of the India's experience in Russia's modernization programme launched by President Medvedev, and conveyed India's readiness to be a partner in these efforts.

Minister Sharma participated in a panel discussion "The World Under Change" at the Plenary in the wake of the global financial crisis. During the course of the Forum, he had an extended meeting with Russian Deputy Prime Minister Sergei Sobyenin. He also had a bilateral meeting with Minister of Industry & Trade Viktor Khristenko.

Minister Sharma and Deputy Prime Minister Sobyenin exchanged views on the prospects of further economic engagement between the two countries. They focused on cooperation in the field of energy, pharmaceuticals, and Information Technology, among other sectors.

Minister Sharma said that he was looking forward to Sobyenin's visit to India later in the year for the Session of the Indo-Russian Inter-Governmental Commission, which he co-chairs along with External Affairs Minister S.M. Krishna.

The first-ever India-Russia Business Dialogue within the framework of SPIEF was also held during Minister Sharma's visit. The participants included business leaders representing key sectors of India-Russia economic cooperation, including energy, infrastructure, IT, pharmaceuticals and diamonds.

Both sides noted the strong potential for cooperation between the two countries given the complementarities and synergy already existing in these areas. The results of the India-Russia Business Dialogue were presented to Minister Sharma and Minister Khristenko by the leaders of the business delegation during a meeting.

The two Ministers emphasized the importance of continuous high level B2B interactions for the development of bilateral economic relations which holds the key to achieving the trade target of US\$ 20 billion by 2015. In this regard they welcomed the conclusion of a MoU between CII and SPIEF Foundation which provides for regular institutionalized B2B interactions and exchanges.

The two Ministers noted that the next meeting of the India-Russia Forum on Trade & Investment and CEOs' Council will take place in New Delhi later this year, which will provide further opportunities for continued economic engagement.

In the meeting between Minister Sharma and Minister Khristenko, the full spectrum of Indo-Russian economic engagement was reviewed. Special emphasis was given to further enrich the cooperation in pharmaceutical and fertilizer sectors, including setting up of Joint Ventures in these areas in Russia. Minister Sharma invited Russian companies to actively participate in Indian infrastructure projects, underscoring that India has projected an investment potential of US\$ 1.7 trillion over the next decade. ■

India, Russia to Work towards Building Global Prosperity

India and Russia have pledged to work towards not only broadening cooperation among themselves but also to building a harmonious world of lasting peace and common prosperity. Both countries participated in the recent BRIC (Brazil, Russia, India and China) Summit held recently in Moscow.



In a joint statement, the four Heads of State of BRIC nations - Indian Prime Minister Manmohan Singh, Chinese President Hu Jintao, Russian President Dmitry Medvedev and Brazilian President Lula da Silva declared: "We believe the deepened and broadened dialogue and cooperation of the BRIC countries is conducive not only to serving common interests of emerging market economies and developing countries, but also to building a harmonious world of lasting peace and common prosperity."

The leaders of the four fastest growing economies of the world met for the second BRIC Summit held in Brasilia on 15 April 2010, also called upon the members of the G-20 states to undertake further efforts to implement jointly the decisions adopted at the three G-20 Summits aimed at combating the effects of the recent global financial crisis and to undertake further efforts to implement jointly the decisions adopted at the three global events.

We Stand to Gain - Prime Minister Singh
Talking to media persons after the II BRIC Summit, Prime

Minister Manmohan Singh, who described the event as very successful, said:

"This is the second stand-alone Summit of the BRIC countries in less than a year. Our countries have gathered here today because we stand to gain from cooperation with each other, and because we believe that greater cooperation among us is also good for the world."

He said that the BRIC grouping was not borne out of a crisis and it was "an act of long term faith in our people and in our economies." However, the global economic and financial crisis has created a new relevance for BRIC.

Prime Minister Singh said, "Sustaining global economic recovery and making it inclusive would be the major challenges before us in the near term. With their internal economic strengths, BRIC countries have the potential to play a constructive role in contributing to world economic growth and prosperity. We are all part of the G20 process."

He said the four leaders had also had useful discussions on other issues of common interest. These included climate change, sustainable development, food security, energy security and reform of international financial institutions and of the United Nations.

"We support a multipolar, equitable, democratic and just world order with the United Nations playing a central role in tackling global challenges," Prime Minister Singh added.

Following is the text of Prime Minister Singh's address to the Plenary Session of the II BRIC Summit.

The holding of the second stand-alone BRIC Summit represents the growing multi-polarity in the world. In the short period of 10 months since our last Summit in Yekaterinburg we have made good progress. Our Foreign Ministers, Finance Ministers, Agriculture Ministers, National Security Advisers and Governors of Central Banks have met. The first BRIC Business Forum was held a few days ago, and several other side events have taken place.

Inclusive Growth

We are four large countries with abundant resources, large populations and diverse societies. We together account for almost one-fifth of the world's GDP. We aspire for rapid growth for ourselves and for an external environment that is conducive to our development

goals. The people of our countries expect us to work together so as to bring the benefits of inclusive social and economic development to them. Brazil has taken impressive strides in social inclusion under President Lula's leadership, from which we can all learn. We in India have put in place massive schemes for social intervention such as the enactment of the National Rural Employment Guarantee Act and the Right to Education Act. We can each benefit by sharing our experiences in the field of inclusive growth.

Food & Energy Security

Energy and food security are two specific areas where we can work together. Our grouping includes two of the largest energy producers and two of the largest consumers in the world. We can cooperate in both upstream and downstream areas, and in the development of new fuels and clean energy technologies.

Similarly, BRIC countries are both large producers and consumers of agricultural products. The meeting of our Agriculture Ministers is a welcome initiative. We should consider putting in place an architecture of food security that focuses on increasing agricultural productivity, better land use, sustainable farming practices and agro-processing.

Besides this, there is vast potential for cooperation in areas such as science and technology, trade and investment, pharmaceuticals and infrastructure.





Investments in human capital will create new sources of growth.

BRIC countries have an important role to play in the shaping the pace, direction and sustainability of global economic growth. I am glad to note that our Finance Ministers and Central Bank Governors have been meeting regularly. At our last Summit we had decided to commission a BRIC Study on which way the world economy will move in the period ahead. India has circulated the draft terms of reference for the study and we would be happy to carry this idea forward.

While it appears that the immediate global economic and financial crisis is behind us, it is still early to say that we are on the path of long term recovery. A lot will depend on how the developed economies fare. Sustainable recovery will also depend on several factors such as enhanced investment for infrastructure development, stable capital flows to the developing markets, appropriate macroeconomic adjustments, and avoiding complacency in the area of financial sector reforms. Financial inclusion will be a major determinant of success.

Agenda for G-20 Summits

We should prepare for the forthcoming G 20 Summits in Toronto and Seoul. Their outcomes need to be supportive of the post crisis-phase of the recovery

process. This requires the avoidance of protectionism in all its forms, commitment to a fair and rule-based trading system, reform of international financial institutions and better regulation and supervision. Capital adequacy of international institutions should be ensured to fund development needs. Our Finance Ministers should be in regular touch with each other.

Climate Change

BRIC nations represent an important voice in the global climate discourse. Despite its shortcomings, the Copenhagen Conference did generate a broad understanding on several contentious issues. Our approach to the Cancun Conference should be anchored within the United Nations Framework Convention on Climate Change, the Kyoto Protocol and the Bali Roadmap.

Technology will be a key element in our strategy to meet the challenge of climate change. Each of us has our own strengths in climate-friendly technologies. If we pool our best scientific and technological resources, BRIC nations can set a fine example in promoting collaborative development, deployment and dissemination of clean energy and renewable technologies.

BRIC countries are uniquely placed to contribute to reforming the architecture of global governance. A genuine reform of the Security Council by expansion in its permanent membership as well as non-permanent membership and improvement in its working methods is essential to make the United Nations reflective of contemporary realities.

The Joint Statement we will be issuing today along with the Follow-up document BRIC contain many ideas for expanding our cooperation. I am particularly glad that the scope of our activities is expanding, with a focus on greater people-to-people contacts. We should simultaneously strive for greater convergence of views on key global challenges.

Following is the II BRIC Summit Joint Statement.

We share the perception that the world is undergoing major and swift changes that highlight the need for corresponding transformations in global governance in all relevant areas.

We underline our support for a multipolar, equitable and democratic world order, based on international law, equality, mutual respect, cooperation, coordinated action and collective decision-making of all States.

We stress the central role played by the G-20 in combating the crisis through unprecedented levels of coordinated action. We welcome the fact that the G-20 was confirmed as the premier forum for international economic coordination and cooperation of all its member states. Compared to previous arrangements, the G-20 is broader, more inclusive, diverse, representative and effective. We call upon all its member states to undertake further efforts to implement jointly the decisions adopted at the three G-20 Summits.

We advocate the need for the G-20 to be proactive and formulate a coherent strategy for the post-crisis period. We stand ready to make a joint contribution to this effort.

We express our strong commitment to multilateral diplomacy with the United Nations playing the central role in dealing with global challenges and threats. In this respect, we reaffirm the need for a comprehensive reform of the UN, with a view to making it more effective, efficient and representative, so that it can deal with today's global challenges more effectively. We reiterate the importance we attach to the status of India and Brazil in international affairs, and understand and support their aspirations to play a greater role in the United Nations.

We believe the deepened and broadened dialogue and cooperation of the BRIC countries is conducive not only to serving common interests of emerging market economies and developing countries, but also to building a harmonious world of lasting peace and common prosperity. We have agreed upon steps to promote dialogue and cooperation among our countries in an incremental, proactive, pragmatic, open and transparent way.

International Economic & Financial Issues

The world economic situation has improved since our first meeting in June 2009, in Ekaterinburg. We welcome the resumption of economic growth, in which emerging market economies are playing a very important role. However, we recognize that the foundation of world economic recovery is not yet solid,

with uncertainties remaining. We call upon all states to strengthen macroeconomic cooperation, jointly secure world economic recovery and achieve a strong, sustainable and balanced growth. We reiterate our determination to make positive efforts in maintaining domestic economic recovery and promoting development in our own countries and worldwide.

We underline the importance of maintaining relative stability of major reserve currencies and sustainability of fiscal policies in order to achieve a strong, long-term balanced economic growth.

We are convinced that emerging market economies and developing countries have the potential to play an even larger and active role as engines of economic growth and prosperity, while at the same time commit to work together with other countries towards reducing imbalances in global economic development and fostering social inclusion.

G-20 members, with a significant contribution from BRIC countries, have greatly increased resources available to the IMF. We support the increase of capital, under the principle of fair burden-sharing, of the International Bank for Reconstruction and Development and of the International Finance Corporation, in addition to more robust, flexible and agile client-driven support for developing economies from multilateral development banks.

Despite promising positive signs, much remains to be done. We believe that the world needs today a reformed and more stable financial architecture that will make the global economy less prone and more resilient to future crises, and that there is a greater need for a more stable, predictable and diversified international monetary system.

We will strive to achieve an ambitious conclusion to the ongoing and long overdue reforms of the Bretton Woods institutions. The IMF and the World Bank urgently need to address their legitimacy deficits. Reforming these institutions' governance structures requires first and foremost a substantial shift in voting power in favor of emerging market economies and developing countries to bring their participation in decision making in line with their relative weight in the world economy. We call for the voting power reform of the World Bank to be fulfilled in the upcoming Spring Meetings, and expect the quota reform of the IMF to be concluded by the G-20 Summit in November this year.

We do also agree on the need for an open and merit based selection method, irrespective of nationality, for the heading positions of the IMF and the World Bank. Moreover, staff of these institutions needs to better reflect the diversity of their membership. There is a special need to increase participation of developing countries. The international community must deliver a result worthy of the expectations we all share for these institutions within the agreed time frame or run the risk of seeing them fade into obsolescence.

Need for Regional Monetary Pacts

In the interest of promoting international economic stability, we have asked our Finance Ministers and Central Bank Governors to look into regional monetary arrangements and discuss modalities of cooperation between our countries in this area. In order to facilitate trade and investment, we will study feasibilities of monetary cooperation, including local currency trade settlement arrangement between our countries.

Recent events have shattered the belief about the self-regulating nature of financial markets. Therefore, there is a pressing need to foster and strengthen cooperation regarding the regulation and supervision of all segments, institutions and instruments of financial markets. We remain committed to improve our own national regulations, to push for the reform of the international financial regulatory system and to work closely with international standard setting bodies, including the Financial Stability Board.

International Trade

We stress the importance of the multilateral trading system, embodied in the World Trade Organization, for providing an open, stable, equitable and non discriminatory environment for international trade. In



this connection, we commit ourselves and urge all states to resist all forms of trade protectionism and fight disguised restrictions on trade. We concur in the need for a comprehensive and balanced outcome of the Doha Round of multilateral trade talks, in a manner that fulfills its mandate as a "development round", based on the progress already made, including with regard to modalities. We take note and strongly support Russia's bid for accession to the WTO.

Development

We reiterate the importance of the UN Millennium Declaration and the need to achieve the Millennium Development Goals (MDGs). We underscore the importance of preventing a potential setback to the efforts of poor countries aimed at achieving MDGs due to the effects of the economic and financial crisis. We should also make sustained efforts to achieve the MDGs by 2015, including through technical cooperation and financial support to poor countries in implementation of development policies and social protection for their populations. We expect the UN MDG Summit, in September 2010, to promote the implementation of MDGs through policy recommendations. We stress that sustainable development models and paths of developing countries should be fully respected and necessary policy space of developing countries should be guaranteed.

The poorest countries have been the hardest hit by the economic and financial crisis. The commitments regarding the aid to the developing states, especially those related to the MDGs, should be fulfilled, and there should be no reduction in development assistance. An inclusive process of growth for the world economy is not only a matter of solidarity but also an issue of strategic importance for global political and economic stability.

Agriculture

We express our satisfaction with the Meeting of Ministers of Agriculture and Agrarian Development in Moscow, where they discussed ways of promoting quadripartite cooperation, with particular attention to family farming. We are convinced that this will contribute towards global food production and food security. We welcome their decision to create an agricultural information base system of the BRIC countries, to develop a strategy for ensuring access to

food for vulnerable population, to reduce the negative impact of climate change on food security, and to enhance agriculture technology cooperation and innovation.



Fight against Poverty

We call upon the international community to make all the necessary efforts to fight poverty, social exclusion and inequality bearing in mind the special needs of developing countries, especially LDCs, small islands and African Countries. We support technical and financial cooperation as means to contribute to the achievement of sustainable social development, with social protection, full employment, and decent work policies and programmes, giving special attention to the most vulnerable groups, such as the poor, women, youth, migrants and persons with disabilities.

Energy

We recognize that energy is an essential resource for improving the standard of living of our peoples and that access to energy is of paramount importance to economic growth with equity and social inclusion. We will aim to develop cleaner, more affordable and sustainable energy systems, to promote access to energy and energy efficient technologies and practices in all sectors. We will aim to diversify our energy mix by increasing, where appropriate, the contribution of renewable energy sources, and will encourage the cleaner, more efficient use of fossil fuels and other fuels. In this regard, we reiterate our support to the international cooperation in the field of energy efficiency.

We recognize the potential of new, emerging, and environmentally friendly technologies for diversifying energy mix and the creation of jobs. In this regard we will encourage, as appropriate, the sustainable development, production and use of biofuels. In accordance with national priorities, we will work together to facilitate the use of renewable energy, through international cooperation and the sharing of experiences on renewable energy, including biofuels technologies and policies.

We believe that BRIC member countries can cooperate in training, R&D, Consultancy services and technology transfer, in the energy sector.

Climate Change

We acknowledge that climate change is a serious threat which requires strengthened global action. We commit ourselves to promote the 16th Conference of the Parties to the United Nations Framework Convention on Climate Change and the 6th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol, in Mexico, to achieve a comprehensive, balanced and binding result to strengthen the implementation of the Convention and the Protocol. We believe that the Convention and the Protocol provide the framework for international negotiations on climate change. The negotiations in Mexico should be more inclusive, transparent, and should result in outcomes that are fair and effective in addressing the challenge of climate change, while reflecting the principles of the Convention, especially the principle of equity and common but differentiated responsibilities.

Alliance of Civilizations

We affirm the importance of encouraging the dialogue among civilizations, cultures, religions and peoples. In this respect, we support the "Alliance of Civilizations", a United Nations' initiative aimed at building bridges, mutual knowledge and understanding around the world. We praise the Brazilian decision to host, in Rio de Janeiro, in May 2010, the 3rd Global Forum and confirm our intention to be present at the event, in appropriate high level.

During the Summit, Brazil, Russia and India appreciated the offer of China to host the III BRIC Summit in 2011. ■

Global Development Banks Map Out Recovery Plan

Leading Multilateral Development Banks (MDBs) and the International Monetary Fund, which met recently at the European Investment Bank in Luxembourg, mapped out their plans to support a sustainable global recovery and agreed the Copenhagen Accord is an opportunity for action to finance measures to combat climate change.

On the global economy, they noted signs of recovery and agreed enhanced cooperation among the MDBs and the IMF played an important role in preventing a wider systemic crisis. They concluded the global economy remains fragile and MDBs will need to continue to play a counter-cyclical role in 2010.

In this context they welcomed the agreements on capital increases of the ADB, EIB and IADB and looked forward to the conclusion of negotiations on replenishing resources of the AfDB, EBRD and the World Bank Group.

Beyond the immediate demand of responding to the crisis, the MDBs remain focused on crisis prevention, supporting sustainable growth and development and, in particular, the need to combat climate change.

Following on from their joint statement in December*, the MDBs and IMF welcome the commitment of developed countries as part of the Copenhagen Accord to provide additional fast track financing for developing countries of USD 30 billion in the period 2010-12 and the pledge to mobilize US\$100 billion by 2020 in order to help developing countries cope with the impacts of climate change and achieve the deep cuts in global emissions needed to hold the increase in global temperatures below 2 degrees Celsius.

The MDBs reaffirm their readiness to provide technical support to the UN process and recognize the importance of a legally binding post-2012 international agreement on climate change being



concluded as soon as possible. They look forward to progress being made in this regard at the talks this month and next in Bonn.

Implementation of fast track financing is important to build confidence prior to agreeing a new international framework. The MDBs have the experience and capacity to catalyse public and private funds to help deploy such finance efficiently in support of low carbon, climate change-resilient investment in developing countries. They will coordinate their actions as appropriate to enable client countries and other partners to maximize the effective use of additional financial flows. MDBs recognize that the private sector will have a significant role to play in both the financing and implementation of low-carbon investments and underline their commitment to catalyze these funds.

They fully endorsed the UN Secretary General's establishment of a High Level Advisory Group on Climate Financing and the inclusion of African Development Bank President Donald Kaberuka. They affirm their collective commitment to support the work of the group in the months to come.

As testimony to strengthened collaboration, they welcomed progress in implementing the Climate Investment Funds (CIF), a joint program for financing low-carbon and climate resilient investments by several MDBs. With the endorsement of four new investment plans during CIF meetings in Manila last month, US\$ 4.4 billion was allocated to support clean technology. The meetings also approved grants for climate

resilience for the first two recipients of these funds.

The MDBs will seek to continue harmonizing their approaches in the field of climate change and further joint work towards enhancing knowledge management and sharing of tools and methodologies for supporting countries with vulnerability and climate risk assessments, nationally appropriate mitigation actions and improved forest management.

The MDBs also exchanged views on other issues related to the G20 process, including the fight against non-cooperative tax jurisdictions, strengthening international prudential regulation, combating corruption, reinforcing anti-money laundering, and reducing tax evasion.

Taking part in the meeting were: African Development Bank President Donald Kaberuka, Asian Development Bank President Haruhiko Kuroda, European Bank for Reconstruction and Development President Thomas Mirow, European Investment Bank President Philippe Maystadt, Inter-American Development Bank Vice President Roberto Vellutini, International Monetary Fund Deputy Managing Director Murillo Portugal. For the World Bank Group, Lars Thunell, Executive Vice President and CEO, International Finance Corporation.

The heads of MDB meeting is a forum for the main international financial institutions to share views and set common objectives on key challenges such as climate change. It is held twice a year. The next meeting is due to take place in October 2010. ■

Exim Bank Inks MOC with three BRIC Banks

During the recently concluded BRIC (Brazil, Russia, India, China) Summit in capital city of Brasilia, Brazil, Export-Import Bank of India (Exim Bank) entered into a Memorandum of Cooperation (MOC) with three major development banks of Brazil, Russia and China.

The MOC was signed on 15 April 2010, by EximBank's CMD T.C.A. Ranganathan, Luciano Coutinho, President, on behalf of Brazilian Development Bank (BNDES), Vladimir Dmitriev, Chairman, on behalf of Bank for Development and Foreign Economic Affairs of Russia (Vnesheconombank), and Chen Yuan, Chairman, on behalf of China Development Bank.

The objective of the Memorandum is (i) to develop comprehensive long-term cooperation among the four banks to facilitate and support cross-border transactions and projects of common interest; (ii) to strengthen and enhance trade and economic relations between BRIC countries and its enterprises; (iii) to finance the investment projects and to work towards economic development of BRIC countries. BRIC countries together represent 42 percent of world population, 23 percent of Global GDP at Purchasing Power Parity level, and about 50 percent of economic growth in the world. ■

An Agenda for Sustainable Growth & Development

Dr. Supachai Panitchpakdi



Dr. Supachai Panitchpakdi, Secretary-General, United Nations Conference on Trade and Development (UNCTAD), delivering the 25th Exim Bank Commencement Day Annual Lecture in Mumbai on March 18, 2010

Dr. Supachai Panitchpakdi, noted economist and Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), turns the critical issue of “Reconstructing Economic Governance: An Agenda for Sustainable Growth and Development” as his theme for the 25th Exim Bank Commencement Day Annual Lecture 2010, delivered on 18 March 2010 in Mumbai. Excerpts.

The economic crisis of 2008-2009, which is still persisting in many parts of the world, signalled a radical change in government policy and international economic governance. Here are a few examples: First, the so-called "market fundamentalism" that had given rise to innovative but often unregulated and opaque financial instruments has been savagely criticized for not in fact serving the interests of the real economy. Second, the small exclusive group of seven advanced industrialized economies has found itself needing to become more inclusive - and should become more inclusive still. Third, the neo-liberal preoccupation with inflation and tight fiscal policy was turned on its head when

global demand fell off a cliff and governments had to pump various stimulus measures into their economies to keep them alive. And fourth, the dogma that governments should not underwrite their industries let alone nationalize them was brushed aside to salvage leading financial institutions whose imminent collapse threatened the foundations of the entire global economic system.

I don't think there is anyone in this room who would consider this hyperbole, or who doesn't recognize the quite radical change in government policy that has occurred in the midst of the crisis. However, this is not the end of the story: the signs of recovery that we see today, albeit weak and not yet sustainable, should not tempt us to return to "business as usual". We should not go back to the boom-and-bust cycles that characterized the last 30-to-40 years of economic growth, in which the world experienced roughly one major international crisis every decade, and numerous regional crises in between. UNCTAD had been warning about the coming crisis for several years', and moreover about the dangers of focusing economic policy and governance on a restricted set of macroeconomic targets in the hope that rising productivity, increased employment and technological upgrading would automatically follow.

My purpose here today, therefore, is to argue that not only have we needed to change economic policy and governance to halt the economic crisis, but we should continue to refocus the goal of economic activity on building productive capacities and hence sustainable employment and growth opportunities. That process requires reforms to economic governance structures as well as changes in policies that have governed economic activity for many years at both the national and international levels.

By way of a working definition, we can say that economic governance relates to the institutions, rules and policies that guide, regulate and coordinate economic activity in support of socially desirable outcomes. Economic governance could be seen as the relationship between governments and the national-level institutions created by governments, on the one hand, and between member States and supranational level institutions, on the other.

In the current context of the global economy, there are two principal views of economic governance, which are

not incompatible but whose differences are more a matter of emphasis and scope. The first essentially sees global governance in terms of delivering global public goods. Not only has the economy become more internationalized, but we have become more aware of interdependent threats and opportunities, such as climate change, trade and finance, whose governance structures are still strongly grounded at the national level. This view holds that governance structures at the international level therefore need to be strengthened to meet these new realities.

The second view argues that instead of trying to expand global governance structures, we should instead reclaim some of the areas enveloped by globalization so that the State has more control over the actions and prospects of its businesses and citizens. This view does not, however, simply promote national interests, but rather provides a stronger political basis for the revival of multilateralism itself. We may also add yet a third view, which recognizes the increasing influence of regional initiatives in creating institutions and policy frameworks to govern regional economic relationships. Here, countries may benefit from regional public goods and at the same time pursue a governance agenda with regional partners that share a closer vision.

Using this framework, I would like first to show how the retreat of the State, and a fervent belief in the allocative efficiency of markets to price everything from exchange rates and risk to investment and comparative advantages has created uneven global economic growth. Second, I will argue that last year's economic crisis, and for that matter, previous and potential future crises, stem from poor governance and a structural inability in the world economy to correct various systemic imbalances. In doing so, I will highlight what UNCTAD has proposed, not just in the aftermath of what could be called an economic 'mega event' - last year's crisis - but as a forward-looking agenda for "sustainable growth and inclusive development". Allocative efficiency vs. productive capacities: the State's role in supporting growth and employment.

Investment plays a key role because it simultaneously generates income, expands productive capacity and carries strong complementarities with other factors in the growth process, such as technological progress, skills acquisition and institutional deepening. However, the occurrence of innovative investment is not

automatic; it can encounter structural and institutional impediments. Moreover, the macroeconomic environment can be inappropriate for encouraging and supporting investors seeking to create or expand productive capacity and increase productivity.

Thus, the key to the development process is creating the necessary conditions for innovative investment. The most important condition is that firms have access to reliable, adequate and cost-effective sources for financing their investments. Obviously, this is least costly when corporate profits are the main source of investment financing. Indeed, if an investment-profit nexus can be ignited, profits from innovative investments simultaneously increase the incentive for firms to invest and their capacity to finance new investments. Another way of boosting this is for government to maintain high levels of public investment in productive capacities and infrastructure.

On the other hand, when enterprises are heavily dependent on borrowing to meet their needs for fixed investment and working capital, as is the case for new enterprises, the stance of domestic monetary policy is of crucial importance, because high real interest rates tend to increase financing costs and may eventually become prohibitive to new productive investment. An overly restrictive monetary policy may bias investment decisions in favour of financial assets.

The governance of economic policy, and those institutions that guide national governments, should therefore opt for a more pragmatic approach, which promotes innovative investment and prioritizes the creation of productive capacities over allocative efficiency.

Global Imbalances & Exchange Rate Movements

In an interdependent world, however, it is wrong to regard a strong profit-investment nexus as a sufficient condition for sustained economic growth. There must also be markets available to absorb the potential expansion in output that this implies. Building robust domestic markets is of course key to long-term growth and development, but exporting is also an essential feature of any balanced economy - although just how significant it is can vary from country to country. Certainly, successful exporting is contingent on

favourable investment dynamics, a supportive macroeconomic environment, large domestic firms, etc., and hence, a wide range of conditions must come together for firms that are competitive domestically to become successful exporters in the global markets". It is also the case that the international environment must be supportive of efforts to forge a dynamic profit-investment-export nexus in developing countries.

UNCTAD has long advocated a multilateral approach to international finance. The principle that well-defined multilateral rules, with a transparent and fair arbitration process to adjudicate on the infringement of those rules by all players, underpins an open and stable economic system and is orthodoxy in the WTO. Yet the same thinking is somehow regarded as anathema when applied to the financial system. Beggar-thy-neighbour policies on currency depreciation are tantamount to protectionism, and indeed can have a far more distorting effect than tariffs. At worst, they could also incite a cycle of retaliation either through competitive exchange-rate adjustments or through other protective measures.

Since experience has shown that under a regime of open capital accounts neither completely fixed nor fully flexible exchange rates can ensure financial stability, the solution must lie with intermediate regimes of managed floating. Exchange-rate changes are necessary to compensate for the price and cost developments between a high-inflation and a low-inflation country. However, exchange-rate changes, and in particular, real exchange-rate changes that determine the competitiveness of the whole economy, cannot be left to the market. Stabilizing rates within certain limits will require significant foreign exchange market interventions. On the other hand, it has to be acknowledged that attempts by many countries to keep their currencies at an undervalued rate may result in a race to the bottom or in competitive devaluations that would be as harmful for the world economy as in the 1930s. Indeed, avoiding competitive devaluations was a central idea behind the foundation of the IMF. But the existing global economic governance system lacks institutional arrangements that could exercise multilateral discipline on exchange rates.

Most of the financial crises in the post-Bretton Woods era of floating exchange rates have been characterized by nominal interest rate differentials that have triggered

large short-term capital flows. As a rule, the quantity of inflows is big enough to increase the short-term attractiveness of the high-inflation country's currency, resulting in appreciation, which further raises the return on investment.

In what is a clear systemic failure, an appreciation of the currency of the higher-inflation country fundamentally undermines the normal functioning of the "exchange-rate mechanism" in the short term. The high-inflation country's higher prices on the world market are not offset by a nominal depreciation, and the appreciation adds to the loss of competitiveness of that country and worsens the current account situation rapidly.

If exchange rates do not follow the purchasing power rule in the short term and destabilize the external accounts, the introduction of this rule as a political target is the only way out. The presence of the carry trade brings into question the widespread acceptance of floating as the only feasible solution to the problem of the external balance. Brazil's competitiveness, for example, is not helped by inflows of hot money that seek to exploit the high interest differential between Brazil and other countries. Such inflows contribute to appreciating the exchange rate and to any inflationary pressures that exist in the economy. Conversely, the pressure on China to float its currency could actually end up encouraging carry trade and, with a depreciation of the renminbi, a further increase China's competitiveness. Such an outcome would accentuate global imbalances.

In the same way as intended by multilateral trade rules, a well-designed global financial system has to create equal conditions for all parties involved and help to avoid unfair competition. Avoiding competitive depreciations and other monetary distortions that have negative effects on the functioning of the international trading system is more important in today's highly interdependent world than at any other time in history.

Instability in international currency and financial markets is the result of unregulated international financial activities and clearly cannot be remedied by national policies alone. Therefore, apart from strengthening national and international frameworks of financial regulation, it is also imperative to provide for an institutional framework for better international coordination of financial regulation and supervision. Equally important is to reshape international monetary

arrangements that help avoid the build-up of large current-account imbalances and their counterpart, large unbalanced asset positions across countries. Such an agreement would hopefully address the current potential for regulatory arbitrage, which under a system of loosely coordinated national policies, makes a mockery of efforts at financial system reform.

Reform of the global reserve currency and voting rights

One problem that has received renewed attention is dependence on the United States dollar as the main international reserve asset. An international reserve system that uses one or even a small number of national currencies as a reserve asset and as a means of international payments also has the disadvantage of being dependent on monetary policy decisions by the central banks issuing those currencies. However, their decisions are not taken in response to the needs of the international payments system and the world economy, but to national policy needs and preferences. Moreover, an economy whose currency is used as a reserve currency is not under the same obligation as others to make the necessary macroeconomic or exchange-rate adjustments for avoiding continuing current-account deficits. In the current international reserve system, the burden of adjusting imbalances is greater for deficit countries (whose currencies do not serve as reserve currencies) than for surplus countries. Central banks can easily counter pressure for currency appreciation by buying foreign currency against their own currency, but they are less able to withstand pressure for currency depreciation, because their foreign exchange reserves are often limited. Since adjustment would imply a reduction of imports by the deficit country, there is a deflationary bias in the system, which makes it more difficult to achieve and maintain high employment.

Financial Speculation & Oversight

It is regrettable that enthusiasm for a reform of the international monetary and financial system appears to be diminishing now that many observers and policymakers believe the worst of the financial crisis is over. I would argue that rethinking the international reserve system and regulation of speculative capital flows are as urgent as ever, especially as speculation

affects many areas of the global economy. For example, from 2006 to 2008, commodities increasingly became a target for speculative activity. Whilst market fundamentals (growing demand from emerging markets, the rundown of stocks, drought, decline in refining capacity, and so on) initiated price increases in many agricultural and non-agricultural commodities, clearly the link between supply and demand was distorted beyond all recognition by the impact of speculation.

The simultaneous movement of commodities markets with other assets appears to demonstrate the influence of speculation. Major commodity exchanges around the world witnessed record trading volumes: in 2007, agricultural futures and options trading grew by 32%, energy by 28.6% and industrial metals by 29.7%. In addition, according to statistics of the Bank for International Settlements, outstanding amounts of over-the-counter commodity derivatives increased by close to 160% between June 2005 and June 2007. The number of futures and options contracts outstanding on commodity exchanges worldwide rose more than threefold between 2002 and mid-2008. During the same period, the notional value of commodity-related contracts traded over-the-counter increased more than 14-fold, to \$13 trillion. Commodity derivatives exerted a significant influence on spot prices and arguably distorted prices, which had punishing effects for consumers but could also have a negative impact on the future production plans of producers.

In general, the financial sector's lack of transparency and disclosure created a "shadow banking system", with off-balance-sheet assets worth 30% more than those on balance sheets (\$16 trillion: \$12 trillion). Furthermore, and as I do not need to tell an audience of bankers, opaque innovation in financial products such as collateralized debt obligations and special purpose vehicles for off-balance-sheet assets, increased the systemic risk - just the opposite of what they purported to achieve. Taken together with the huge leveraged debt binge in areas from swaps to real estate, the financial markets became completely detached from the real economy and ultimately created a systemic crisis in the banking sector, which spread to the global economy. Needless to say, stronger monitoring, regulation and disclosure are required for limiting excessive speculation, especially in staple food commodities in the light of the 2008 food crisis. We at UNCTAD

support the ongoing discussions in Europe and elsewhere on the restriction of certain instruments, such as credit default swaps after last year's financial crisis, and the role of CDSs in exacerbating the recent sovereign debt crisis in Greece.

Additionally, the time has come to seriously rethink governance reform at the IMF, so that it can focus most properly on what it does best: macroeconomic surveillance and management. If it is to have a strengthened role in reserve currency management, it should remove itself from other areas, such as development finance and poverty reduction, which serve only to clutter and confuse its mandate. The IMF should also strengthen its oversight and surveillance functions so that it is in a better position to warn of crises such as the one we are currently experiencing. In any reform of the international financial institutions, or any institutions governing economic activity for that matter, it is imperative that the composition of committees and supervisory boards reflects a diversity of economic views. One of the criticisms levelled at both the IMF and the Financial Stability Forum (now Board) was that the similarity of intellectual backgrounds of members led to a convergence and even reinforcement of opinion, which failed to foresee the coming crisis. Instead of voices pulling in different directions to test views and policy recommendations, a kind of flocking emerged which proved nearly fatal for the global economy. It should, however, be said that there were several voices that did raise concern about the crisis and how it could be avoided, not least in UNCTAD, which has been analysing global imbalances since as early as 2004.

Conclusion

In the past year, mainstream economic thinking has been turned on its head by events in the real world. As the economist J.K. Galbraith once wrote, "[ideas] yield not to the attack of other ideas, but [...] to the massive onslaught of circumstance[s] with which they cannot contend". Ultimately, reconstructing economic governance may be the outcome of a more pragmatic policy stance against what was the biggest onslaught of economic events since the 1930s.

Economic governance should work primarily to achieve the goals of prosperity, security and stability, which are the prerequisites for sustainable poverty alleviation. This was the original intention of Keynes and the other

architects of the Bretton Woods institutions, who looked to the 1930s and saw unemployment as essentially a waste of resources, and undervalued exchange-rate movements as a weapon for exporting unemployment. For those pioneers, a regulated financial system was essential for an open and stable trading system. As developing countries, from the early 1960s, forced their own concerns on to the international economic agenda, international cooperation was extended to address the problem of weak or insufficient productive capacity through concessional development finance and support for sectoral and industrial policies; macroeconomic targets, such as maintaining low inflation or a balanced budget, were seen as policy tools, a means to serve the goal of rapid economic growth and industrial development - not the goal itself. In recent years, it could be thought that selected macroeconomic targeting has become governments' primary objective, and trust in the efficient factor allocation of the market has replaced government policy: growth and employment will result if the 'prices are right'.

From the perspective of 2010, as growth rates have tumbled and growing unemployment has hit both the North and the South, it should be obvious that these policies have not worked. The crisis was largely the result of a giant market failure: a mega-event in the cyclical pattern of contemporary economic growth. As I mentioned before, even the IMF now acknowledges that some of the policies it prescribed to governments were based on false assumptions.

UNCTAD has been warning for many years about the dangers of uncontrolled global imbalances and their implications for the world economy. These conditions have produced uneven and unstable growth and mixed results for development. To ensure the long-term sustainability and stability of countries' economic development, we need to adopt new measures at the national and international levels: we need a new agenda, which, incidentally, may draw on some old ideas.

For one thing, the new agenda should be based on improved regulation of financial markets, which should be based on a careful evaluation of the social costs and benefits of financial innovation. Financial sophistication with no social returns must be weeded out, and regulatory arbitrage avoided. Incentive

structures in the financial industry must be overhauled to put an end to excessive risk-taking. For another, developing countries must increase their resilience to external shocks by maintaining a competitive exchange rate and limiting currency and maturity mismatches in private and public balance sheets. As I have already explained above, the world also badly needs international coordination.

Regulators based in different countries should share information, aim at setting similar standards, and avoid races to the bottom in financial regulation. Special attention must also be paid to the plight of the poor economies, which means increasing development aid is yet another imperative. UNCTAD research has found that past financial crises were followed by a substantial decline in foreign aid, ranging from 10% to 60%. And if Overseas Development Assistance (ODA) takes as long to recover from today's turmoil as it did previously - say, in three to four years' time, just when world markets are starting to pick up again - the poor countries could be caught short, lacking the resources needed to get back into exporting. Not only should current ODA pledges be kept, but they should be increased, substantially.

As to the international financial system, I believe that we need to rely more on a multilateral approach and the same rules and regulatory discipline that apply to international trade should also apply to international finance. In this respect, a set of multilaterally agreed rules on exchanges rates, and a mechanism to correct long-term misalignment in exchange rates are long overdue. For rising economic welfare to be sustainable, it has to be shared without altering the relative competitive positions of countries.

In the 1920s, when the "market juggernaut" was rolling at full steam, John Maynard Keynes called for a "new wisdom for a new age" with "new policies and new instruments to adapt and control the workings of economic forces, so that they do not intolerably interfere with contemporary ideas as to what is fit and proper in the interests of social stability and social justice". Open-minded, tolerant and pragmatic approaches to the development challenge, consistent with today's increasingly interdependent world, are urgently needed to place economic policy and governance once again at the service of financial stability and economic prosperity for all. ■

Managed Quality Services

Software Process Improvement (CMMI Development)

Services Process Improvement (CMMI-Services)

Information Security Management Services (ISO 27001)



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India Will Continue to be Global Outsourcing Hub for IT Services

- Exim Bank Study

The Indian IT industry, which has emerged as the pride of the national economy in recent years, will continue to contribute a major chunk of the country's foreign exchange earnings, says a study by the Export Import Bank of India (Exim Bank), quoting NASSCOM figures and estimates for the future. The study also says that India is expected to assert its dominating position as the global outsourcing hub for IT-enabled software and services.

The Indian IT industry can be segregated into four main components:

- IT Services
- ITES-BPO
- Software products and engineering services
- Hardware

According to estimates released by NASSCOM, Indian IT-BPO grew by 12 percent in 2008-09 to reach US\$71.6 billion in aggregate revenue. Software and services exports (includes exports of IT services, ITES-BPO, software products and engineering services) reached US\$47 billion, contributing nearly 66 percent to the overall IT industry revenue. IT industry exports (including hardware exports) reached US\$47.3 billion in 2008-09 as against US\$40.9 billion in 2007-08, a growth of 16 percent. Contributing 66 percent to the overall revenue, exports remained the mainstay of the Indian IT-BPO growth story. Software and services exports, accounting for over 99 percent of the total exports directly employed over 1.7 million professionals in 2008-09. IT services contributed 57 percent to total

exports to reach US\$26.9 billion in 2008-09. BPO services exports, up by 17 percent, was the fastest growing segment across software and services exports driven by scale as well as scope. BPO service portfolio was strengthened by vertical specialization and global delivery capabilities. Complementing the strong growth in IT services and BPO exports was the continued growth across software product development and engineering services, which also reflected India's increasing role in global technology IP creation. Export revenues from these relatively high-value-added services such as engineering and R&D, offshore product development and made-in-India software products grew at 15 percent, and clocked US\$7.3 billion in 2008-09.

Domestic IT market (including hardware) reached US\$24.3 billion in 2008-09 as against US\$23.2 billion in 2007-08, a growth of 4.7 percent. Hardware grew at 2.6 percent; software and services spending supported by increasing adoption, grew by almost 4.5 percent. The performance of the Indian IT sector is given in Table: 2.

According to the estimates released by NASSCOM, export revenues for the Indian IT-BPO services industry are expected to record a growth of 5.5 percent, to reach US\$49.7 billion in 2009-10. The growth was led by domestic market buoyed by increased Government spending in IT.

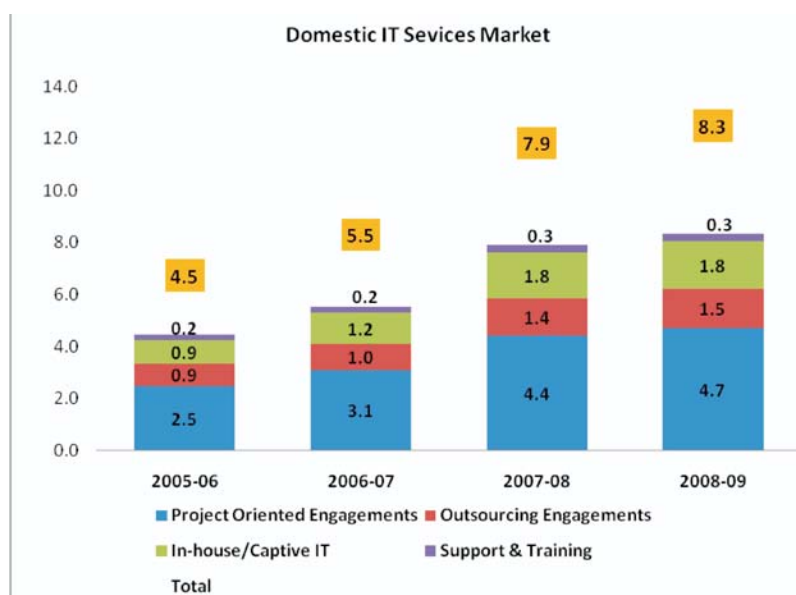
(Table: 1)

Exhibit 3 shows the domestic IT services market. During 2008-09 the domestic revenue from IT services was US\$8.3 billion and the largest contributing segment for

Table: 1

| Key highlights of the IT-BPO Services Industry in 2009-10 | | |
|-----------------------------------------------------------|------------------|-------------------|
| Financial year | Exports (USD bn) | Domestic (INR bn) |
| FY 08-09 | 47.1 | 590 |
| FY 09-10 | 49.7 | 662 |
| FY 10-11 (outlook) | 56-57 | 761-775 |
| Source: NASSCOM | | |

Exhibit: 1



this growth was the project oriented engagements with a share of 57 percent of the total domestic revenue from IT services, followed by In-House/captive IT (22 percent), outsourcing engagements (18 percent) and support and training (3.0 percent) (Exhibit: 1)

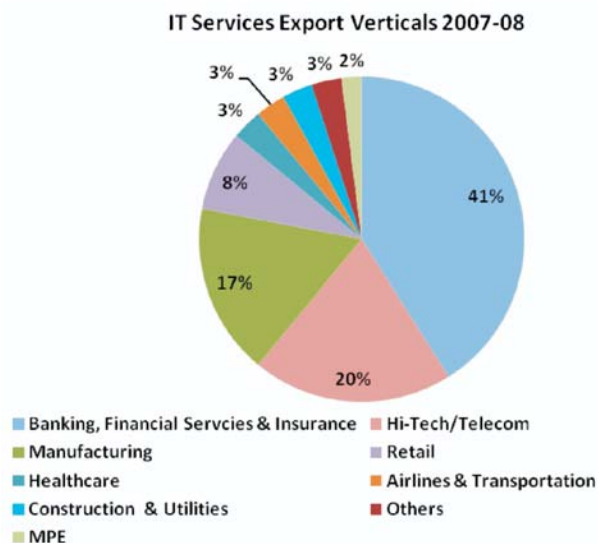
The industry's export vertical market exposure is well diversified across several mature and emerging sectors. Banking, Financial Services and Insurance (BFSI) remained the largest vertical market for Indian IT services exports, followed by hi-tech/Telecom (20 percent), manufacturing (17 percent) and retail (8.0 percent) in 2007-08. Others sectors such as healthcare, airlines & transportation, construction & utilities accounted for

Table: 3

| The Performance of the Indian IT sector | | | | | | | |
|--------------------------------------------|---------|---------|---------|---------|---------|--------------------------------|-----------------|
| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | (US \$ Billion) |
| | | | | | | % Growth in 2008-09 vs 2007-08 | CAGR |
| Exports Revenue | | | | | | | |
| IT Services | 7.3 | 10.0 | 13.3 | 17.9 | 23.1 | 26.9 | 16.5 |
| ITES-BPO | 3.1 | 4.6 | 6.3 | 8.4 | 10.9 | 12.8 | 17.4 |
| Software products and engineering services | 2.5 | 3.1 | 4.0 | 4.9 | 6.4 | 7.3 | 14.1 |
| Total IT-BPO Services | | | | | | | |
| Export revenue | 12.9 | 17.7 | 23.6 | 31.2 | 40.4 | 47.0 | 16.3 |
| Hardware | 0.5 | 0.5 | 0.6 | 0.5 | 0.5 | 0.3 | -40.0 |
| Total IT Exports revenue (A) | 13.4 | 18.2 | 24.2 | 31.7 | 40.9 | 47.3 | 15.6 |
| Domestic Revenue | | | | | | | |
| IT Services | 3.1 | 3.5 | 4.5 | 5.5 | 7.9 | 8.3 | 5.1 |
| ITES-BPO | 0.3 | 0.6 | 0.9 | 1.1 | 1.6 | 1.9 | 18.8 |
| Software products and engineering services | 0.5 | 0.7 | 1.3 | 1.6 | 2.2 | 2.3 | 4.5 |
| Total IT-BPO Services | | | | | | | |
| Domestic revenue | 3.9 | 4.8 | 6.7 | 8.2 | 11.7 | 12.5 | 6.8 |
| Hardware | 4.4 | 5.2 | 6.5 | 8.0 | 11.5 | 11.8 | 2.6 |
| Total Domestic revenue (B) | 8.3 | 10 | 13.2 | 16.2 | 23.2 | 24.3 | 4.7 |
| Total IT Industry (A+B) | 21.7 | 28.2 | 37.4 | 47.9 | 64.1 | 71.6 | 11.7 |

Source: NASSCOM

3.0 percent each in the IT services exports. (Exhibit: 2)



Outlook

According to NASSCOM, direct employment in Indian IT-BPO crossed the 2.2 million mark, an increase of about 226,000 professionals over 2007-08; indirect job creation is estimated at about eight million. IT services (incl. engineering services, R&D, Software products) exports, BPO exports and Domestic IT industry provides direct employment to 947,000, 790,000 and 500,000 professionals respectively.

Broad-based growth across all the segments of IT services, BPO, software products and engineering services, is reinforcing India's leadership as the key sourcing location for a wide range of technology related services with Increasing traction in application management and widening service portfolios.

The performance of the industry in 2009-10 is far stronger than what is reflected through the growth numbers. The industry has reinvented itself by increasing its cost efficiencies, utilization rates, diversification into new verticals and markets and new business and pricing models. In the process, it was also able to turn itself into a business transformation enabler for its clients. As per the findings of NASSCOM, the coming years are going to represent a significant shift in terms of business models, service lines, customers and talent structure. There will be increased focus on higher end offerings such as system integration, consulting, business intelligence, knowledge services and vertical specific BPO services. The industry is expected to generate an increasing share of revenues from the

untapped SMB segment through improved pay per use business models and platform solutions. It is also expected to acquire domain expertise and near shoring capabilities to further advance India's value proposition as a global outsourcing hub.

Another likely challenge that may affect the IT sector is the Eurozone crisis. Eurozone nations like Greece, Spain and Portugal are facing financial crisis because of heavy borrowings by their governments, leading to erosion in investor confidence across the world. There has been widespread belief that the European crisis could affect other parts of the world, especially those countries which have high deficits, mainly on account of international borrowings. According to NASSCOM estimates, USA with a share of 60 percent and UK (19 percent) remained the largest IT-BPO export markets for India, followed by Continental Europe with 13 percent. The industry footprint is steadily expanding to other geographies as well, with the exports to Continental Europe in particular growing at a CAGR of more than 51 percent during FY 2004-2008. So the recent Eurozone crisis, along with the new government in UK deciding to start reviewing all international projects again, might affect the IT industry in the short run as the projects may get delayed due to such a review. The long run perspective, however, remains better as of now, assuming that the Eurozone crisis might not percolate to other regions.

With the Improving economic conditions, signifying return of consumer confidence and renewal of business growth, and the drive in IT spending, the industry is expected to post greater level of growth in the year 2010-11. IT services is expected to grow as companies coming out of recession harness the need for information technology to create competitive advantage. Even though India has a 51 percent market share in the off-shoring market, there is tremendous headroom for growth as current off-shoring market is still a small part of the outsourcing industry.

NASSCOM predicts the outlook for 2010-11 to remain bright with software and services exports revenues expected to grow by 13-15 percent, and domestic revenues to grow by 15-17 percent. The industry is also expected to generate an increasing share of revenues from the untapped SMB segment through improved pay per use business models and platform solutions. It is also expected to acquire domain expertise and near shoring capabilities to further advance India's value proposition as a global outsourcing hub. ■

MoU to Boost Energy Efficiency in Russian Power Sector



The EBRD and Russia's Federal Grid Company, the country's high-voltage transmission operator, has laid the groundwork for a strategic partnership to promote energy efficiency in the Russian power sector.

EBRD President Thomas Mirow and Federal Grid Chief Executive Oleg Budargin signed a Memorandum of Understanding (MoU) recently on the sidelines of the St. Petersburg Economic Forum covering key areas of cooperation -- ranging from new technologies to capital market support -- capable of fostering Russia's transition towards a low-carbon economy.

The Bank, which has directly invested over 1 billion Euros in the Russian power sector in the last nine years and

mobilised additional investments in it of 2 billion Euros during that same period, is, as part of its strategy, ready to consider new investments which will contribute towards making the network more energy efficient.

Cooperation with such a key infrastructure player in the Russian economy as the Federal Grid gives the EBRD an unparalleled opportunity to assist the company in targeting energy efficiency, reducing power losses and increasing the high-voltage system's capacity as well as its stability and reliability, Mirow said at the signing ceremony.

In the MoU the two sides intend to join forces in order to introduce modern network management systems, including "Smart Grid" technologies, as well as improve environmental protection and raise safety standards.

In the context of the EBRD's wider commitment to help develop local capital markets, a goal that the recent crisis has made more urgent in the EBRD region, the Bank also stated its willingness to consider cooperating with the Federal Grid in new forms of financing to support the company's investment programme.

In 2005, the EBRD advanced an eight-year unsecured loan of five billion roubles to Russia's Federal Grid to fund the modernization of its infrastructure aimed at significantly increasing electricity flows from Siberia and the Urals in the East, towards Central Russia and the Caucasus.



Carbon Credit for Russian Energy Efficiency Project

The Multilateral Carbon Credit Fund (MCCF), set up by the EBRD and the European Investment Bank (EIB), has agreed to buy from Air Liquide Severstal carbon credits resulting from an energy efficiency project involving a modern Air Separation Unit in Russia's Vologda region. This will be the MCCF's second transaction in Russia.

Air Liquide Severstal is a joint venture between Air Liquide (75 percent) and Severstal of Russia (25 percent) created to build and operate a modern Air Separation Unit at Severstal's main steel plant in Cherepovets to supply oxygen, nitrogen and argon for Severstal's steelmaking facilities.

The EBRD financed the original project through a 72 million Euro A/B loan -- with 36 million Euros for the account of the EBRD and 36 million Euros syndicated to three B-Lenders, BNP Paribas Fortis, Credit Agricole CIB and Natixis, each of whom contributed 12 million Euros.

Russian government approval has to be obtained and various other conditions fulfilled before the purchase of the carbon credits can be completed.

The Air Separation Unit built and operated by ALS is a state-of-the-art operation applying internal compression via a pumping cycle.

As a result, the facility directly produces high pressure oxygen and high pressure nitrogen. The facility includes two main air compressors and an air compressor booster. It also receives a portion of its compressed air from Severstal.

The carbon credits being bought through the MCCF are to be generated via the Joint Implementation (JI) mechanism under the Kyoto Protocol.

The MCCF, whose participants include the governments of Finland, Belgium (Flanders), Ireland, Luxembourg, Spain and Sweden, as well as five private sector participants, is one of the few such funds dedicated specifically to countries from central Europe to central Asia.

JI is a market-based approach for addressing global climate change aiming to achieve cost-efficient reductions in greenhouse gas emissions through targeted investments in transition economies. A JI project generates carbon credits (known as Emission Reduction Units). These can be traded internationally or used to meet a buyer's compliance obligations.

This transaction was negotiated by GreenStream Network Plc., which acts as a carbon manager for the MCCF. ■



Russian Loans Oversubscribed, Market Recovery Begins

In a substantially oversubscribed transaction, the EBRD has raised \$250 million for Russia's Promsvyazbank under an A/B Loan structure -- with the participation of 11 international commercial banks demonstrating a recovery in the market for Russian syndicated loans, which shrank dramatically at the height of the recent turmoil.

The EBRD has always remained active in raising Russian syndicated loans, irrespective of prevailing conditions, and is proud to have arranged this deal which met with very strong market support for a long-standing client of the Bank, said Lorenz Jorgensen, the EBRD's Director of Loan Syndications.

The EBRD is the lender of record for the full \$250 million of the new loan and used its own funds to raise the \$100 million A portion, which will have a three-year maturity. The maturity of the \$150 million B loan syndicated to commercial banks will be one year.

The B loan carries a margin of 2.75 percent a year over 3-month LIBOR. The B loan's Mandated Lead Arrangers, in what is a club deal, include Commerzbank AG, Credit Suisse AG, HSBC Bank plc, ING Bank N.V., Oversea-Chinese Banking Corporation Limited, The Royal Bank of Scotland, Raiffeisen Zentralbank Österreich AG, Standard Chartered Bank, UniCredit Bank Austria, VTB Bank (Deutschland) AG and WestLB AG.

This benchmark transaction, one of the first syndications for a private Russian bank since the crisis began in the autumn of 2008, will contribute to the re-opening of the international debt market for Russian banks by strengthening investor confidence in reputable borrowers, Mr. Jorgensen added.

In 2009, the EBRD raised 468 million Euros (\$585 million at current exchange rates) in syndicated loans for 15 Russian projects, putting the Bank at the top of



the league for syndications involving Russian borrowers, but the market in Russian syndicated loans itself last year fell 70 percent from the levels of 2008.

This loan, signed in London recently, effectively revisits the success of the first syndicated loan arranged by the EBRD for Promsvyazbank in 2007, which raised \$300 million, including a \$215 million B portion syndicated to 33 commercial banks.

It complements an equity investment in Promsvyazbank, announced in November 2009 and completed last February, under which the EBRD acquired an 11.75 percent stake for 4.6 billion roubles (\$148 million at current exchange rates).

The stable funding provided by this new facility will, among other benefits, allow Promsvyazbank to expand its lending to the real sector at a critical time for Russia's economy which is again showing encouraging signs of growth and increased demand.

Promsvyazbank is Russia's second largest locally-owned private lender. ■

Crisis Response Fund to Boost Secondary Market Liquidity

The EBRD will commit up to \$50 million to a new private equity fund-of-funds which will mainly focus on investing in existing equity funds covering Russia, other Commonwealth of Independent States (CIS) countries and Turkey where investors have been affected by the financial crisis.

The new fund in which the EBRD will participate as a cornerstone investor, Alpha Russia & CIS Secondary L.P., aims to raise up to \$300 million. The fund will be managed by Alpha Associates Group, an independent private equity manager based in Switzerland.

The fund will mainly target the secondary market in private equity funds. However its strategy will also include primary commitments to new private equity funds, as well as direct co-investments in selected companies alongside reputable and experienced lead-investors.

By replacing investors affected by the recent financial turmoil, the fund will play a crucial role in supporting the real economy in these countries through the provision of much needed equity capital to the private sector, thus dovetailing with the EBRD's crisis response strategy for the region.



President, Varel Freeman.

"The post-crisis environment presents excellent



opportunities to buy solid private equity assets in the region from investors restructuring their portfolios. The opportunity today resembles that after the 1998 crisis when attractive returns were generated by Russian private equity, the difference being that this time the Russian economy is incomparably stronger," said Petr Rojicek of Alpha Associates.

The EBRD has a long standing relationship with Alpha Associates having participated as a cornerstone investor in Alpha CEE II L.P.

The EBRD manages the largest private equity fund investment programme dedicated to the region. Excluding property funds, the Bank has to date committed EUR 2.7 billion (\$3.6 billion) to 125 funds. These have raised capital totalling EUR 13.6 billion (\$18 billion). ■

New PPP Project Terminal at St. Petersburg's Airport

The EBRD has recently committed to lend €100 million to finance the building of a new terminal at St. Petersburg's Pulkovo airport as part of a €716 million long-term debt package being put together by five International Financial Institutions and Russia's Bank for Development and Foreign Economic Affairs Vnesheconombank (VEB) to fund this landmark Public-Private-Partnership project.

The package will include some €190 million of commercial bank debt which the EBRD and IFC, a member of the World Bank group, are in the process of raising under an A/B loan structure through a forthcoming joint syndication to a group of international banks. The EBRD's €100 million A loan carries a 15-year maturity.

Key to IFI interest in this concession finance project is its demonstration effect as the first PPP for the airport sector in Russia structured in accordance with international standards. It is also the first involving an experienced international partner, Germany's Fraport AG. The group operates Frankfurt airport and can thus contribute unique know-how.

The success of this transaction, especially in current market conditions, shows that well-structured PPPs can be a viable form of infrastructure financing. This is of critical importance in Russia where the authorities admit that a vast amount of infrastructure inherited from the Soviet period is in need of urgent modernisation.

This project will bring to well over €800 million the amount invested by the EBRD so far in St. Petersburg, over 50 percent of which has been earmarked for essential infrastructure projects such as this airport renewal project which we hope will serve as a model that can be adopted in other parts of Russia, EBRD First Vice President Varel Freeman said at the signing.

The borrower is Northern Capital Gateway (NCG), a consortium which includes VTB Group, Fraport AG and Horizon Air Investment SA, part of Greece's Copelouzos



Group, and which last year won a 30-year concession from the city of St. Petersburg to rebuild, finance and operate Pulkovo airport. The consortium's financial advisor is VTB Capital.

Pulkovo's existing facilities have reached their capacity limit and do not allow for further traffic growth. This is acting as a major constraint on the development of St. Petersburg, the most visited city in Russia, as the local economy needs to attract even more tourists.

Once completed, the project aims to double traffic numbers at Pulkovo. The airport, already Russia's fourth largest in terms of traffic, handled nearly seven million passengers in 2009.

Under the first phase of the project, a new terminal serving both domestic and international passengers is due to be finished in 2013.

IFC is for its own account directly lending €70 million for the project. The other IFI lenders involved are the Eurasian Development Bank (EDB) (USD90 million), the Nordic Investment Bank (NIB) (€50 million) and the Black Sea Trade and Development Bank (BSTDB) (€15 million).

Separately, Russia's state-owned Vnesheconombank (VEB) agreed to lend 10 billion roubles (approx. €250 million). ■

Finnish Technopolis Group to Build S&T Park in Russia

The EBRD has raised 31.6 million Euros in medium-term funding for one of the biggest operators of science and technology parks in Europe, Finland's Technopolis Group, to help complete its first such project in Russia, a 63.2 million Euro development springing up close to St.

Petersburg's Pulkovo airport.



The new facility, to be known as Technopolis Pulkovo, will introduce to the Russian market an entirely new concept of

creating, operating and growing a commercially-funded science and technology park to support the growth of knowledge-intensive companies.

Located in a city known for high-standard universities and fast-growing IT sector, the St. Petersburg facility will focus on a variety of technology and knowledge-intensive sectors with world class potential. These include software development for internet and mobile telephone content, communications, value-added software, financial services, security applications, systems integration and electronics.

The Technopolis concept encourages technology transfers and networking by placing promising start-ups under the same roof as established firms, and matchmaking them with each other, as well as key local, national and international partners, financiers and potential customers. Targeted tenants include subsidiaries of leading international companies as well as local market leaders.

This physical proximity combined with the ability to arrange virtual global matchmaking solutions allows large technology companies, for instance, to outsource activities to small business tenants in their immediate orbit, giving start-up's access to badly-needed

investment capital.

Key to the commercial viability of this formula is the stress on flexibility, with respect to leases, space and services, thus allowing the facility to expand and contract to match the requirements of its tenants in varying economic conditions.

The Bank is the lender of record for the full 31.6 million Euros under an A/B loan structure. The EBRD is using its own funds to provide a 21.6 million A loan while the B portion of 10 million Euros has been syndicated to two Finnish commercial banks, Nordea Bank Finland Plc (7.7 million Euros) and Pohjola Bank Plc (2.3 million Euros).



The maturity of all these loans is five years. The borrower is OOO Technopolis St. Petersburg, which is wholly-owned by the Finnish-registered Technopolis Plc. Founded in 1982, Technopolis plays host to the largest technology chain in Europe -- with over 1200 companies based in its various facilities across the continent. ■

Russian Bank Gets Funding to Help Small Businesses

The EBRD is lending Rosbank, a leading Russian private bank controlled by France's Société Générale group, 5.25 billion roubles (equivalent to 135 million Euros at current exchange rates) in total in two separate loans to make more credit available to the country's small businesses, as well as to fund the energy efficiency projects of its clients. Rosbank has Russia's third largest regional branch network.

Providing small business funding and encouraging a rational use of energy are both long-standing EBRD goals, particularly in Russia, whose energy intensity is about three times that of India, Japan or the United Kingdom and where the financial crisis made it generally much harder for many small businesses to access credit.

The loan to Rosbank consists of two tranches. A five-year senior loan of 4.4 billion roubles (equivalent to 113 million Euros at current exchange rates) is earmarked for medium-term local currency credits to privately-owned small businesses, as part of the EBRD's anti-crisis response in order to finance investments and working capital.

In addition, a five-year energy efficiency loan of 875 million roubles (equivalent to 22 million Euros at current exchange rates) will be used to help Rosbank's industrial clients invest in energy-conservation projects which will make their businesses more efficient and competitive.

Because of its broad client base and one of the largest branch networks in the country, Rosbank has the advantage of offering direct access to the real sector of the economy throughout the regions of Russia and, particularly, the small business sector which the bulk of this loan is targeted at, thus ensuring an efficient use of these funds, said George Orlov, Director of the EBRD's Financial Institutions business in Russia.

In the summer of 2009, the EBRD launched a



programme known as the Russian Sustainable Energy and Carbon Finance Facility which made 300 million USD available to Russian banks willing to promote energy efficiency loans to clients. The energy efficiency loan to Rosbank is being made under this

framework.

Participating banks and sub-borrowers can benefit from free-of-charge assistance to identify profitable energy-saving measures and quantify the associated benefits, including any reductions in greenhouse gas emissions which may qualify for carbon credits under the Kyoto Protocol's Joint Implementation Mechanism.

Since the EBRD launched its Sustainable Energy Initiative (SEI) throughout its countries of operation in 2006, the Bank has, in Russia alone, funded energy efficiency-related investments totalling 1.2 billion Euros.

The EBRD also signed an agreement under which it is lending Credit Bank of Moscow (CBM) \$20 million to finance small businesses, one of the sectors of the Russian economy worst hit by the credit crunch. The five-year loan will provide the necessary funding to meet a revival in demand for loans from this business segment. The loan will be disbursed in two equal tranches.

CBM, a Moscow-based universal bank active in Moscow and the Moscow region which targets mainly mid-sized corporate and private clients, ranks as the country's 41st largest bank, as measured by assets. CBM is currently rated 'B1' by Moody's and 'B' by Fitch.

An EBRD client for the last five years, CBM is one of the few Russian banks to have continued lending to small and mid-sized business borrowers through the crisis year of 2009, as confirmed by its asset growth during that difficult period. This new SME lending facility is the third in a row granted by the EBRD and the fifth granted by international financial institutions. ■

EBRD Directors Visiting Russia for Review of Operations

A delegation of the Board of Directors of the EBRD has started a nine-day mission to Russia during which they will visit two key Russian regions and Moscow, hold talks with the government and regional authorities and meet business leaders as well as representatives of civil society.

The mission, part of a regular series of EBRD Board consultations, will start in the Siberian city of Krasnoyarsk where the Board Directors will attend the opening of the Bank's sixth regional office in Russia before heading to Moscow. Part of the group will then travel to Perm, an industrial centre at the foot of the Ural mountains.

The programme includes a series of visits to project sites involving both existing and potential EBRD clients aimed at giving the mission first-hand information about developments in what is the Bank's largest country of operation, accounting for a third of all its investments.

The EBRD Board Directors will also hold meetings, both in Krasnoyarsk and Moscow, with various Non-Governmental Organisations (NGOs) in order to hear the opinions of bodies representing civil society about the main issues which concern them. The visit will end on July 5, 2010. ■

Stake in Russian Truck Firm Hiked Under Strategic Plan

The EBRD has completed the acquisition of a four percent equity stake in Russia's largest truck-maker, Kamaz, as part a long-term strategic plan agreed with the company's main shareholders and management to restructure one of the most complex industrial legacies of the Soviet era.

The EBRD's investment, made in close coordination with Daimler AG, brings the combined stake held by the two partners at this stage to 15 percent. The EBRD stake was bought from Troika Dialog, a leading Russian

investment bank.

Kamaz has been an EBRD client since 1995 when the Bank advanced an emergency loan of \$100 million to the truck-maker after a fire destroyed its engine plant.

This is an historic chance to show the investment community how one of the industrial giants Russia inherited from Soviet times can partner with a strategic investor to modernize its products, save energy and promote environmental sustainability, Alain Pilloux, the EBRD's Managing Director for Industry, Commerce and Agribusiness, said.

This is precisely why the EBRD is today joining forces with Daimler, Russian Technologies, Troika Dialog and Kamaz, Pilloux added.

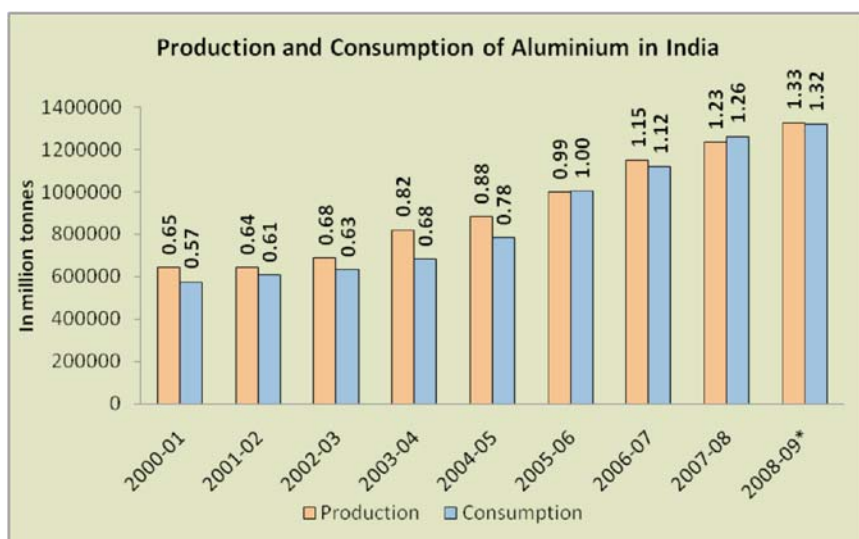
To fix their common goals, the EBRD and its new partners are signing a detailed shareholder agreement mapping out Kamaz's development strategy. ■



Aluminium Industry Must Develop New Products to Compete Globally

- Exim Bank Study

The aluminium industry is of the leading segment of the Indian economy and is expected to play a significant role in its future growth, according to a study conducted by the Export Import Bank of India (Exim Bank). India is ranked sixth in the world having largest proven and probable bauxite reserves (over 140 million metric tonnes). Production and consumption of aluminium had grown over the years in India. Aluminium production in 2008-09 was 1.33 million tonnes, and aluminium consumption in the same year was estimated to be 1.32 million tonnes. In order to take advantage of its position as a large producer, the aluminium industry must continue to develop new products and processes to combat the threat from other competitive materials and maintain aluminium's sustainable credentials, the Exim Bank study says.



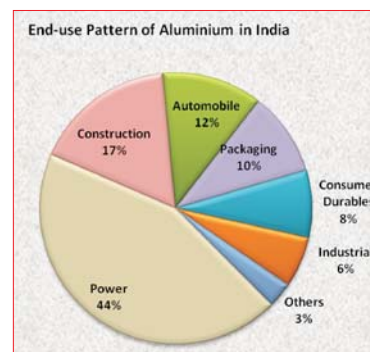
Note: * Estimated, Source: Crisil Research

During 2005-06, 2006-07 and 2008-09, the domestic aluminium industry witnessed deficit in production, as compared to the demand. During the period 2000-01 to 2008-09, aluminium production in India witnessed a CAGR of 9.4 percent, while consumption witnessed a CAGR of 11.2 percent.

Consumption

Aluminum is the most widely used non ferrous metal, and its usage is increasing mainly because of its inherent characteristics such as light weight, strength, moderate melting point, ductility, conductivity, corrosion resistance, and ability to be recycled without loss in quality. The pattern of end-usage of aluminium in India significantly differs from that of the world; power sector holds large share of aluminium usage in India with 44 percent share, followed by construction (17 percent), automotive (12 percent), packaging (10 percent), consumer durables (8 percent), industrial (6 percent), and others (3 percent).

percent), and consumer durables (8.0 percent). The share of usage of aluminium in industrial applications, especially in manufacture of machinery / capital goods is estimated to be 6.0 percent in India.



Source: Crisil Research

Exports

During 2007-08, exports of aluminium had grown by 30 percent from US\$114.01 million in 2006-07 to US\$142.71 million in 2007-08. However, during 2008-09, exports fell by 47.3 percent from US\$142.71 million to US\$ 75.17 million, the main reason being the slowdown in

demand associated with the global economic crisis. During April-January 2009-10, the exports showed a negative growth of -4.1 percent compared to corresponding period in the previous year. Imports of aluminium too had declined by -21.1 percent during 2008-09 and the total import during this period was US\$ 99.58 million.

production in 2010. The Asia region would dominate the global aluminium industry, both in terms of capacity addition (mainly in Gulf region) as well as consumption (driven by China and India). According to an estimate by the Middle East Economic Digest, of the 6.5 million tonnes of potential aluminium capacity planned beyond 2010, as much as 4.4 million tonnes will be built in the

| India's Exports and Imports of Aluminium (US \$ Million) | | | | | | | | |
|-------------------------------------------------------------|---------|---------|---------|----------------------|----------------------|-----------------------------------|-----------------------------------|---------------------------------------------------------|
| Trade | 2006-07 | 2007-08 | 2008-09 | April-Jan 2008-09 | April-Jan 2009-10 | % change 2007-08 vs 2006-07 | % change 2008-09 vs 2007-08 | % change Apr-Jan 2009-10 vs Apr-Jan 2008-09 |
| Exports | 114.01 | 142.71 | 75.17 | 427.62 | 410.30 | 25.2 | -47.3 | -4.05 |
| Imports | 97.6 | 126.17 | 99.58 | - | - | 29.3 | -21.1 | - |
| Source: DGCIS | | | | | | | | |

The major item of export from India under aluminium category was unwrought aluminium, with a share of 37.3 percent in total aluminium exports, followed by stranded wire, cables, plaited bands, and such products of aluminium, not electrically insulated (18.6 percent); and aluminium plates, sheets and strip (13.7 percent). Major items of import under the aluminium category were unwrought aluminium (37.9 percent), aluminium waste and scrap (27.2 percent), and aluminium plates, sheets and strip (9.9 percent)

The major export destination for aluminium during 2008-09 was Singapore with a share of 27 percent in total aluminium exports, followed by Malaysia (9.0 percent), USA (6.0 percent), UAE (5.0 percent), and Nigeria (5.0 percent). Major import sources (of aluminium) for India during this period were China (17 percent), UAE (10 percent), South Africa (8.0 percent), Thailand (7.0 percent), and Germany (6.0 percent).

Outlook

The world aluminium production is estimated to have declined by around 14 percent in 2009. As most of the end-use sectors for aluminium are recovering, world aluminum production is estimated to grow by 3.0 percent in 2010. A number of smelters that have previously reduced their output or partially shut down their operations are expected to restart or increase

GCC. In the longer term, MEED estimates that by 2020 the GCC alone is expected to produce around 10 million tonnes/year of aluminium, accounting for 20 percent of global market share. Globally, newer packaging applications and increased usage in automobiles is expected to keep the demand growth for aluminium in the long-term.

With key consuming industries forming part of the domestic core sector, the aluminium industry is sensitive to fluctuations in performance of the economy. Power, infrastructure and transportation account for almost three-fourth of domestic aluminium consumption. Hence, the demand is expected to revive and help in the growth of the industry.

The aluminium industry must continue to develop new products and processes to combat the threat from other competitive materials and maintain aluminium's sustainable credentials. R&D in the aluminium industry is thus very essential for India. Also India should concentrate more on recycling aluminium for sustainable development as recycling would help in saving both energy and resources. In the long term, the aluminium industry is expected to bring about sustainable growth contributing to the economic development of the country. ■

Uzbek Economy on Growth Path, Trade with India Doubles

After witnessing output collapse during the global financial crisis, with a negative growth rate of an estimated 6.6 percent in 2009, the Commonwealth of Independent States (CIS) region has started recovering from the recession aided by, among others, higher commodity prices, normalization of global trade and capital flows and turnaround in real activity in Russia, according to a study by the Export-Import Bank of India (Exim Bank).

As far as the bilateral trade between India and Uzbekistan, during the five-year period of 2004-05 to 2008-09, India's total trade with Uzbekistan more than doubled from US\$ 52.8 million to US\$ 117.2 million, boosted by a steady increase in exports and robust rise in imports, especially during 2008-09.

Though the Uzbekistan's economy has been relatively insulated from adverse developments on global financial markets, with a strong real GDP growth of an estimated 8.1 percent in 2009, such developments have overall positive impact on its economy as it relies heavily on export revenue from commodities, and on remittance inflows from Russia and Kazakhstan.

Uzbekistan's Growth in 2009 was mainly aided by expansion of industrial output at around 9.0 percent in the same year. The country's economy is mostly dominated by the services sector, which accounted for 47.9 percent of the nation's GDP in 2008, followed by industry, with 30.7 percent of GDP and agriculture, with a share of 21.4 percent of GDP.

Trends in Exchange Rates

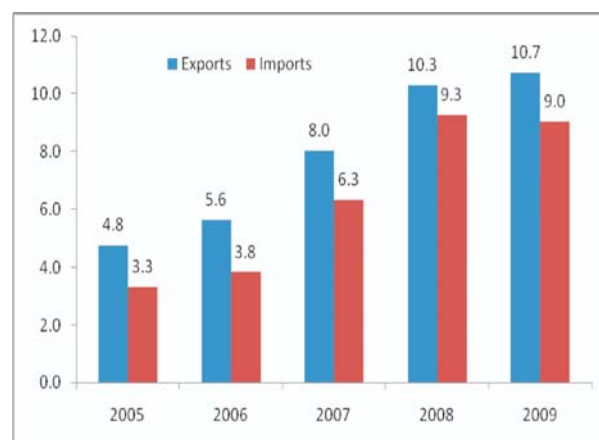
A global weakening of emerging-market currencies against the US dollar since October 2008, owing to greater risk aversion, resulted in an acceleration of the trend of som depreciation. The Uzbekistan's currency was also affected by contagion from the steep falls in the Russian rouble and the Kazakh tenge. From late

2008 onwards, the som began to depreciate rapidly, and fell by an average of 1.1 percent per month in the first half of 2009. As the global economy began to emerge from recession, and as investor sentiment towards emerging-market currencies grew less risk averse, the som's fall began to slow, returning to its usual rate of depreciation of about 0.3 percent per month in the final quarter of 2009. By end-2009, currency will remain because of subdued inflows of remittances. Overall, the average exchange rate has depreciated to an estimated som 1,467: US\$ 1 in 2009 from som 1,320: US\$ 1 in the previous year.

External Sector

Exports of Uzbekistan more than doubled during the period 2005-09, to stand at US\$10.7 billion in 2009 from US\$4.8 billion in 2005, while imports increased to US\$ 9.0 billion from US\$ 3.3 billion in the previous year. Accordingly, trade surplus of Uzbekistan increased to US\$1.7 billion in 2009 from US\$1.5 billion in 2005 (Chart 1).

Chart 1: Trends in Exports and Imports of Uzbekistan (US\$ bn)



Source: EIU; Exim Bank analysis.

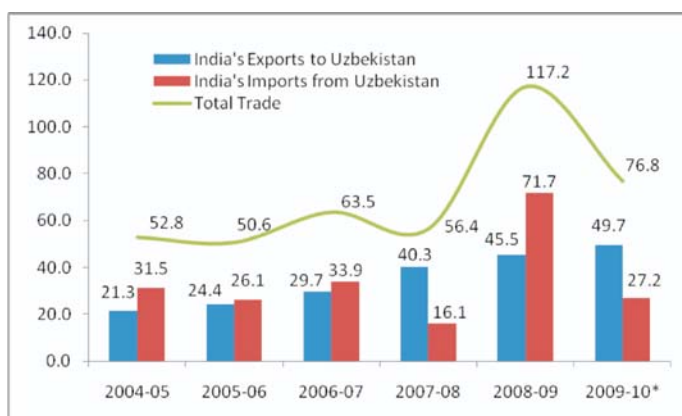
Petroleum gases are the major source of Uzbekistan's export earnings in 2008, with a share of 32.1 percent. Other export items included cars, cotton, radioactive chemical elements & their compounds, copper, and gold. Uzbekistan's principal imports in 2008 included parts of motor vehicles, with a share of 7.1 percent of total imports, followed by tubes & pipe of iron & steel, crude petroleum oils, wheat and wood products.

Ukraine accounted for over 27 percent of Uzbekistan's exports in 2008. Other major destinations of Uzbekistan's exports during the same year included Russia, Turkey, Kazakhstan and Bangladesh. As regards imports, Russia is the major source of Uzbekistan's imports, accounting for one-fourth of Uzbekistan's imports in 2008, followed by China, South Korea, Ukraine and Germany.

India-Uzbekistan Bilateral Trade Relations

During the five year period of 2004-05 to 2008-09, India's total trade with Uzbekistan more than doubled from US\$ 52.8 million in 2004-05 to US\$ 117.2 million in 2008-09, boosted by a steady increase in exports and robust rise in imports, especially during 2008-09. India's exports to Uzbekistan have increased significantly from US\$21.3 million in 2004-05 to US\$45.5 million in 2008-09, mainly reflecting increase in exports of machinery and instruments, manufacture of metals, pharmaceutical products, iron & steel bar and engineering items. India's imports from Uzbekistan also more than doubled to US\$71.7 million in 2008-09 from US\$31.5 million in 2004-05, primarily owing to increase in imports of raw cotton, and leather. India's trade deficit with Uzbekistan, which stood at US\$ 10.2 million in 2004-05, turned into a surplus of US\$24.2 million in 2007-08, before turning into a deficit of US\$ 26.2 million in 2008-09. During 2009-10 (April-February, India's exports to Uzbekistan stood at US\$ 49.7 million, which is much higher than the previous year's annual figure, while India's imports from Uzbekistan fell to US\$ 27.2 million (Chart 2).

Chart 2: India's Trade with Uzbekistan (US\$ mn)

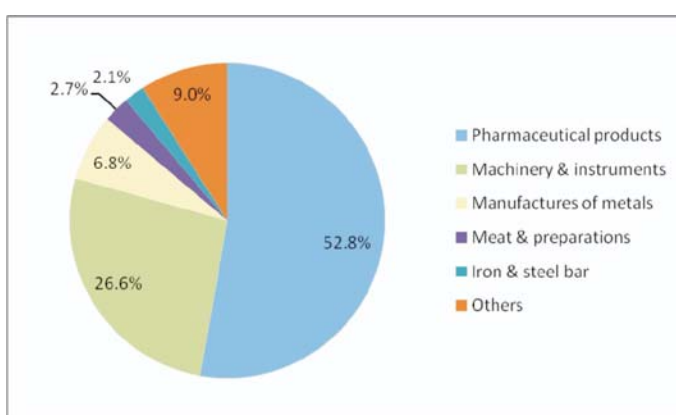


* April-February 2009-10.

Source: Ministry of Commerce & Industry (MOCI), Government of India (GOI); Exim Bank analysis.

In terms of export composition, pharmaceutical products are India's largest export items to Uzbekistan, accounting for more than 50 percent of India's total exports to Uzbekistan in 2008-09, followed by machinery & instruments, manufactures of metals, meat & preparations, iron & steel bar/rods and residual engineering items (Chart 3).

Chart 3: India's Major exports to Uzbekistan in 2008-09 (%)



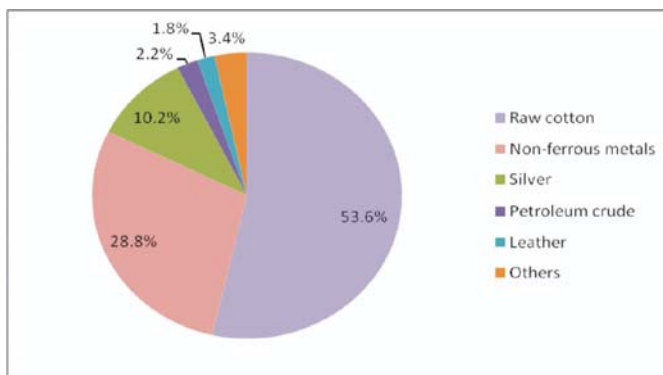
Source: MOCI, GOI; Exim Bank analysis.

As regards imports, during 2008-09, raw cotton accounted for more than half of India's total imports from Uzbekistan. Other major items imported by India from Uzbekistan during the same year included non-ferrous metals, silver, petroleum crude, leather and sulphur & unroasted iron pyrites (Chart 4).

Export-Import Bank of India in Uzbekistan

Export-Import Bank of India (Exim Bank) operates a range of lending, services and support programmes to facilitate and promote India's trade and investment relations with the Commonwealth of Independent States (CIS) region. All these activities supplement the "Focus CIS" programme of the Government of India. Exim Bank has in place several Lines of Credit (LOCs) extended to a number of institutions/agencies in the CIS region. In the CIS region, there are seven operative LOCs amounting to US\$165 million covering four countries viz., Russia, Kazakhstan, Uzbekistan and Belarus. Further, Exim Bank has supported several Indian project exporters to execute contracts in various sectors in the CIS region, including pharmaceuticals and healthcare in Uzbekistan. Exim Bank has also signed Memoranda of Cooperation (MOCs) with a number of institutions in the CIS region, including Uzbekinvest National Export-Import Insurance Company, Uzbekistan.

Chart 4: India's Major Imports from Uzbekistan in 2008-09 (%)



Source: MOCI, GOI; Exim Bank analysis.

Outlook

Benefiting from high commodity prices, energy exporter Uzbekistan is expected to remain among the top performers in the CIS region in 2010, growing at 8.5 percent, owing to rebound in export sectors. Inflation is expected to rise from an annual average of 7.8 percent in 2009 to an estimated 8.5 percent in 2010, owing to higher global commodity prices and robust money supply growth, as the government increases wages and benefits. Further, pick-up in export revenue is expected to help in expansion of trade surplus from its level in 2009. However, this could be partly offset by higher import costs, owing to higher global commodity prices, as well as by rising demand both for consumer goods and for imported inputs into state-funded infrastructure development. The current-account surplus is expected to rise slowly in US dollar terms as exports begin to pick up. ■

Exim Bank's Bond Issue Over-Subscribed

Export-Import Bank of India, India's premier export finance institution, launched successfully its third Reg S bond offering on 14 April, 2010. The issue was completed within eight hours of launch and attracted subscription of around four times the issue size.

The 5-year \$200 million Eurodollar bond issue was priced at 179 basis points over USD LIBOR, cutting through the current secondary trading levels of similar bonds and achieving a pricing tighter than the Bank's own US\$ 300 mn Reg S bond issue in January 2010. The issue attracted more than US\$ 750 mn for issue

size of US\$ 200 mn. The allocation was made to 84 investors across the globe. Citigroup and Deutsche Bank acted as Joint Lead Managers and book runners for the offering. Exim Bank has been rated as 'BBB-' by Standard and Poor's and 'Baa3' by Moody's, same as the rating of Government of India.

The offer received strong institutional response across various investors such as asset management companies, banks and pension funds/ insurance companies. ■

Turkmenistan's New Strategy Aims for More Reforms

The EBRD Board of Directors has approved unanimously a new strategy for Turkmenistan that underlines the Bank's readiness to enhance its engagement in the country under a carefully balanced strategic approach linked to tangible progress in the process of economic and political reform.

While recognizing some advances made in Turkmenistan, the EBRD's new country strategy emphasizes that further improvements in the economic, political and social spheres are essential. The EBRD encourages implementation of reforms in Turkmenistan that will enable the Bank to support the country's transition towards an open market-oriented economy.

The EBRD's core priority in Turkmenistan is to foster the growth of the private sector in the country, which remains at an early stage of development. The Bank will support private entrepreneurial initiatives, with specific focus on micro, small and medium-sized businesses, by enhancing their access to commercially-based finance and direct funding.

To boost the availability of financing to private companies in Turkmenistan, the EBRD will support the development of the financial sector in line with the principles of the market economy. The EBRD will seek to facilitate the creation of a private sector bank operating based on sound commercial basis.

Throughout its activities the EBRD will engage in close policy dialogue with Turkmen authorities with the view to improving the business environment and the institutional climate. The Bank will specifically seek to



cooperate in optimizing the legal and regulatory framework in Turkmenistan with the aim of alleviating entry barriers for new private businesses, reducing state intervention in the economy, initiating commercialization and privatization of state-owned industries and encouraging trade liberalization.

In close cooperation with relevant international financial institutions, a special focus will be dedicated to improving the transparency in the budgetary process and public sector finance in general, including in relation to governing principles of the country's stabilization fund and foreign exchange reserve fund. This would underpin the possibilities for the EBRD to selectively expand its support across other sectors of the Turkmenistan economy.

The Bank is prepared to support selective transport infrastructure projects of regional importance in cooperation with other international financial institutions and the donor community, and to engage alongside private sector investors in natural resources projects that would promote sustainable development principles and international best practices in the sector.

The EBRD will annually monitor the progress in implementation of economic and political reforms in Turkmenistan, including by maintaining a close contact with civil society organizations, and will adjust its operations accordingly.

Since the beginning of its operations in Turkmenistan the EBRD has invested close to €110 million in the country's corporate, energy, infrastructure and financial sectors, mobilizing additional investments worth close to €390 million. ■



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Ukraine Grain Storage, Shipment Project Gets \$50mln

The European Bank for Reconstruction and Development (EBRD) is lending \$50 million to Nibulon Ltd., a leading grain exporter and producer registered in Ukraine. The transaction will play an important role in the development of the adequate and functional storage and shipment infrastructure along the Dnieper River, which is currently not used for active cargo transportation.

Using the proceeds of the loan Nibulon plans to construct five in-land and river silos with a total storage capacity of around 300,000 tonnes of grain as well as river terminals in Poltava and Zaporizhzhia regions of central Ukraine. The Bank's financing will also help Nibulon build its own fleet of twelve self-propelled river-sea barges, six tugboats and a ship crane.



Upon its successful completion, the project is expected to lead to higher efficiency of grain transportation as well as to provide a cheaper alternative option to truck and railway logistics.

Gilles Mettetal, EBRD Director for Agribusiness, said: "As a result of this project Nibulon will increase grain collection volumes and improve access to reliable grain storage for farmers in the area". It will lead to improvements in farming efficiency thus demonstrating the best technologies to the farmers and will ensure better prices as a result of providing adequate drying, quality grading and storage, he said.

In the agribusiness sector alone, the EBRD has directly committed more than €5.5 billion in over 380 projects across central and eastern Europe and the Commonwealth of Independent States since 1991.

The European Bank for Reconstruction and Development is the largest financial investor in Ukraine. As of 1 May 2010, it had committed over €5.0 billion through 197 projects. ■

\$20mln for Agri-Business Sector to Raise Productivity

The EBRD is providing a \$20 million loan to the agricultural sector in Ukraine to help boost farming productivity and bring back unused arable land into production. Primary agriculture is a potentially key sector in the Ukrainian economy but as in many countries in eastern Europe it has suffered from under-investment.

The project is part of the Bank's work towards reducing the cost of food by helping boost agricultural output

and restoring production on unused land in the region.

The Bank is providing the facility to UkrFarm Funding Limited, and the proceeds will be on-lent to some 60 agricultural companies located across the country. UkrFarm is fully owned by the Ukrainian Agrarian Farms Ltd. (UAFL) - a registered holding in which Renaissance Group holds the majority stake.

The facility will provide funds for both pre- and post harvest financing and will be accompanied by

Financing Raised for Ukrainian Exporters, Importers

The EBRD is stepping up its support to Ukrainian exporters and importers by increasing financing available under its Trade Facilitation Programme (TFP) to Ukraine's UkrEximBank by \$50 million to \$120 million. The extra funding will stimulate the development of domestic trading companies at a time when commercial lending is limited.

The EBRD's Trade Facilitation Programme promotes foreign trade to, from and within the EBRD countries of operations, including Ukraine. Through the Programme, the Bank provides guarantees to international confirming banks, taking the political and commercial payment risk of international trade transactions undertaken by banks in the countries of operations.

UkrEximBank joined the TFP in May 2007 and has become one of the most active banks in trade finance in



Ukraine. The two institutions have since cooperated in 53 TFP transactions for a total volume of USD 129 million. In 2010 alone the EBRD and UkrEximBank have covered 9 transactions for a total value of USD 49.7 million. One of the transactions, where the Bank

issued two guarantees for a total value of USD 43.6 million to support export of the construction services from Ukraine to Turkmenistan, was the single largest deal in the TFP's history.

According to the Trade Facilitation Programme 2009 annual results, Ukraine ranked third (after Russia and Georgia) among all EBRD

countries of operation with ninety five TFP transactions.

The EBRD is the largest financial investor in Ukraine. As of 1 May 2010, it had committed over €5.0 billion through 197 projects. ■

agricultural machinery purchases. The facility envisages annual additional return of up to 57 thousand hectares of currently unused arable land to cultivation.

Gilles Mettetal, EBRD Director for Agribusiness, said: "This project supports the development of modern primary agriculture in Ukraine a key sector in the national economy, which is likely to lead the country's post-crisis revival".

Alexander Kostenko, CEO of UAFL, added: "EBRD investment and support will enable our company to enhance our land bank utilisation significantly, reaching 220,000 hectares in 2011 and providing greater employment for Ukrainian farmers, whose most important source of income is the land they own."

The project will contribute to UAFL farms' and the national output growth, thus increasing competition both domestically and in the export market. At a national level, it will help boost Ukraine's position as an agricultural commodity exporter, especially in the light of its recent WTO accession.

In the agribusiness sector alone, the EBRD has directly committed more than €5.5 billion in over 380 projects across central and eastern Europe and the Commonwealth of Independent States since 1991. The EBRD is the largest financial investor in Ukraine. As of 1 April 2010, it had committed over €5.0 billion through 197 projects. ■

Equity Fund for Datacell to Expand Internet Services

The EBRD is supporting wider penetration of internet services in Azerbaijan with a \$4 million equity investment in Datacell JSC, a wireless broadband service that already serves the capital, Baku, and which now aims to reach out to the country's regions.

Established in 2005, Datacell operates under the elcell brand name. The company's services are based on the latest wireless data communication technology HC-SDMA iBurst, providing high speed reliable wireless fixed and mobile internet access at competitive prices. In addition to broadband, Datacell also offers a range of other high quality internet-based services for banking, retail, transport and other industries.

Although the number of internet users and subscribers in Azerbaijan has more than quadrupled since 2002, the penetration of internet services remains at a low 14 per cent. Up to 70 per cent of subscribers use dial-up to access internet. While there are approximately 30 providers of internet services in Baku, outside the

capital there is virtually no competition.

The EBRD's investment in Datacell's newly issued shares will enable the company to expand its services to new individual and business customers in and outside the capital. By 2011 the company is planning to provide high speed internet services in entire Absheron peninsula, which includes Baku and its suburbs, as well as in twelve other major towns of the country.

As part of the investment the EBRD will appoint a Director to Datacell's Board. "This is the EBRD's first telecommunications investment in Azerbaijan and we are pleased to join efforts with Datacell in assisting the company to expand internet services in the regions of Azerbaijan. The project will boost the competition in the sector and will provide Azerbaijanis with better access to a range of information services", said Michelle Senecal De Fonseca, EBRD Director for Telecommunications.

"Datacell team wishes to thank the EBRD for this vote of confidence in its people and its services. This landmark investment of the EBRD in the Azerbaijan telecommunications sector will enable Datacell to continue to grow its client base add expand the coverage of our world class and very popular elcell mobile broadband internet service", said Ramiz Sharifov, Chief Executive Officer of Datacell.

Since the beginning of its operations in Azerbaijan, the EBRD has committed over \$1 billion across more than 90 projects in various sectors of the country's economy.

Datacell CJSC was established in April 2005 under the laws of Azerbaijan. Being an Azerbaijani-British Joint Venture, Datacell's mission is to facilitate the growth of wireless broadband technology in the Caspian region. Its wireless data communication service is based on HC-SDMA technology and operates under the elcell brand. Datacell enjoys a fair share of the Azerbaijan broadband market. Current user breakdown is 40% corporate and 60% private individuals. Corporate use is rapidly growing due to the fast development of small and medium size businesses. From the end of 2009, Datacell is actively expanding its broadband service to the regions of Azerbaijan. The application of the system in Ganja, one of the largest cities of the country was given a start on March 1, 2010. elcell is going to launch its services in Khirdalan and Sumgayit in May 2010 with further plans for other cities of Azerbaijan later this year. ■



Loan Support for Tajik Cotton Farmers To Raise Yield, Quality

The EBRD is diversifying the availability of funding to cotton farmers in Tajikistan with a finance facility of up to \$8.5 million offered to ECOM, a cotton trading company, subsidiary of the Swiss-based ECOM Agricultural Corp.

ECOM Agricultural Corp is the only international commodity merchant to establish presence in Tajikistan. It sources cotton fibre directly from local farmers, grades it into international standards and exports for sale to other companies of the group. ECOM promotes the Better Cotton Initiative (BCI) in Tajikistan.

While diversification of agriculture is a priority for Tajik authorities, cotton remains the key crop for the country's economy, accounting for over 60 per cent of the agricultural output and supporting 75 per cent of the country's population.

The proceeds of the EBRD funds, a three-year revolving working capital facility, will be used to provide direct payments to Tajik farmers supplying cotton to ECOM. The project will enable the company to purchase, sort, process and store cotton for export. In addition it will serve as an alternative finance source to local farmers, reducing their dependence on ginners.

The facility is complementing the EBRD's existing Tajik Agricultural Finance Framework (TAFF), which aims to support the restructuring of agricultural sector in Tajikistan by providing farmers with alternative finance tools through local partner banks.



The EBRD loan is supported by technical assistance from the Bank's Business Turnaround Programme (BAS) and the Environment and Social protection Dept to help farmers improve the quality of their crop and achieve better yields.

"This project, alongside the successful TAFF, is providing the Tajik cotton sector with a long term support and a viable business structure. It offers transparent pre-financing and trade financing tools, which will benefit the Tajik cotton industry", said Ulf Hindstrom, Head of the EBRD office in Dushanbe.

"The support of EBRD will allow Ecom to increase its purchases of Tajik cotton. Together with the farmers, Better Cotton initiative and TAFF, we have already improved the quality of the Tajik cotton and the yields" says Boris Spassky, director of Ecom Tajikistan.

To date the EBRD has committed close to \$200 million to the Tajik economy in various projects in the corporate, financial, energy and infrastructure sectors.

In the agribusiness sector alone, the EBRD has directly committed more than €5.5 billion in over 380 projects across central and eastern Europe and the Commonwealth of Independent States since 1991.

*BCI promotes measurable improvements in the key environmental and social impacts of cotton cultivation worldwide to make it more economically, environmentally, and socially sustainable.

TAFF is a \$35 million framework to support the restructuring of Tajikistan's agricultural sector. The EU is supporting the implementation of TAFF with technical assistance financing worth a total of €5.2 million. ■

Restructuring Fund to Support Crisis-Hit Kazakh Firms

The EBRD, as part of its response to the global economic crisis, and Samruk-Kazyna sovereign wealth fund are building up the support for the corporate sector in Kazakhstan with a total investment of up to \$121.5 million in ADM Kazakhstan Capital Restructuring Fund (KCRF).

Kazakhstan's Samruk-Kazyna sovereign wealth fund is providing the investment through its wholly-owned subsidiary Kazyna Capital Management (KCM).

KCRF will be managed by ADM Capital. The Fund will focus on supporting Kazakh businesses that have been negatively impacted by the financial crisis, whether through over leverage or through an inability to access the sort of capital they require. Investment decisions will be taken independently by ADM Capital's Investment Committee.

The Fund will invest in the same style as ADM Capital's other closed end funds, focusing on rehabilitating operationally strong but financially distressed companies via restructuring, rescheduling, refinancing, debt-equity swaps, liquidity management or direct equity investments. It will also finance growth opportunities where alternative sources of capital are not available.

KCRF has secured a first close of \$100 million, to which the EBRD and KCM are each committing \$49.5 million and ADM Capital is investing one per cent of the first closing. The Fund is expecting to reach second and final closing at up to \$225 million, with up to a further \$22.5 million from the EBRD and KCM as well as by attracting third party investors.

"One of the EBRD's key priorities in the current environment is to promote sustainable economic growth in its region. This project, part of the EBRD's crisis response, is a further step undertaken by the Bank to help viable businesses in Kazakhstan overcome the challenges brought by the crisis and kick-start recovery", said EBRD President Thomas Mirow.



"This Fund is the first private equity fund that targets distressed assets and which will bring much needed-help for Kazakhstan business", said Samruk-Kazyna CEO Kairat Kelimbetov. "We highly value the EBRD's contribution to the development of Kazakhstan's economy. There is no doubt that Kazakhstan Capital Restructuring Fund will contribute to the financial recovery of Kazakhstan small and medium-sized enterprise sector", he added.



Robert Appleby, one of the founding partners of ADM Capital said: "The fallout of the recent financial crisis in Kazakhstan has created an environment where ADM Capital's style of investing can flourish. We have followed the country closely for a number of years and believe that our style of investing has broad application in the Kazakh market."

Founded in 1998 in the fallout of the Asian crisis, ADM Capital has over 12 years of experience in investing in Emerging Markets across 12 countries. With 48 people stationed in local offices in Hong Kong, Mumbai, Beijing, Istanbul and London, ADM Capital's assets under management are now over \$1.7 billion.

In addition to KCRF ADM Capital also manages the recently launched ADM CEECAT Recovery Fund and its Asia focused Maculus Series of four closed end funds. The firm manages a liquid credit hedge fund strategy and successfully launched a “fund of managed accounts” fund targeted towards institutional investors last year.

To date the EBRD has committed over €2.7 billion in private equity and mezzanine funds operating in the region, which have raised additional resources in excess of €12 billion.

In Kazakhstan the Bank has committed to date over €2.4 billion in various sectors of the economy, mobilising additional investments in excess of €5 billion.

*ADM CEECAT is a regional investment fund established by ADM, EBRD, World Bank Group

member IFC, and the Netherlands Development Finance Company (FMO) and other private investors to support recovery of the private sector companies in Central and Eastern Europe, Central Asia, and Turkey.

ADM Capital: Founded in 1998 in the fallout of the Asian crisis, ADM Capital has over 12 years of experience in investing in Emerging Markets across 12 countries. With 48 people stationed in local offices in Hong Kong, Mumbai, Beijing, Istanbul and London, ADM Capital's assets under management are now over \$1.7 billion. In addition to KCRF ADM Capital also manages the recently launched ADM CEECAT Recovery Fund and its Asia focused Maculus Series of four closed end funds. The firm manages a liquid credit hedge fund strategy and successfully launched a “fund of managed accounts” fund targeted towards institutional investors last year. ■

Microfinance Bonds to Support MSEs in CIS Region

The EBRD and Daiwa Securities Group are planning an issue of EBRD microfinance bonds that will support the development of micro and small enterprises (MSEs) in the EBRD's countries of operations.

The funding will be raised under the EBRD's Global Medium Term Note Program. Proceeds will support EBRD operations that fund financial institutions which provide microfinance to small businesses.

The inaugural issuance of EBRD's Microfinance Bonds will be arranged by Daiwa Securities Capital Markets Co. Ltd., the wholesale securities firm under Daiwa Securities Group, and distributed by Daiwa Securities Co. Ltd. to Japanese retail and institutional investors.

The EBRD provides private micro and small enterprises (MSEs), which are not catered for by the formal financial sector, with sustainable access to financial services, via a range of financial institutions. EBRD's outstanding microfinance portfolio totalled €767

million at end-2009 compared with the Bank's total portfolio of €25.6 billion at the same period. The EBRD expects to commit approximately €200 million in microfinance loans each year. Altogether the EBRD works with 110 different partner institutions active in the small business finance sector.

Sustainable MSEs are viewed as important for job creation, private sector growth and economic recovery as well as being an important component of a sustainable financial sector. The proceeds from the issuance of Microfinance Bonds in Japan are expected primarily to support these activities and, ultimately, are intended to help smaller businesses grow into major enterprises, with positive implications for jobs, poverty alleviation and economic growth. Japanese investors will thereby contribute indirectly to reducing poverty through investments in Microfinance Bonds. ■

Fund for Boosting SME Business Competitiveness

The EBRD is scaling up its support for the growth of the private sector in the Western Balkans with a new €110 million facility aimed at boosting the competitiveness of local enterprises through improved operations and higher quality products.

Under the new Western Balkans Private Sector Support Facility (WBPSSF), the EBRD will provide credit lines to local banks for on-lending to the private sector. The new framework includes a Sustainable Energy Financing Facility and a Small and Medium Enterprise (SME) Competitiveness Support Facility.

The funding will be used to finance investments in energy efficiency and renewable energy by enterprises and households and to support SMEs' investments necessary to comply with EU health and safety, environment, and product safety and quality standards.

The project will increase the availability of financing to the real economies in the Western Balkans, enabling local business to improve the quality of their operations and their energy efficiency, thus strengthening their

competitiveness and ability to gain access to and successfully compete in the EU single market. The project will also help households become more energy efficient, which is particularly important as the prices for natural resources are rising, and will lead to more comfortable housing standards.

The facility is supported by grant funds totalling €22.5 million provided by the EU as part of the 2009 Instrument for Pre-Accession Assistance Crisis Response Package, which includes a comprehensive technical assistance programme to assist sub-borrowers to identify and structure these much needed investments.

"The new Western Balkans Private Sector Support Facility underscores the EBRD's commitment to supporting environmentally sustainable economic growth in the Western Balkans. The EBRD funds will contribute to setting higher business and environmental standards in the region, supporting these countries' EU integration objectives," said Henry Russell, EBRD Director for Small Business Finance and Energy Efficiency. ■

Azerbaijan Soft Drinks Plant Gets Funding for Expansion

The EBRD is providing a \$2.5 million loan to TAJ LLC, one of the largest producers of water and soft drinks in Azerbaijan, owner of the popular Aqua Vita brand, to help the company increase its production capacity and improve efficiency.

Established in 1997, TAJ LLC is a locally-owned water and soft drinks company in the private sector and one of the very few companies in Azerbaijan holding international standards quality certification. It sources



its water from a spring in Khudat, 200 km north of the capital Baku.

The EBRD financing will be used to purchase a new modern bottling-filling line at its production facility near Baku and help Aqua Vita separate the production of carbonated and non-carbonated drinks, as well as to redesign its packaging and labels, bringing them closer to international standards. The new bottling line will help the company increase bottling capacity from 38 million to 60 million litres annually.

The loan is an extension of the \$4.5 million financing provided by the EBRD to Aqua Vita in 2006, which helped the company to almost double its sales.

“We're pleased to support Aqua Vita in its strategy to further improve the quality of its products and increase production efficiency. This project will also help the company improve its market position”, said Francis Delaey, Head of EBRD Resident Office in Azerbaijan.

Since the beginning of its operations in Azerbaijan, the EBRD has invested over \$1.6 billion in various sectors of the country's economy.

In the agribusiness sector alone, the EBRD has directly committed more than €5.5 billion in over 380 projects across central and eastern Europe and the Commonwealth of Independent States since 1991. ■

Turkmenistan Brewery Gets Funding for Expansion

The EBRD is providing a \$1.0 million loan to Biyat, the second largest privately-owned brewery operating in Turkmenistan, to support the company's drive to expand production capacity. Established in 1996, Biyat produces five types of beer in returnable bottles and kegs, and is the only producer of beer in aluminium cans in Turkmenistan.

The proceeds of the EBRD loan will be used to finance the construction of a new CO2 generation plant to produce liquid carbon dioxide gas, which is used in the beverage industry, for its own production as well as for sale to other customers.

Located near Biyat's brewery facility in the city of Abadan, the new plant will support the ongoing expansion of the brewery, enabling it to address supply bottlenecks through in-house generation of liquid carbon dioxide gas. The project will help Biyat more than double its peak production capacity from 100 to 250 hectolitres per day.

“The EBRD funds will enable Biyat to increase its production capacity, addressing the growing demand for high quality beer in Turkmenistan. The project will stimulate competition in the beer and liquid carbon dioxide markets, boosting the development of the beverage industry in the country, and will strengthen



Biyat's corporate governance”, said Masaru Honma, EBRD Director for Central Asia.

“We have big plans for growth and are pleased to work with the EBRD, which is a reliable partner willing to help us in achieving our long term goals” said Rejepmura Uvdiev, General Director of Biyat.

Since the beginning of its operations in Turkmenistan the EBRD has invested close to €110 million in the country's corporate, energy, infrastructure and financial sectors, whilst mobilising additional investments worth close to €390 million.

In the agribusiness sector alone, the EBRD has directly committed more than €5.5 billion in over 380 projects across central and eastern Europe and the Commonwealth of Independent States since 1991. ■

Индия будет продолжать быть всемирным центром аутсорсинга услуг ИТ

- Доклад Эксим Банка

Индийская промышленность информационной технологии (ИТ), которая стала гордостью национальной экономики в последние годы, продолжит вносить большую долю в валютные заработки страны, говорится в докладе Эксим Банка Индии, со ссылкой на данные NASSCOM и расчёты на будущее. В докладе так же говорится, что Индия, как ожидается, утвердит свою доминирующую позицию, как глобальный аутсорсинговый центр деятельности для программного обеспечения и услуг с помощью И.Т. Индийскую ИТ промышленность можно разделить на четыре главных компонента:

- ИТ услуги
- ИТ-Аутсорсинг бизнес-процессов
- Продукция программного обеспечения и инженеринговые услуги
- Аппаратная часть ЭВМ.

Согласно подсчётам опубликованным NASSCOM, индийские информационные технологии ИТ- ВРО (Аутсорсинг бизнес-процессов) увеличились на 12 % в 2008-09 г. и достигли 71,6 миллиарда долларов США в совокупном доходе, (включая экспорт ИТ услуг, ИТ-Аутсорсинг бизнес-процессов (ВРО), продукция программного обеспечения и инженеринговые услуги) достигли 47 миллиардов долларов США, внося почти 66% в суммарный доход ИТ услуг. Экспорт информационной технологии-ИТ (включая экспорт аппаратных частей ЭВМ - хардвэре) достиг 47,3 миллиарда долларов США в 2008-09 г. по сравнению с 40,9 миллиарда долларов США в 2007-08 г., составляя темп роста в 16 %. Внося 66 % в совокупный доход, экспорт остаётся основной статьёй истории роста индийских ИТ-ВРО. Экспорт программного обеспечения и услуг, составляющий более 99 % от всего экспорта, непосредственно трудоустраивает свыше 1,7 миллиона профессионалов в 2008-09 г. ИТ услуги вносят 57% в общий экспорт и достигли 26,9

миллиарда долларов США в 2008-09 г. Экспорт услуг ВРО, увеличившись на 17%, был самым быстро растущим сегментом всего экспорта программного обеспечения и услуг, ведомый масштабом и перспективами. Портфель услуг ВРО упрочился вертикальной специализацией и глобальными способностями доставки. Дополняя сильный рост экспорта услуг ИТ и ВРО, продолжало расти развитие программного обеспечения и инженеринговых услуг, которые отражали растущую роль Индии в глобальной технологии. Доходы экспорта от этих относительно высокой дополнительной стоимости услуг, таких как инженеринг и исследование и развитие, развитие офшорной продукции и продукция программного обеспечения, произведённая в Индии, увеличились на 15% и составили, в денежном исчислении, 7,3 миллиарда долларов США в 2008-09г.

Отечественный рынок ИТ (включая оборудование-хардвэре) достиг 24,3 миллиарда долларов США в 2008-09 по сравнению с 23,2 миллиарда долларов США в 2007-08, темп роста составил 4,7 %. Производство аппаратных частей ЭВМ увеличилось на 2,6 %; расходы на программное обеспечение и услуги, поддерживаемые растущей адаптацией возросли почти на 4,5 %. Результаты деятельности индийского сектора ИТ даны в Таблице: 2.

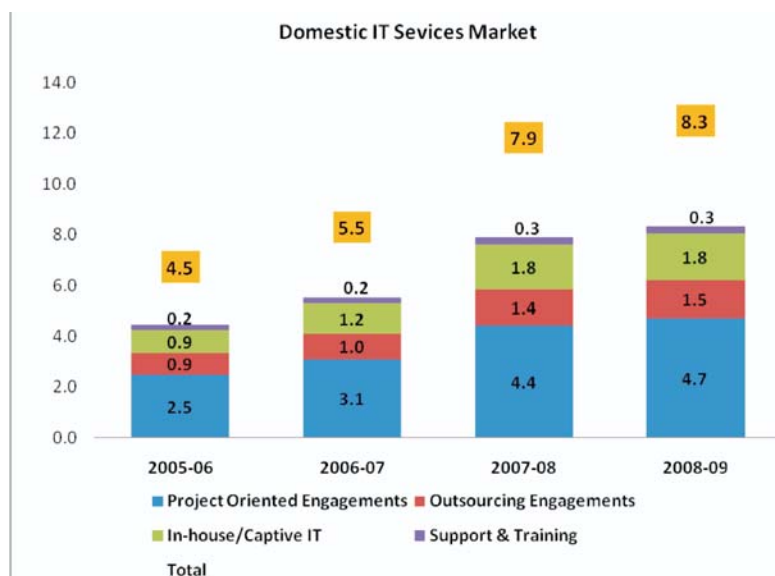
Согласно подсчётам опубликованным NASSCOM, доходы от экспорта индийской промышленности услуг ИТ-ВРО, как ожидается увеличится на 5,5 %, и достигнут 49,7 миллиарда долларов США в 2009-10. Этот рост был достигнут благодаря возросшим правительственным расходам в ИТ. (Таблица: 1)

Экспонат 3 показывает отечественный рынок услуг ИТ. В 2008-09 г. внутренние доходы от услуг ИТ составляли 8,3 миллиарда долларов США и самым крупным сегментом, содействовавшим этому росту были дела ориентированные на проекты, с 57% долей от всего внутреннего дохода, за которыми следуют

Таблица: 1

| КЛЮЧЕВЫЕ АСПЕКТЫ ИТ-АУТСОРСИНГ БИЗНЕС-ПРОЦЕССОВ Индустрия услуг в 2009-10г. | | |
|-----------------------------------------------------------------------------|-----------------------|----------------------------|
| Финанасовый год | Экспорт (млр.долл ША) | Отечественные(млр.инд.руп) |
| ФГ 08-09 | 47.1 | 590 |
| ФГ 09-10 | 49.7 | 662 |
| ФГ 10-11 (перспективы) | 56-57 | 761-775 |
| Источник: NASSCOM | | |

Экспонат: 1



доходы внутрихозяйственных/каптивных услуг ИТ (22 %), аутсорсинговые операции (18 %) и поддержка и обучение (3,0 %) (Экспонат: 1)

Открытость вертикального рынка экспорта промышленности хорошо диверсифицирована в несколько зрелых и развивающихся секторов. Банковские операции, финансовые услуги и страхование (БФУС) продолжают быть самым крупным вертикальным рынком для экспорта услуг ИТ, за которым следуют высокой технологии/телеком (20 %), производство (17 %) и розничная торговля (8,0%) в 2007-08 г. Другие отрасли, такие как здравоохранение, авиалинии и транспорт, строительство и коммунальные службы составляют каждый 3,0 % в экспорте услуг ИТ. (Экспонат: 2)

Таблица: 3

| Результаты деятельности индийского сектора ИТ | | | | | | | | |
|--------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------------------------|-------------|
| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | % Рост в 2008-09 по сравн. с 2007-08 | СГТР |
| Доход от экспорта | | | | | | | | |
| • Услуги ИТ услуги | 7,3 | 10,0 | 13,3 | 17,9 | 23,1 | 26,9 | 16,5 | 29,8 |
| • ИТ-ВРО | 3,1 | 4,6 | 6,3 | 8,4 | 10,9 | 12,8 | 17,4 | 32,8 |
| • Продукция програм. Обесп. и инжиниринговые услуги | 2,5 | 3,1 | 4,0 | 4,9 | 6,4 | 7,3 | 14,1 | 23,9 |
| Совокупный доход от экспорта услуг ИТ-АУТСОРСИНГ БИЗНЕС-ПРОЦЕССОВ | 12,9 | 17,7 | 23,6 | 31,2 | 40,4 | 47,0 | 16,3 | 29,5 |
| • Аппаратура | 0,5 | 0,5 | 0,6 | 0,5 | 0,5 | 0,3 | -40,0 | -9,7 |
| Совокупный доход от экспорта ИТ (А) | 13,4 | 18,2 | 24,2 | 31,7 | 40,9 | 47,3 | 15,6 | 28,7 |
| Отечественный доход | | | | | | | | |
| • Услуги ИТ | 3,1 | 3,5 | 4,5 | 5,5 | 7,9 | 8,3 | 5,1 | 21,8 |
| • ИТ-ВРО | 0,3 | 0,6 | 0,9 | 1,1 | 1,6 | 1,9 | 18,8 | 44,7 |
| Продукция програм. Обесп. и инжиниринговые услуги | 0,5 | 0,7 | 1,3 | 1,6 | 2,2 | 2,3 | 4,5 | 35,7 |
| Весь отеч. доход ИТ-АУТСОРСИНГ БИЗНЕС-ПРОЦ. | 3,9 | 4,8 | 6,7 | 8,2 | 11,7 | 12,5 | 6,8 | 26,2 |
| • Аппаратура | 4,4 | 5,2 | 6,5 | 8,0 | 11,5 | 11,8 | 2,6 | 21,8 |
| Совокуп. Отеч. доход (В) | 8,3 | 10 | 13,2 | 16,2 | 23,2 | 24,3 | 4,7 | 24,0 |
| Совокуп. Пром. ИТ (А+В) | 21,7 | 28,2 | 37,4 | 47,9 | 64,1 | 71,6 | 11,7 | 27,0 |
| Источник : NASSCOM | | | | | | | | |

Экспонат: 2

Вертикали экспорта услуг ИТ в 200-08 г.



Источник: NASSCOM

Перспективы.

Согласно NASSCOM, прямая занятость в индийской промышленности ИТ-BPO превысила отметку 2,2 миллиона, увеличение составило примерно на 226,000 профессионалов в 2007-08 г.; в непрямое трудоустройство задействовано около восьми миллионов человек. Экспорт услуг ИТ (включая инжиниринговые услуги, исследование и развитие, продукцию программного обеспечения), экспорт BPO и отечественная промышленность ИТ предоставляют прямую занятость 947.000, 790.000 и 500.000 профессионалам соответственно.

Всеобъемлющий рост всех сегментов услуг ИТ, BPO, инжиниринговых услуг, продукции программного обеспечения укрепляет руководящую роль Индии, как ключевое место источника широкого ряда услуг касающихся технологии с растущей притягательной силой прикладного менеджмента и расширением портфеля услуг.

Достигнутые результаты промышленности в 2009-10 намного выше, чем те которые были отражены в цифрах роста. Промышленность обновилась повышением экономической эффективности, коэффициента загрузки, диверсификации в новые вертикали и рынки и новые бизнесы и модели ценообразования. В процессе она смогла превратиться в посредника, агентство трансформирования бизнеса, помогающего клиентам. Соответственно исследованиям NASSCOM, в предстоящие годы произойдёт значимое изменение в моделях бизнеса, линиях услуг, клиентах и структурах талантов. Больше внимания будет уделено предложению эксклюзивных товаров, таких как интеграция систем, консультация, продуманному подходу к стратегии бизнеса, услуги знаний и вертикальные специфические BPO услуги. Ожидается, что промышленность создаст большую долю дохода от нетронутого источника малого и

среднего бизнеса, с помощью улучшенного платежа за каждую бизнес – модель и платформные решения. Так же ожидается, что она обретёт экспертную область и около шоринговые мощности с целью дальнейшего продвижения вперёд предлагаемых преимуществ Индии как глобального центра аутсорсинга.

Ещё одной вероятной проблемой, которая может повлиять на ИТ сектор является кризис в Еврозоне. Такие страны Еврозоны как Греция, Испания и Португалия страдают от финансового кризиса создавшегося из-за больших займов их правительств, приведшее к эрозии доверия инвесторов по всему миру. Многие считают, что европейский кризис повлияет и на другие части мира, в частности на те страны, у которых есть высокий дефицит, создавшийся в основном из за международных кредитов. Согласно подсчётам NASSCOM, США, имея долю в 60 % и Великобритания (19 %) продолжают быть самыми крупными экспортными рынками товаров ИТ-BPO для Индии, за которыми следуют Континентальная Европа с 13 %. Зона обслуживания промышленности неуклонно расширяется, охватывая другие географические территории. Экспорт в Континентальную Европу растёт и СГТР (совокупные темпы годового роста) составляли больше чем 51 % в 2004-2008 финансовый год. Таким образом, недавний кризис в Еврозоне наряду с решением нового правительства Великобритании начать вновь пересматривать все международные проекты, могут повлиять на промышленность в кратом сроке, так как осуществление проектов может задержаться из за этих пересмотров. Однако, долгосрочные перспективы остаются лучше, на данный момент, предполагая, что кризис Еврозона не распространится на другие регионы.

С улучшением экономических условий, означающих возвращение доверия потребителей и возобновление роста бизнеса и стимулов в расходах ИТ, ожидается, что промышленность достигнет более высокого уровня роста в 2010-11 г. Услуги ИТ вероятно тоже будут расти, так как компании, выходя из рецессии начнут использовать информационную технологию, чтобы создать преимущество в конкуренции. Хотя Индия имеет 51 % рыночной доли в офшоринговом рынке, но есть огромные возможности для роста, потому что нынешний офшорный рынок всё ещё составляет небольшую часть аутсорсинговой промышленности.

NASSCOM предсказует, что перспективы на 2010-11г. обнадеживающие, благодаря ожидаемому росту доходов от экспорта услуг и программного обеспечения на 13-15 % и росту внутренних доходов на 15-17 %. Так же ожидается, что индустрия увеличит долю дохода от неиспользованного сегмента малых и средних предприятий с помощью улучшенного платежа за каждую бизнес – модель и платформные решения.

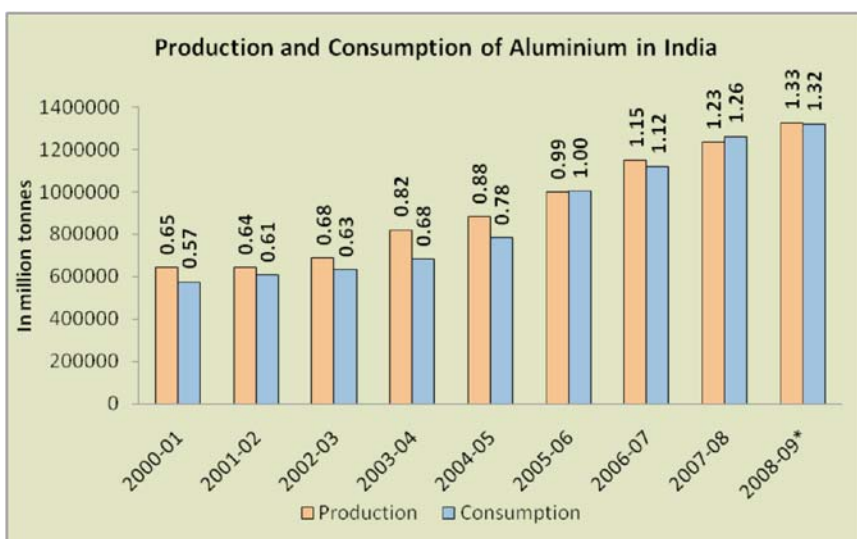
И так же ожидается, что промышленность приобретёт области экспертизы и около шоринговые мощности, чтобы продвинуть вперёд предполагаемые преимущества Индии, как глобальный центр аутсорсинга. ■

Алюминиевая промышленность должна разработать новую продукцию, конкурирующую во всём мире

- Доклад Эксим Банка

Алюминиевая промышленность является ведущей отраслью индийской экономики и она должна играть важную роль в её будущем росте, согласно изучению проведённому Экспортно-импортным Банком Индии (Эксим Банк). Индия занимает шестое место в мире, имеющих самые крупные разведанные и вероятные запасы боксита (свыше 140 миллионов метрических тонн). С годами в Индии возросло производство и потребление алюминия. Алюминиевое производство в 2008-09 годах составляло 1,33 миллиона тонн и потребление алюминиевой продукции в тот же год равнялось 1,32 миллиона тонн.

С целью извлечения выгоды из её позиции крупного производителя алюминиевая промышленность должна продолжать разрабатывать новую продукцию и процессы, чтобы бороться с угрозой других конкурентных материалов и поддержать устойчивые характеристики алюминия, как подчеркнуто в докладе Эксим Банка.



Заметка: *Расчётный, Источник: Исследование Крисил (Crisil)

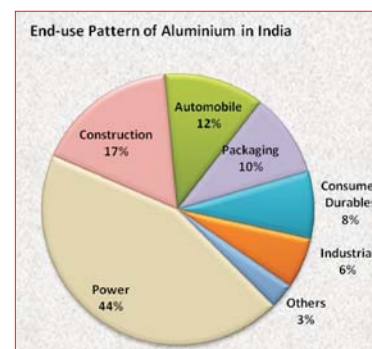
В период 2005-06, 2006-07 и 2008-09 годов, в отечественной алюминиевой промышленности наблюдался дефицит производства, по сравнению со спросом. В период от 2000-01 до 2008-09 годов, алюминиевое производство в Индии СТГР (совокупные темпы годового роста) были 9,4 %, а потребление составило 11,2 % СТГР.

Потребление

Алюминий является самым широко применяемым цветным металлом, и его использование растёт благодаря присущим ему качествам, таким как легковесность, умеренная температура плавления, коррозионная устойчивость, прочность, пластичность, проводимость и способность быть рециклированным без потери качества. Тип конечного потребления в Индии значительно отличается от остального мира; энергосектор максимально использует алюминий, там его доля составляет 44%, за тем следует строительство (17 %), автомобильная промышленность (12 %), упаковка (10 %), и потребительские товары длительного пользования (8,0 %). Доля

использования алюминия в промышленном применении, в частности в производстве оборудования / товаров промышленного назначения составляет 6,0 % в Индии.

Экспонат: 2



Источник: Исследование Крисил (Crisil)

Экспорт

В период 2007-08 годов, экспорт алюминия вырос на 30 % от 114,01 миллиона долларов США в 2006-07 г. до 142,71 миллиона долларов США в 2007-08 г. Однако, в 2008-09 г., экспорт упал на 47,3 % от 142,71 миллиона долларов США до 75,17 миллиона долларов США, главная причина замедления спроса ассоциирована с глобальным экономическим кризисом. В период апреля-

января 2009-10 г., экспорт показывал отрицательный темп роста - 4,1 % по сравнению с соответствующим периодом предыдущего года. Импорт алюминия тоже сократился на -21,1 % в 2008-09 г. И весь импорт в этот период составлял 99,58 миллиона долларов США.

Таблица: 5

Персидского Залива) так и в потреблении (возглавляемые Китаем и Индией). Согласно подсчётам экономического дайджесту Ближнего Востока, из 6,5 миллионов тон потенциальной мощности алюминиевой промышленности, планируемой за пределами 2010 года, почти 4,4 миллиона тон будет произведено в странах – членов совета по сотрудничеству региона Персидского Залива.

| Экспорт и импорт алюминия Индии (миллионы долларов США) | | | | | | | | |
|------------------------------------------------------------|---------|---------|---------|------------------------------|------------------------------|--------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------|
| Торговля | 2006-07 | 2007-08 | 2008-09 | Апрель- январь 2008-09 | Апрель- январь 2009-10 | % разница между 2007-08 и 2006-07 | % разница между 2008-09 и 2007-08 | % разница между Апр-январь 2009-10 и Апрель-январь 2008-09 |
| Экспорт | 114.01 | 142.71 | 75.17 | 427.62 | 410.30 | 25.2 | -47.3 | -4.05 |
| Импорт | 97.6 | 126.17 | 99.58 | - | - | 29.3 | -21.1 | - |
| Источник: DGCIS | | | | | | | | |

Самым крупным товаром экспорта Индии в категории алюминия был недеформируемый алюминий, его доля составляла 37,3 % от всего экспорта алюминия, за этим следовали скрученный провод, кабели, плетённый канат, и электрически не изолированная алюминиевая продукция (18,6 %); алюминиевый толстый листовой прокат, листы и полосы (13,7 %). Крупными товарами импорта в алюминиевой категории были недеформируемый алюминий (37,9%), алюминиевые отходы, металлолом (27,2 %), и алюминиевый толстый листовой прокат, листы и полосы (9,9%).

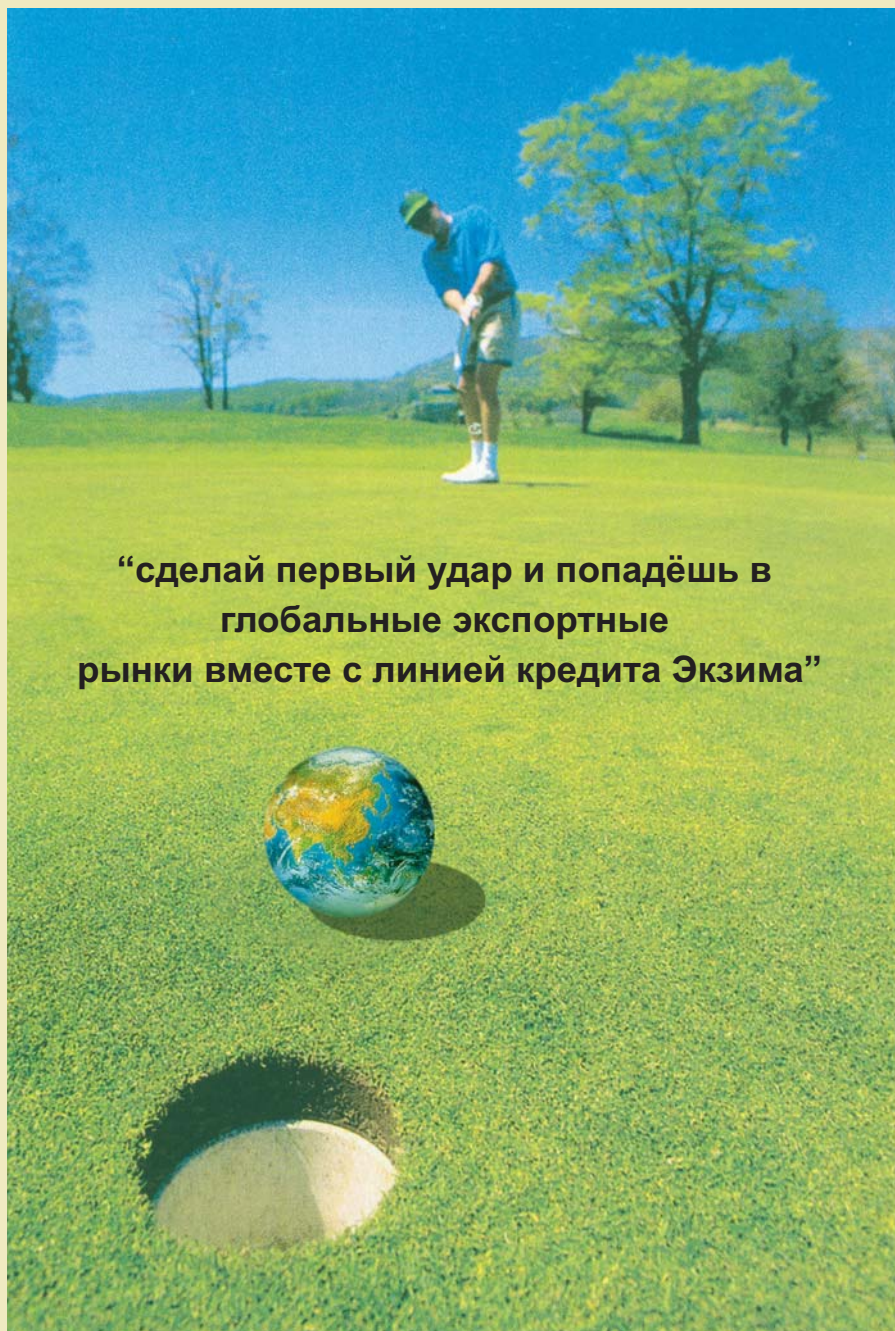
Основным портом назначения экспорта алюминия в 2008-09 г. был Сингапур с долей в 27 % от всего экспорта алюминия, затем следовали Малазия (9,0%), США (6,0 %), ОАЭ (5,0 %), и Нигерия (5,0 %). Крупными источниками импорта алюминия Индии были Китай (17 %), ОАЭ (10 %), ЮАР (8,0%), Таиланд (7,0 %), и Германия (6,0 %).

Перспективы

Всемирное алюминиевое производство сократилось на примерно

14 % в 2009 г. И так как сейчас наблюдается восстановление секторов конечного потребления, то алюминиевое производство предположительно возрастет на 3,0 % в 2010 г. Как ожидается, ряд плавильщиков, которые ранее сократили своё производство или частично закрыли свои операции вновь начнут увеличивать производство в 2010 г. Азиатский регион будет доминировать глобальную алюминиевую промышленность, как в терминах дополнения мощности (в основном в регионе

В долгосрочном порядке, согласно экономическому дайджесту Ближнего Востока, к 2020 только в странах – членах совета по сотрудничеству региона Персидского Залива будет произведено 10 миллионов тон алюминия в год, составляющие 20% доли мирового рынка. Во всём мире новейшие методы применения упаковки и увеличение использования в автоиндустрии будут стимулировать рост спроса на алюминий в долгосрочном порядке. Так как ключевые потребительские индустрии формируют часть отечественного центрального сектора, поэтому алюминиевая промышленность является чувствительной к колебаниям в функционировании экономики. Энергетика, инфраструктура и транспорт потребляют три четверти доли от всего производства алюминия. Таким образом, ожидается, что спрос возродится и поможет росту промышленности. Алюминиевая промышленность должна продолжать развивать новую продукцию и процессы, чтобы бороться с угрозой других конкурентных материалов и поддерживать устойчивые качества алюминия. Поэтому исследование и развитие в алюминиевой промышленности является очень важным для Индии. Так же Индия должна больше концентрироваться на рециклировании алюминия с целью достижения устойчивого развития так как рециклирование поможет сэкономить как энергию, так и ресурсы. В долгосрочном порядке, алюминиевая промышленность приведёт к устойчивому росту, внося большой вклад в экономическое развитие страны. ■



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