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# BUSINESS

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# In This Issue

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**Dear Reader,**

Greetings. India and Russia, partners in many spheres of industrial and trade cooperation, have realized that the existing potential between the two countries has not yet been fully tapped. India's rise as a manufacturing giant in many industries, especially pharmaceuticals, has opened up new avenues for joint ventures in Russia and other neighbouring CIS countries. The cover story of the current issue of Indo-CIS Business presents in detail, discussions between India's Commerce and Industry Minister Anand Sharma and the visiting Russian Trade and Industry Minister Victor B Khrinstenko held in New Delhi recently. The two Ministers identified the areas of pharmaceuticals, metallurgy, automobiles among others as having great potential for boosting bilateral trade further to touch the \$20-billion mark by the year 2015. India's Ambassador in Moscow Ronen Sen has had a ringside view of the developments in the erstwhile Soviet Union, its breakup, and the eventual formation of the CIS, with the Russian Federation as its most important constituent. We carry in our Focus section an address by the career diplomat, delivered at Calcutta University on the theme of "The Evolution of Indo-Russian Relationship" over the years. Export-Import Bank of India (EXIM Bank) has been in the forefront in promoting India's trade with CIS, identified as a Focus region by the Commerce Ministry. The Bank's annual results for the year 2009-2010 were excellent, its total Lines of Credit to Focus regions, including CIS aggregating \$.4.5 billion. We carry a report. Science and Technology is one key area in which India and Russia have collaborated extensively. Recently, both countries have agreed to extend a treaty covering their cooperation up to the year 2020. The issue carries a report. Most countries of the CIS region have recovered from the impact of the global recessionary conditions of the last few years. Russia's economic growth in 2010 is projected at 4.5 percent. Kazakhstan too is on a recovery path as indicated by the International Monetary Fund (IMF). We carry two separate reports on the economies of both countries. There is also a report on how energy efficiency is helping the Kazakh economy. There is plenty of news from the European Bank for Reconstruction and Development (EBRD), which is helping various projects in countries across the CIS region. As usual the magazine contains a Russian section as well as other regular features.

Wish you happy reading

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

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Scope Bright in Pharma, Metallurgy & Automobiles

# India, Russia Identify High Tech Tie-Up Areas



*The Union Minister for Commerce and Industry, Anand Sharma and the Russian Minister for Industry and Trade, Victor B. Khristenko, in a bilateral meeting, in New Delhi.*

**India, Russia have Identified high technology industries for cooperation and stepping up trade between the two countries. These include metallurgy, medicine, pharma and biotechnology industry, telemedicine, machine-building and automobile construction and nanotechnology.**

Union Minister of Commerce and Industry Anand Sharma during his bilateral meeting with Russia's Trade and Industry Minister Victor B Khristenko in New Delhi on 29 September 2010 emphasized that there is a need to increase the bilateral trade volume in view of tremendous potential for enhancing the trade.

Minister Sharma also said that sincere and conscious efforts need to be made by both the sides to increase the present level of trade volume. He said the current level of Indo-Russian bilateral trade at US \$ 4.54 billion (2009-10) does not reflect the true potential and added that both sides agreed in

October 2009 to enhance bilateral trade to US \$ 20 billion by 2015.

While interacting with his counterpart, Minister Sharma said that the Russian Government must open up sectors like bovine meat, animal products and pharmaceuticals etc. The meeting was also attended by R.P. Singh, Secretary, Department of Industrial Policy & Promotion apart from senior officials from both sides.

Expressing satisfaction over the bilateral discussions for allocation of rough diamonds to India through long-term arrangements and opening of office of ALROSA in India, Minister Sharma said that cooperation in this sector would enhance mutual benefits and contribute towards achieving bilateral trade. It would also be a step towards stability in world diamond market.

As regards the pharmaceutical sector, Minister Sharma apprised the Russian counterpart on the desirability of cooperation in the test and analytical facilities in Russia to certify standards to enable access of Indian pharmaceutical products to Russia as also Fast Track registration of India's pharma products within three months.

While recognizing the conscious efforts being made by Russian Federation, Minister Sharma underlined India's keen interest in mutual cooperation for increasing the

volume of bilateral trade of pharmaceutical products through joint ventures.

Both sides have already agreed to promote highly feasible technological projects to intensify India-Russia cooperation in metallurgy, medicine and biotechnology industry, telemedicine, machine-building and automobile construction, nanotechnology and other high-tech industries etc. during 16th meeting of India Russia Inter-Governmental Commission on Trade and Economic Cooperation (IRIGC-TEC).

### Russian Team Holds Pharma Talks

The Russian delegation led by Minister of Industry and Trade Khristenko also held talks with top Indiaqan government officials on promoting cooperation in the pharmaceutical sector in their country.

The delegation held discussions with Pharmaceuticals Secretary Mukul Joshi and other senior officials on bilateral issues in the pharmaceutical sector. The two sides also held discussions with industry representatives.

The delegation also visited the National Institute of Pharmaceutical Education and Research, Chandigarh and Dr. Reddy's plant facilities at Bachupally near Hyderabad. ■



The Russian Minister for Industry and Trade, Victor B. Khristenko meeting the Secretary Pharmaceuticals, Mukul Joshi to discuss bilateral cooperation in Pharmaceutical sector in New Delhi.

# Outlook Bright for Indian Firms in Russian Pharma Sector

The outlook for the Russian pharmaceutical industry never looked better, with experts predicting the market to exceed \$60 billion by 2020. Spurred by Pharma 2020 vision, a government strategy aimed at developing an innovative Russian pharmaceuticals industry using foreign experience in research and production, foreign drug-makers are planning to pump in \$4 billion to set up a base as local producers.

Top Indian pharma companies are also avidly eyeing the Russian market. India's pharmaceutical exports to Russia scaled up to \$532 million in 2008 and are expected to go up substantially this year. Although the Indian pharma companies have been in business since the Soviet times, their share of the Russian market remains a little more than 5 percent. But with the new Russian policy, the picture is going to change dramatically. Dr. Reddy's Laboratories Ltd managed to notch up \$130 mn sales in Russia in 2009, a sharp jump of 27 per cent from previous year. Ranbaxy, too, has cornered a sizeable chunk of the Russian market. Indian drugs fare well in the Russian market on account of its quality and cost competitiveness.

"During the financial crisis, it was especially important that Indian medicines in the Russian market are

inexpensive," says Sergey Shulyak, Director General, DSM Group, a research company. Prices were often 20-30 percent lower than for imported medicines because of being produced locally.

## Indian Investment

Both Russian President Dmitry Medvedev and Prime Minister Vladimir Putin have pitched for Indian investment in this crucial sector. "We are ready to discuss these projects and create new enterprises to create medicines," said Medvedev last year. "The pharmacological market is developing in Russia. It's a growing market. Indian producers are fairly well represented here and have recommended brands. The development of the pharmacological industry in our country is a national priority, which is being personally coordinated by the president of Russia." Deputy Prime Minister Sergei Sobyenin has invited Indian pharmacists to create joint enterprises and build factories to produce medicines in Russia.

India has responded enthusiastically. "They are ready to invest in the Russian pharmaceutical industry, including India-Russia joint ventures. Russia is preparing the list of medicines that it needs," Commerce Minister Anand



*The Russian Minister for Industry and Trade, Victor B. Khristenko with the Secretary Pharmaceuticals, Mukul Joshi, at the delegation level talks on Pharmaceutical sector, in New Delhi.*

Sharma said during his visit to Moscow in June. The two sides are working on a protocol on joint production.

Russia, on its part, has prioritised the modernisation of the health system and the development of pharmacology as twin strategic goals necessary for national renaissance. "The Russian market is one of the most promising and attractive for pharmaceuticals. In terms of economic growth, Russia is on a par with other countries in BRIC-MT [Brazil, India, China, Mexico and Turkey]," said Zdravko Culibrk, head of the Moscow branch of Hemofarm, part of the German group STADA. The pharmaceutical sales in Russia in 2009 totaled \$17 billion. The sales are expected to go up to \$22 billion in 2011 and to \$24 billion in 2012.

A year ago, Medvedev set the goal of increasing the sales of medicine to 1.5 trillion rubles by 2020. Recently, Putin announced that 460 billion rubles in state budget funds had been earmarked for modernisation of the healthcare system in Russia's regions. Two signal events – the drafting of a law on medical insurance and the coming into force on 1 September 2010 of a new law on medicines – have allowed Russian healthcare to reach a qualitatively new level.

"The attractiveness of the domestic market as an investment for foreign companies has increased," says Chulibrk. He recalled that in 2006 when his company was building its own factory in Russia, it took 27 months to register his medicines in Russia. "Now, with the new law in place, the timeframe for receiving permission to register medicines are strictly regulated and substantially reduced," he said.

The burgeoning market has attracted global giants like Polpharma, Actavis, Stada, and Sanofi-Aventis, who are now building their own factories in Russia. Teva, Novartis, Pfizer, Novo Nordisk, AEC PARTNERS, Wyeth Pharmaceuticals, and AstraZeneca have all announced their intention to localise production in Russia.

## **\$6.2 billion pharma investment target for Russia**

The strategy of Pharma 2020 is to raise the competitiveness of the industry, stimulate the production of innovative medicines, modernise factories' equipment, remove administrative barriers for drug registration and launch educational programmes. The goal is an ambitious one: to raise the share of domestically produced medicines from the current 23 percent to 50 percent over the coming 10 years. Doing

so will reduce the country's dependence on imports, as well as make medicines more affordable for consumers and the government.

The strategy calls for 188 billion rubles (\$6.2 billion) of investment in the pharmaceutical sector over the next decade in three key areas: research and development, training and infrastructure development, and introducing good manufacturing practices at all Russian facilities. Much of that investment figure will be state funds, funneled through either regular budget allocations or one of the federal target programmes state funding vehicles created to accomplish certain development goals. The government was ready to appropriate as much as 120 billion rubles (\$4 billion) of state funds for supporting the pharmaceutical industry.

## **Russia's ALROSA to Open India Office**

The Russian diamond major ALROSA is in talks for opening office in India and is looking at possibilities of allocating roughs to India through long-term arrangements.

India has said cooperation with Russia in the diamond sector will not only enhance mutual benefit but also bring stability to the world diamond market.

Bilateral discussions were held with Russia on the allocation of rough diamonds to India through long-term arrangements and opening of an office of the Russian diamond major ALROSA in India.

Following their meeting, both Ministers, Khristenko and Sharma expressed satisfaction over the bilateral discussions and said in a statement, "Cooperation in this (diamond) sector would enhance mutual benefits. It would also be a step towards stability in the world diamond market."

According to ALROSA's Web site, the company's probable reserves make up about one-third of the world's diamond resources. ALROSA is one of the world's largest diamond companies, accounting for one-fourth of global production in value terms. It also accounts for 97 per cent of Russia's overall diamond output.

In 2009, ALROSA's aggregate rough diamond production was 35 million carats or \$2.24 billion in value terms, with rough diamond sales of \$2.18 billion. The Russian Government is the majority shareholder in ALROSA. Reports say ALROSA aims to increase its rough and polished diamond sales to \$3.3 billion by 2010-end. ■

# A Ringside View of Indo-Russian Relations

Career diplomat Ronen Sen was India's first Ambassador to the Russian Federation after its formation as an independent democratic country following the demise of the Soviet Union in 1991. He says that the challenges he faced as Indian Ambassador in Moscow from 1992 to 1998, were undoubtedly the most formidable during his entire diplomatic career. Following are excerpts from a speech Ambassador Sen delivered at the Calcutta University on the theme of "the Evolution of India-Russia Relations."



Given my last diplomatic assignment in the United States, I have been viewed, correctly, as a strong advocate of Indo-US partnership and, in particular, as one of the architects of the Indo-US nuclear deal. The longest association of my diplomatic career has, however, been with Russia.

I have spent more years in Moscow than in any other city, including my birthplace, Pune. I also happen to be the only Indian diplomat, so far, to serve in every diplomatic rank in our Embassy in Moscow, from that of Third Secretary to Ambassador, in the 1960s, '70s, '80s and, finally, in the '90s.

## Threat to Integration

While the world was celebrating the advent of democracy in Russia, the situation that I encountered in that country in 1992 was chaotic, indeed catastrophic. The Soviet system had collapsed. But there was no sign of an effective new system coming into place. The economy was in a free fall. The familiar queues for scarce consumer goods of the Soviet era were no

longer to be found, since the merchandise in the fancy new shopping centers were out of reach for the vast majority of Russians. The only waiting line was that for Rolls Royce and other super-luxury cars. Conspicuous consumption by a few and the flight of capital abroad were accompanied by hyper inflation. This converted life-time savings of pensioners into few months of expenditure. The depth of deprivation and depression were reflected in a massive increase in suicides, further decline of birthrates, a marked fall in life-expectancy, a breakdown of law and order, the emergence of mafia groups and growing political clout of oligarchs. The worst affected areas of the economy were the strategic areas of defence productions and research, civilian and military nuclear and space sectors, manufacturing, scientific centers of excellence, healthcare and food production.

The writ of Kremlin did not run in most regions. Many Governors unilaterally asserted their authority as directly elected representatives. Virtually all the Governors I met expressed their exasperation at central



directives not being accompanied by financial support or even reflecting ignorance of local conditions and priorities. They claimed that they had no option but to fend for themselves, often in coordination with their colleagues from contiguous regions. Presidents of some Republics and Governors of Regions signed agreements on foreign affairs and foreign economic cooperation. Thus, in the wake of the collapse of the Soviet Union, there were challenges affecting the unity and integrity of the Russian Federation itself.

Russia's bankruptcy was evident not just in financial terms but in terms of ideas and the loss of direction and focus.

### Long Period of Transition Predicted

Though I had established close contacts across the entire political spectrum in Moscow and in the provinces and republics, the most perceptive observation on the situation in Russia at that time was made to me by Mikhail Gorbachev. He told me that anyone who tried to present a coherent analysis of the evolving situation in Russia was either a liar or a fool. The situation was far too complex and fluid to foresee how it would evolve. He had agreed with me that the only thing which could be said with certainty was that the transition in Russia would be a long one, measured not in years but in decades.

### Signing of New Indo- Russian Treaty, 1993

Let me first look at the overall geopolitical framework of our relations with Russia. I happened to be involved in

the negotiations which led to the conclusion of the Indo-Soviet Treaty of 1971, as well as that of the new Indo-Russian Treaty signed in 1993. What had taken years to negotiate in the end 1960s and in 1971 took just about a couple of hours to re-negotiate in end 1992. The new treaty involved a dilution of a couple of clauses, but contained notable aspects of continuity of mutual commitments of the Indo-Soviet Treaty, as well as positive developments in Indo-

Soviet relations in the two decades thereafter.

Reviving Indo-Russian defence collaboration was another top priority. The collapse of the USSR led to the dispersal of hundreds of defence production enterprises in newly independent States, though the majority remained in Russia. Unlike in the Soviet era, the Russian government could not mandate or enforce defence production targets, due to their inability to pay the main enterprises and their subsidiary suppliers. The virtual stoppage of orders from the Russian Armed Forces, not only for new equipment, but also for minimal maintenance support for existing weapons systems, including all those in use in India, was very worrisome. I saw many production lines, including for spares, had closed down enterprises in different parts of Russia. Official government agencies, acted essentially as intermediaries retaining exorbitant "service charges". They demanded "international pricing", without corresponding adherence to international norms of effective product support and acceptable levels of serviceability.

All these developments had a profoundly adverse impact on India's defence preparedness, given our overwhelming dependence on Soviet-era defence equipment.

We involved major Russian manufacturers in supply contracts to ensure that they were in the loop on prices and payment schedules linked to completion of different phases of projects. At the same time, our own defence establishment was persuaded to modify earlier patterns of contracting which were no longer effective in the changed circumstances.

At the same time, I pressed for conclusion of new agreements, including on multi-role SU-30 MKI combat aircraft, which has now become main-stay of the IAF, the MIG-21 BIS upgrade programme, collaboration projects on frigates, equipping submarines with modern missiles, initiating actions for acquisition of T-90 tanks etc. I had the honour to commission some Indian Naval Ships. The first major Indo-Russian joint venture for the Brahmos supersonic cruise missile was concluded at our Embassy. As a result, during the first four years of my assignment alone, the value of our defence collaboration, excluding some major projects, increased 26 fold. Yes, 26 fold.

And it continued to rise thereafter. Defence collaboration was thus not only stabilized but given an unprecedented boost.

Sensing the tremors in the Soviet system at the time, a clause was inserted in the 1988 agreement on the supply of two 1000 MW nuclear power reactors at Kudankulam. Despite subsequent Russian laws in pursuance of its acceptance of the Nuclear Supplier Group (NSG) guidelines, work on implementing this agreement continued in the '90s, and thereafter.

The Integrated Long Term Programme (ILTP) on Science and Technology Cooperation, signed during Gorbachev's visit to India in 1987, was Rajiv Gandhi's brainchild. It was continued in the 1990s. It was, and still remains, the most comprehensive science and technology cooperation programme that India has with any country.

### **Soviet Support to India's Industrialization**

The Soviet Union had played a pioneering and invaluable role in the industrialization of India. We should always cherish this assistance. By the mid-1980s, however, it was evident that the Soviet economy was facing very severe strains. The precipitous plunge by Russia into a "free market economy", which could more accurately be described as a "free for a few economy", also coincided with the launch of major economic reforms in India.

The dismantling of the rupee-rouble arrangements were inevitable. This was recognized by both governments even during the Soviet period in the late

'80s. India made a major political gesture to Russia in 1993 by agreeing to settle all Soviet credits to India in Indian rupees, at an effective discount of about one-third of the face value.

The criticism of this agreement by a number of our experts was unfair. After all, virtually all our imports from the former Soviet Union, consisting of oil, metals and other commodities, were at prevalent international prices. Our defence procurements were often at less than market prices. I will give you one example. In 1986, we bought advanced conventional submarines from the Soviet Union for Rs. 76.7 crores each and from Germany for DM 215 million each, then equivalent to Rs. 87 crores. If we went purely by market exchange rates for repayment of our dues, it would mean the purchase of the submarines at a cost of around \$50,000 or so. This was clearly not just untenable but ridiculous. In retrospect, however, it would have been preferable to have repaid the entire Soviet debt to Russia in free foreign exchange at a somewhat higher discount rate. This would have prevented dubious practices and distortions in trade, which contributed to its rapid decline. After so many years, Indo-Russian bilateral trade has not yet been restored to what it was in Soviet times, or even what it was in the immediate aftermath of the collapse of the Soviet Union. We also missed early opportunities for equity stakes in oil exploration and defence industries.

Over a little over a decade since I left Moscow, I have not kept myself fully abreast of developments in Indo-Russian relations. There has obviously been significant changes for the better since Putin took over from Yeltsin as President, and thereafter. There is an established mechanism of annual bilateral summits. Putin restored better central control of Russian regions, of strategic natural resources, defence, space and other sectors, Oligarchs appear to have been put in their place. The flight of capital has reportedly been arrested and reversed. Till the global financial crisis emanating from the USA in autumn 2008, the Russian economy was on a roll. There has simultaneously been consistently high growth in the Indian economy. All these positive factors have, I am sure, led to Indo-Russian relations being strengthened significantly with each passing year in the last decade.

## Benefit to Russia from Indo-US N-Treaty

In spite of all this, for some unaccountable reason, I sense a certain disquiet in some circles in Russia about the future of our relationship. Some ascribe it to the rapid transformation of Indo-US relations, as manifested by the Indo-US nuclear deal. But Russia is a major beneficiary of the US-led initiative to lift the global nuclear isolation of India. The “re-setting” of Russia-US relations remains a top Russian priority. There is also some murmuring about our emerging defence cooperation with the US and western countries. The fact is that Russia is, and will remain, a valued and a preferred partner in defence cooperation. Yet it would be unrealistic, and unfair, to expect India not to avail of the best available defence equipments and technologies under our transparent international competitive bidding procedures. Russia will also need to restore its earlier reputation and credibility of fully adhering to contractual commitments.



## Stable Relations

Despite occasional problems of a transitory nature, ties between India and the former Soviet Union, and then with the Russian Federation, have been the most stable and resilient relations in the post-cold war period for both countries. We share common concerns and have inter-locking strategic interests and goals, including the goal of a multipolar Asian and global world order. We are partners in the combat against religions extremism, international terrorism, illegal narcotics and arms trade. Russia did not mince words in asserting that the

elimination of the terrorist infrastructure in Pakistan was a prerequisite for the renewal of a peaceful dialogue between India and Pakistan to resolve all issues in a bilateral framework as envisaged in the Simla Agreement of 1972 and the Lahore declaration of 1998.

In its cooperation with India, Russia has been flexible in interpretation of the MTCR of the NSG guidelines, even before the latter were waived for India. It has been supportive of our permanent membership of the UN Security Council in bilateral exchanges, which will undoubtedly percolate down to its Permanent Mission in the United Nations.

All this is well and good. But much more will have to be done. It will become increasingly difficult to sustain a strong relationship by focusing primarily on core geopolitical and security issues. We must work much harder to give greater economic ballast to the relationship. While in strategic terms, the Russian eagle now looks both to the West and East, in economic terms, both heads of the eagle are still directed mainly to the West, particularly towards Europe. Steps will have to be taken to overcome the constraints posed by the lack of geographical contiguity through energy and trade transport corridors. The private sectors of both countries will have to reach out to each other in a much more proactive manner.

We have to facilitate trade, investments and technology transfers in both directions. It will also be a mistake to ignore the people to people dimension of the relationship. Apart from ongoing cultural exchange programmes, the YOUTHSAT project etc., tourism, educational and other exchanges need to be actively encouraged, through a much more liberal visa regime and other measures. This will be to the mutual benefit of both countries and have a positive overall impact in Asia and the world. ■

## Annual Results for 2009-10 Declared

# Exim Bank's Net Assets Up 14%, Profit Rises 26%



N. Shankar, Executive Director, T.C.A. Ranganathan, Chairman & Managing Director, and PR Dalal, Executive Director, at the Press Conference of Export-Import Bank of India, in Mumbai

**Export-Import Bank of India (Exim Bank) posted an excellent all-round performance for the year ending 31 March 2010, showing a 14 percent growth in Loan Assets and a 26 percent rise in Profit before Tax.**

The results were announced by Exim Bank Chairman & Managing Director T.C.A. Ranganathan at a press conference held on 7 May 2010 in Mumbai.

### Financial Performance

The highlights of the Bank's performance for the year 2009-10, the 28th year of its operations indicated that Profit before tax amounted to Rs. 772.4 crore, an increase of 26 percent over the previous year and Net Profit was Rs. 513.5 crore.

Capital Adequacy (Capital to Risk Assets) Ratio as on 31 March, 2010 stood at 18.99 percent, as compared to 16.77 percent as on 31 March, 2009.

### Business Performance

Loan Assets increased by 14 percent moving upwards to Rs. 39,371 crore as on 31 March, 2010 from Rs. 34,505 crore as on 31 March, 2009. Loan approvals aggregated Rs. 38,843 crore during 2009-10, registering a growth of 16 percent over the previous year. Loan disbursements aggregated Rs. 33,249 crore, posting 15 percent growth over the previous year.

Net NPAs decreased to 0.20 percent of net loan assets as on 31 March, 2010, as compared to 0.23 percent in the previous year.

### 136 LoCs Aggregating \$4.5 billion

During the year, the Bank extended 22 Lines of Credit

(LOCs), aggregating US\$ 753.31 million, covering 20 countries to support export of projects, goods and services from India. As many as 136 LOCs covering 94 countries in Africa, Asia, CIS, Europe and Latin America, with credit commitments aggregating US\$ 4.5 billion are currently available for utilisation, while a number of prospective LOCs are at various stages of negotiation. The Bank lays special emphasis on extension of LOCs as it is an effective market entry mechanism especially for Indian exporters.

Project export contracts supported by the Bank during the year amounted to Rs. 13,993 crore and the contracts were secured by 13 companies in 12 countries.

During the year, 18 corporate companies were sanctioned funded and non-funded assistance aggregating Rs. 1,054 crore for part financing their overseas investments in six countries. Exim Bank has so far provided finance to 259 ventures set up by over 209 companies in 64 countries including Austria, Canada, China, Ireland, Indonesia, Italy, Malaysia, Mauritius, Morocco, Netherlands, Oman, Romania, Singapore, Spain, South Africa, Sri Lanka, UAE, UK and USA.

As on 31 March, 2010, guarantees on Bank's book were at Rs. 2,274 crore.

### Resources/Treasury

During the year, the Bank received capital of Rs. 300 crore from the Government of India, increasing the paid-up capital to Rs.1,700 crore as on 31 March, 2010, as against authorised capital of Rs. 2,000 crore.

During the year, the Bank raised borrowings of varying maturities aggregating to Rs. 20,266 crore comprising rupee resources of Rs. 13,037 crore and foreign currency resources of US\$ 1.61 billion equivalent.

As on 31 March, 2010, outstanding Rupee borrowings including bonds/commercial paper/certificate of deposit amounted to Rs.24,584 crore, and the Bank had a pool of foreign currency resources equivalent to US\$ 4.16 billion. Total borrowings as on 31 March, 2010 stood at Rs. 40,509 crore, as compared to Rs. 37,202 crore. Market borrowings as on 31 March, 2010 constituted 88 percent of the total resources of the Bank.

The Bank's rupee term deposits increased from Rs. 950 crore as on 31 March, 2009 to Rs. 1,296 crore as on 31

March, 2010 with the number of depositors exceeding 17,800.

The Bank's domestic debt instruments continued to enjoy the highest rating viz. 'AAA' rating from the rating agencies, CRISIL and ICRA.

As on 31 March, 2010 the Bank was rated Baa3 (Stable) by Moody's, BBB- (Stable) by Standard & Poor's, BBB- (Stable) by Fitch Ratings and BBB+ (Stable) by Japan Credit Rating Agency (JCRA). All the above ratings are of investment grade or above and are the same as the sovereign rating.

The Bank issued Reg S bonds of US\$ 300 million in the international debt markets in January 2010 and US\$ 200 million in April 2010.

### New Initiatives

During the year, the Bank opened its Representative Office in Chandigarh which would serve Indian companies in the North West region of the country, in their efforts to become internationally competitive.

### Pact with African Development Bank

A Memorandum of Understanding (MoU) was signed with the African Development Bank (AfDB) in November 2009, which envisages joint financing of projects in regional member countries of AfDB. The MOU would leverage the resources of both the institutions and enable supporting of larger number of projects, and would mitigate cross-border and payment risks normally associated with project exports.

### Programme for SMEs

The Bank has partnered the Commonwealth Secretariat in the 9th and 10th editions of Commonwealth - India Small Business Competitiveness Development Programme. The 9th edition, held in Bangalore in June 2009, was on the theme 'Sustainable MSME Development: The Role of Financing and Appropriate Technologies', and the theme for 10th edition held in Jaipur in February 2010, was on 'MSME Development: Sustainable Practices through Collaboration, Financing and Technologies'.

### Pact with Development Banks of BRIC

The Bank, in the recently concluded BRIC (Brazil, Russia, India, China) Summit held in Brasilia, Brazil,

entered into a Memorandum of Cooperation (MOC) with three major development banks of Brazil, Russia and China, viz. Brazilian Development Bank (BNDES), Bank for Development and Foreign Economic Affairs of Russia (Vnesheconombank), and China Development Bank. The MoC signed in the presence of Heads of States/Governments of four BRIC countries, seeks to develop cross-border transactions and projects of common interest; strengthen and enhance trade and economic relations between BRIC countries and its enterprises; and finance the investment projects and to work towards economic development of BRIC countries. Rural Grassroots Business Initiatives.

### Support to Rural Industries

The Bank has in place a facility to support globalisation of rural industries through its Grassroots Business Initiative. Under the Memorandum of Cooperation (MoC) signed between the Bank and the Ministry of Panchayati Raj (MOPR) the Bank has been designated as the gateway agency for implementing rural business hubs in Wayanad, Kerala; Nagapattinam, Tamil Nadu; and Bastar, Chhattisgarh.

Exim Bank is actively involved in extending export market access support to rural products through innovative export marketing services, effectively utilising its overseas offices and institutional linkages. Exim Bank has earmarked funds for setting up a Rural Technology Export Development Fund to promote exports as also enhance the export worthiness of rural grassroots innovative technologies from India.

### Corporate Social Responsibility

As part of its endeavours in supporting social causes, Exim Bank supported the under-14 girls Rugby Team of the Kalinga Institute of Social Sciences (KISS), Bhubaneswar. The mission of KISS is to provide a combination of formal education with vocational education to tribal children in Orissa. Exim Bank's support to the Rugby Team of KISS encompasses training facilities with associated infrastructure, participation in select tournaments.

### Research & Planning

Eight Occasional Papers were published by the Bank during the year, namely MSMEs and Globalisation: Analysis of Institutional Support System in India and in Select Countries; International Trade, Finance and

Money: Essays in Uneven Development; Sikkim: Export Potential and Prospects; Mizoram: Export Potential and Prospects; Floriculture - A Sector Study; Biotechnology Industry in India: Opportunities for Growth; Indian Gems and Jewellery: A Sector Study; and SADC: A Study of India's Trade and Investment Potential.

### Global network of Exim Banks

The Global Network of Exim Banks and Development Finance Institutions (G-NEXID) was set up in Geneva in March 2006 through the Bank's initiative, under the auspices of UNCTAD. With the active support of a number of other Exim Banks and Development Finance Institutions from various developing countries, the network has endeavoured to foster enhanced South-South trade and investment cooperation and annual meetings of the Forum.

As part of the continuous process of interaction among G-NEXID members, a seminar on 'Global Financial Crisis: Significance of South-South Trade Finance and Cooperation' was organised as a prelude to the Fourth Annual Meeting of the G-NEXID. G-NEXID signed a Memorandum of Cooperation (MOC) with the International Finance Corporation in the presence of Dr. Supachai Panitchpakdi, Secretary General, UNCTAD.

### Development Award

The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Development Award recognises and honours ADFIAP member institutions, which have assisted projects that have created a development impact in their respective countries. The Bank has been conferred the 2010 "Trade Development Award". The Award is in recognition of the Bank's "Lines of Credit Programme" which is an effective market entry mechanism especially for Indian exporters.

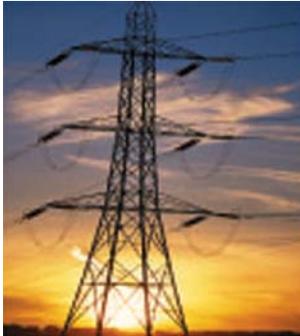
### Commencement Day Annual Lecture

Dr. Supachai Panitchpakdi, Secretary General, United Nations Conference on Trade and Development (UNCTAD) delivered the Bank's 25th Commencement Day Lecture for the year 2010. Dr. Panitchpakdi spoke on 'Reconstructing Economic Governance: An Agenda for Sustainable Growth and Development'. Dr. Subir Gokarn, Deputy Governor, Reserve Bank of India, presided over the function. ■



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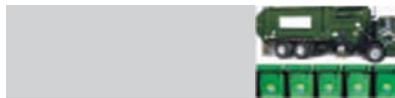


**Mr Amit Mittal (Founder-MD)**



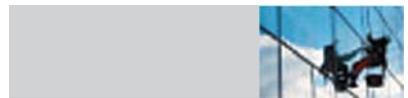
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# India & Russia Agree to Extend Joint S&T Programme

The Integrated Long-Term Programme (ILTP) of Cooperation in Science and Technology will be extended to 2020 and refocus on biotechnology and information technology.



The decision about extending ILTP of Cooperation in Science and Technology was taken on 27 October by the Russian Ministry of Education and Science and the Indian Department of Science and Technology. The

final document will be signed during President Medvedev's visit to India scheduled for late December.

This ILTP has been in place for 20 years, supporting concerted Indo-Russian scientific efforts in such areas as information and bio-technology.

The highest potential for fostering bilateral cooperation lies in developing biotechnologies for agriculture and the pharmaceutical industry as well as new vaccines, said Raif Vasilov, President of the Russian Biotechnology Society, during his visit to Hyderabad in mid-September.

As part of the programme, a technology transfer centre was set up in Moscow with a database consolidating all

commercially valuable technologies developed by Russian scientists. A similar centre will be launched in New Delhi, said Alexander Suvorinov, who led the Russian delegation in a press interview.

The idea is to use the transfer centres for commercialising unique technologies that could generate value for Russia. "Our job is to turn technologies into commercial applications", said Suvorinov.

By establishing technology exchange centres under the Science and Technology ILTP, Russia hopes to stop technology from being illegally 'smuggled' into India through individual scientists, a member of the Russian delegation explained. "They often invite our scientists to India, cover their travel and accommodation expenses, arrange a nice tour, and then buy technologies for a token price. This under-the-counter transfer must be minimized and the money from technology deals should be invested into science", said the delegate.

Russian partners have already suggested that the Indian Government should try and find Indian customers for a unique instrument, which can diagnose tuberculosis in one day (instead of the ten days required by conventional technology). For a TB test, all that's needed is a quick saliva sample. Potential partners were also invited to take part in a Russian programme to develop vaccines against such hazardous diseases as tuberculosis, hepatitis and HIV. Another technology that can be of interest is the phospholipid transport system, which delivers drugs directly to ailing organs.

Indian experts showed particular enthusiasm with regard to an agricultural achievement demonstrated by plant breeders from the Koltsov Institute of



Development Biology - a super-wheat species with unprecedented crop yields, which so far has met with a lukewarm reception at home.

Among energy solutions, Russian delegates believe that a new technology for producing sea floor gas hydrates could also be attractive for the Indian industry.

## Indian spices tickle palate, spin money

**When an Indian student in Moscow started missing spices from back home, a business idea was born. It is now a big money-spinner.**

**Indian spices are the new flavour in Moscow. Russians spend \$2 mn on spices every month.**

When Jeeva Ponnuchamy came to Moscow from Tamil Nadu to study at People's Friendship University of Russia (PFUR) in Moscow in the late 1980s, he wanted to



become an agriculturalist. He managed to adjust to the Russian winter and the ways of his new habitat, but his Indian palate had a difficult time liking Russian food. Cooking was just as hard, as there were no familiar cereals and spices in Moscow shops. Curry, turmeric,

hot pepper, clove, cardamom, basmati, dal, mung beans, rice flour, Indian pickles, coconut and gingili oil all these items were missing in Russian shops in the 1990s. Spices from Russia's Caucasus were available, but Indians did not like their quality and composition.

"The only popular spices in Moscow were black pepper and bay leaf, and when some of our friends went to India, we always asked them to bring at least 50-100 grams of spices. That was not enough. When we went ourselves, we would bring enough spices to last for a year," Jeeva recalls.

While Russia's spices market has now been growing 15-20% over the last few years, the consumption of food additives in the country remained very low for centuries. And this was not just because spices were expensive: the culture of spice consumption in Russia, whether home-grown or imported, didn't take root. Why? A study of some 5,000 recipes from almost 100 cook books representing 36 countries showed that the hotter the country's climate, the spicier the food, the more flavourings and spices are used in cooking, since hot sauces and spices have some antibacterial properties. In Russia, with its chilly summer and extremely cold winters, there was no such problem. Spices were a matter of personal whim, not a necessity.

This was, however, to change at the end of the 20th century. As a result of globalisation and cultural interpenetration, not only did spices become cheaper, but also much more popular. The globalising culinary industry also played its role in whetting Russians' appetite for spices.

Ponnuchamy graduated from PFUR in 1994, but instead of returning to India and continuing the family business of growing sugarcane and cotton, he stayed in Moscow. Using their student cash savings, he and his friends leased a small area in the hall of one of PFUR's buildings, where they set up a kiosk and purchased some food products in the wholesale market to start their small business venture.

Ponnuchamy used his first earnings to go to London to visit his relatives. Walking through an Indian quarter, Ponnuchamy was surprised to see many shops selling authentic Indian products, mostly spices. There was nothing like this in Russia. Even the import of the most popular spices, such as ginger, coriander, caraway, and cardamom was suspended following the collapse of the Soviet Union.

He brought several boxes of spices from his next trip to India, which he began to sell through his kiosk. Little by

little, Indian products sidelined everything else and the first shop was opened soon after.

"Of course, we used advertising. First we distributed leaflets; later we began to hand out our ads on the streets and in the metro. Yet, the most effective advertising was through customers themselves," he recalls. When restaurants began to buy his spices, Ponnuchamy realised that "suitcase" trips could not satisfy the growing demand. The first container came from India by sea in 1995. Yet, it could not leave the customs terminal for a long time due to difficulties with product declaration: it was hard to find customs codes for some spices, especially for those that had not been imported to Russia before. Over the next three years, the shop already had a loyal band of customers. Ten years later, not only foreigners but also Russians became Indian Spices' regular patrons. This shop still exists, but it has grown in size. Another three outlets have been opened in Moscow, and there are plans for a shop in St Petersburg too.

Ponnuchamy had to adjust his business to Russia's specific climate: liquid products such as rosewater or coconut oil can't be transported in winter because of low temperatures. Containers could get stuck at interchanging ports, products would freeze, and packaging might burst in extreme cold. Such goods can only be transported in summer for the whole year. In the winter, oils, sauces and other liquid products come from

heated storage facilities. "The biggest problem faced by any foreigner planning to open a business in Russia is the language barrier. Knowing English is not enough to run a business; you have to understand what the locals say. The second major problem is legislation and its hidden pitfalls. It is important to have a good knowledge of customs regulations," he says. Another problem is Moscow's high rental, which is so high here that the business does not always pay off

### Spice market: Vital stats

Russia's spices market, including in the food industry, is estimated at \$110-120 million. In 2009, the market value grew 21.8% compared to 2008, MEMRB Retail Tracking Services calculated. It is expected to grow by 20-25% over the next few years. The structure of Russia's spices market has changed over the past two years, with universal and single-ingredient spices changing its market shares: the universal segment grew by 7.4% in volume in 2009. Packaged dill, parsley and other single-ingredient herbs saw a 13.1% drop in sales. At the same time, special spices edged up 2% by volume. In terms of value, neither segment declined over the last few years. So, universal seasonings and special spices accounted for 27.7% and 20.3%, respectively, while single-ingredient herbs grew 1.3%. Interestingly enough, universal seasonings make up 60.4% in terms of volume. ■

## Ukraine, China Sign MoU on Co-operation

Ukraine's Coal Industry Ministry and China's State Development Bank have reached an agreement on cooperation in the coal industry.

"We have signed a document which provides an algorithm for further implementation of investment projects," Yuriy Yaschenko, the Ukrainian Coal Industry Minister, told reporters recently after a meeting with Gao Jian, deputy head of the State Development Bank of China.

The memorandum applies to three investment projects to be launched in the Lugansk and Donetsk regions in eastern Ukraine, Yaschenko said.

"Chinese experts have already arrived in Ukraine, they are now visiting the shafts. They will inspect the

technical condition and consider how to implement these projects," Yaschenko said.

Gao said China's State Development Bank is willing to expand cooperation with Ukraine not only in the coal industry but also in agriculture, infrastructure construction and other fields.

Ukraine's coal industry and China's State Development Bank signed a framework agreement on financial cooperation on 2 September 2010 during Ukrainian President Viktor Yanukovich's visit to China.

Under the agreement, Ukraine's coal ministry presented to the Chinese side a package of seven investment projects with an estimated cost of more than one billion U.S. dollars. ■

# Russian Economy Projected to Grow at 4.25 pc in 2010

The IMF expects Russia's economy to resume growth in 2010, by 4.25 percent, after a contraction of 7.9 percent in 2009.

Inflation has fallen rapidly, the current and capital accounts have both rebounded from sharp deteriorations, and the ruble has strengthened. But the IMF says the banking system is still under strain and financial markets remain vulnerable. The key policy challenges are to reverse the large fiscal stimulus and implement structural reforms to boost potential growth.

The IMF's Russia team recently conducted its annual checkup of Russia's economy, known as the Article IV consultation. IMF Survey Online spoke with Poul Thomsen, who is now moving on after having been mission chief for Russia since 2004, about how the government has been managing Russia's economy and what more needs to be done.



**IMF Survey Online: The authorities responded strongly to the crisis. What allowed them to do so?**

**Poul Thomsen:** Above all, the authorities' pre-crisis policy of taxing and saving much of the oil revenue windfall gave them ample room for maneuver in responding to the crisis. They were running large headline budget surpluses in the pre-crisis years. And in the process, they accumulated large reserves - almost \$600 billion - as a result of sizable current account surpluses and substantial capital inflows.

So when oil prices declined and the crisis hit, the oil

stabilization fund mechanism meant the authorities had significant scope for a vigorous policy response. There was room for a dramatic turnaround in the fiscal position from a large surplus to a large deficit; this turnaround amounted to almost 10 percent of GDP. And the authorities could, at the same time, have an accommodating monetary policy - essentially financing the deficit by drawing down on their oil funds held at the central bank, which is equivalent to printing money. This was on top of their earlier massive support to the banking system and to private entities that had large, unhedged foreign exchange exposures.

**IMF Survey Online: Despite the forceful response, Russia was hit hard by the crisis. Why do you think this happened?**

**Thomsen:** Even though the authorities did save much of the oil windfall, they gradually began to spend more and more of it in the years preceding the crisis.

At the same time, private sector activity was very buoyant, so the economy began to overheat. Then, when the crisis hit, the economy was in overdrive, and output dropped by more than in many other countries.

Another problem was that the relatively fixed exchange rate policy before the crisis fueled expectations of ruble appreciation as oil prices increased steadily. This policy essentially encouraged investors and borrowers to take one-way bets on the ruble, which led to very large capital inflows. This was especially pervasive among Russian banks and corporates. Indeed, the private sector built up external liabilities of almost half a trillion dollars, while the government built up reserves of roughly the same amount. This left Russia vulnerable to the reversal of capital flows that took place during the crisis.

**IMF Survey Online: What do you see as the main challenges facing Russia in the future?**

**Thomsen:** Our main concern is on the fiscal side. Russia has undertaken an enormous fiscal stimulus -

almost 10 percent of GDP - to help mitigate the impact of the crisis. It will now have to reverse this fiscal stimulus as cyclical conditions in the economy normalize and private sector demand picks up. Some three-quarters of the stimulus reflects permanent measures, mostly in the form of higher pension outlays, which means expenditure cuts will have to happen in other areas. Discretionary spending, as opposed to statutory spending, accounts for only 9 percent of GDP. This means that Russia will not be able to withdraw the fiscal stimulus unless it undertakes significant public sector reforms in order to allow savings in socially sensitive areas such as health care, education, and pensions. Obviously, these social sector reforms have to be done in a way that protects the most vulnerable. But without such structural changes, it will be difficult for Russia to complete the necessary unwinding of the fiscal stimulus.

**IMF Survey Online: Russia has made progress in strengthening banking supervision. What more is needed to increase confidence in the Russian banking system and to facilitate credit extension?**

**Thomsen:** Much has indeed been done to improve banking supervision in recent years. The central bank has stepped up its monitoring and analysis of risks to the banking system. Clear progress has also been made on day-to-day supervision over institutions, including recently through stress testing. And the central bank now has a wide range of tools that can be used to provide emergency liquidity.

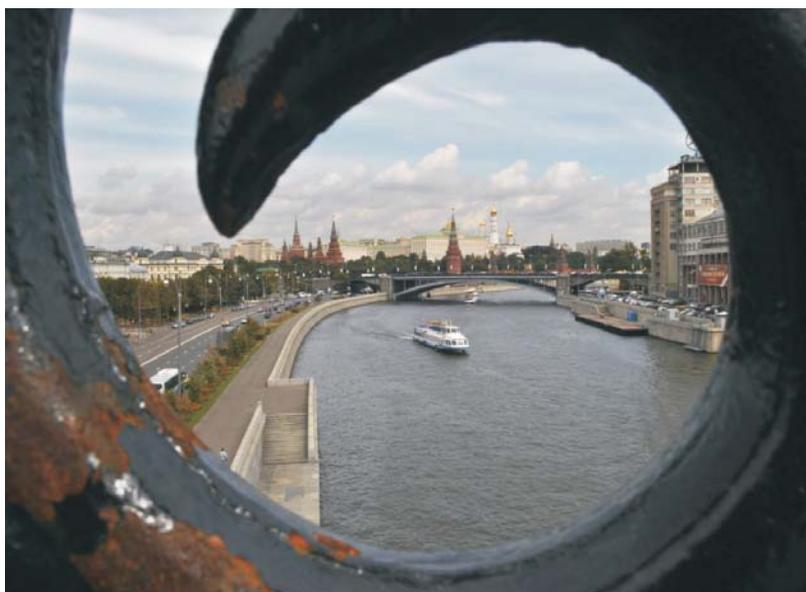
But there are still some weak spots. Perhaps one of the most important ones is the ongoing pervasiveness of connected lending in the Russian banking system, with banks lending to owners and their related enterprises, which is a potential source of serious instability if there is a shock to the system. This is why we have called for the central bank to be granted greater supervisory powers over banks and their affiliates.

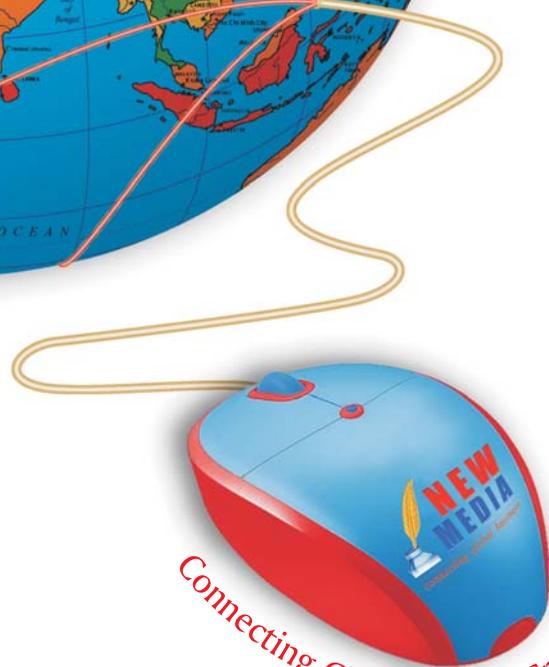
Another area of concern in the banking sector is the loan classification and provisioning system, which is still not up to international standards. For instance, it is not clear how many current loans were actually restructured during the crisis, so greater transparency is needed in this area. And loan provisioning needs to be made more forward looking, so that banks are preparing for expected future losses and not just those that have already taken place.

We do believe the authorities are well-positioned to continue to deal with threats to financial stability. First, the banking system is still relatively small compared to the size of the economy. Second, the authorities have shown that they have the room for maneuver to deal with problems and that they are prepared to act forcefully.

**IMF Survey Online: Given the shrinking labor force, the aging population, and the limited potential for increased productivity in Russia, it seems likely that potential growth is going to be less in the future. What steps can the authorities take to lessen the effects of these developments?**

**Thomsen:** The overarching challenge facing Russian policymakers is to boost potential growth by improving the investment climate. There is a need for fundamental reforms, not least in the public sector, to curtail interference of the public sector on all levels of economic decision making. Russia needs public administration reform, civil service reform, and judicial reforms to ensure a level playing field for all investors. This is the key to achieving modernization and diversification of the economy. President Medvedev's calls for progress in this area are very much welcome. ■





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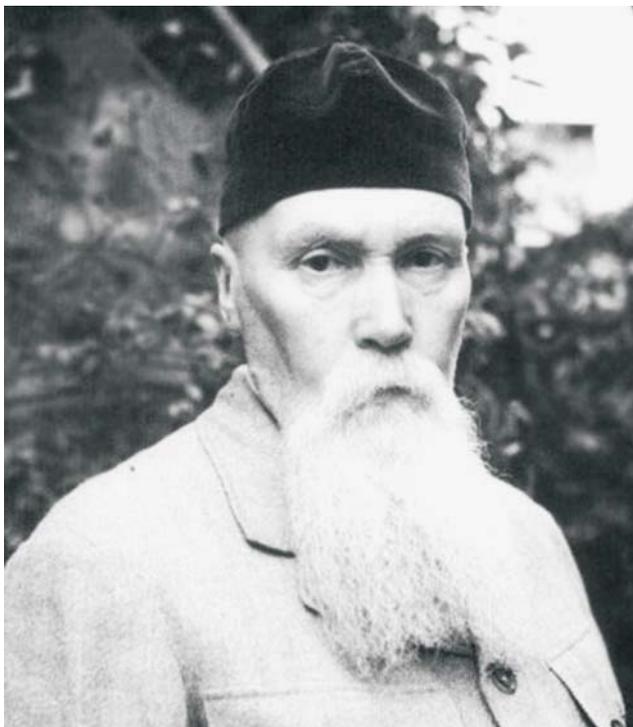
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Inspired by Roerich, the legendary Russian painter, who settled down in India to live and die in this country, a contemporary Russian artist evokes the effortless fusion of spiritual values of India and Russia in her paintings that were displayed at an exhibition at the recent Indian-Russian festival in Naggar.

"India's heart is reaching for the infinite Russia. The great Indian magnet is attracting Russian hearts. How joyful it is to see vitality in Indo-Russian ties. There exists beauty in the Indian-Russian magnet."

These words of Nicholas Roerich aptly encapsulate the spirit of the exhibition of the paintings of Natalya Zaitseva-Borisova which were put up at the Roerich Memorial Estate in Naggar. Most of 60 canvases are themed around India with its temples and sacred sites. Spiritual reverberation flow from the paintings based on artist's travel experiences in India's northern and southern states as well as from canvases that conjure up churches and monasteries in historic Russian cities: Vladimir, Suzdal, Yuryev-Polsky, Rostov Veliky, Yaroslavl, Kostroma, Pskov, Novgorod. Images of Hindu deities, Buddha and Maitreya, the Christian Mother of God, saints and angels are set among fanciful flowers and trees, birds and animals, vast Russian landscapes and the majestic Himalayas. These images intertwine with intricate lacework of floral and geometric patterns, splashing a riot of colours and firing up the world around them, soaring into the sky and vanishing into

## India Liberates Latent Creative Talent, says Russian Artist

the unfathomable Cosmos.

For Natalya, every trip to Naggar this is her fifth visit to this spiritually charged place - kindles her creativity afresh, and spawns a new set of pastels. "In 2005, I had a chance to travel around the Golden Ring of Russia," says the 38-year-old Natalya who has exhibited in Russia, India, Nepal, Poland and Sweden.

"I would say it was kind of a pilgrimage, which followed Nicholas Roerich's early painting trips that inspired his canvases celebrating famous churches and other masterpieces of ancient Russian architecture. So my works are reflecting my perception of the places that possess such enormous spiritual and cultural gravitas."

Although Natalya disclaims any imitation of Roerich, she revered the Russian painter as "the teacher who helped me cultivate my artistic vision". She says she learnt from Roerich the "decorative" perception of nature and architecture and the ability "to look at things through my heart".

Natalya has also been teaching in Moscow, helping adults to develop their artistic talent. Her rich experience also comes in handy when she holds classes for children who learn to appreciate the beautiful at the Helena Roerich Art College created by the IRMT in 2003. It was inspiring to see young artists assembled on the lawns during the recent Indian-Russian festival and giving full play to their imagination.

"I think all of them did very well," says Natalya. "Perhaps, the most important thing for a tutor is to help bring out students' innate creative intuition, give them the right impetus and do your best to discern individual personalities." India, she says, is blessed with an absolutely unique tradition and environment that liberate people's hidden capabilities and powers.

The paintings, exhibited at the festival, clairvoyantly capture this fusion between spiritual values of India and Russia. ■

# Kazakh Economy Recovering, Banking System Still Weak IMF

Kazakhstan is recovering from economic crisis, but stagnant credit growth and banking sector troubles continue to weigh on economic activity, says a survey of the International Monetary Fund (IMF).

In its annual health check of the oil-rich Central Asian economy, the IMF projects that the economy will grow by 4.0 percent in 2010, mainly driven by higher exports, increasing commodity prices, and foreign direct investment. But Kazakhstan must resolve bank weaknesses exposed by the crisis, the IMF stressed.

"A comprehensive strategy to reduce nonperforming loans is urgent and should be accompanied by a full assessment of recapitalization needs for systemically important banks," the IMF assessment said, noting that the country would also need to upgrade the banking system's regulatory and supervisory frameworks.

## Rapid Growth, then Sudden Stop

Kazakhstan, the largest landlocked country in the

world, is the site of the most significant new oil discovery in recent years. The oil sector dominates the economy, accounting for one-fourth of GDP, 60 percent of total exports, and 40 percent of total budget revenues. Major foreign investment in this sector helped fuel strong GDP growth between 2000 and 2007, averaging about 10 percent a year.

At the same time the economy was experiencing rapid growth, Kazakhstan's banks borrowed heavily from abroad, amassing external debt amounting to roughly 44 percent of GDP to fund a rapid expansion of credit, largely concentrated in construction and real estate. When the global financial crisis hit and capital stopped flowing into the country, credit growth ground to a halt, and property prices slumped. With oil prices plummeting, Kazakhstan faced a drop in the value of its exports from \$76.4 billion in 2008 to \$48.2 billion in 2009.

The combination of weak economic growth, currency-



induced credit exposure, and increased uncertainty led to significant difficulties in the banking system. Four Kazakh banks were forced to restructure their external obligations, and nonperforming loans that is, loans that are either in default or close to it began to rise sharply.

### Swift Crisis Response

Owing to the government's ample resources and low public debt, the authorities were able to respond swiftly to the crisis. Drawing upon savings in the National Oil Fund - a nest egg established by the government in 2001 to save oil income for future generations and to reduce dependency on the budget when shocks arise - the authorities helped stabilize banks with a large-scale policy package. The government took equity stakes in four large distressed banks; public entities transferred deposits from elsewhere into the troubled banks; and sectors where nonperforming loans were concentrated (mainly real estate and construction) received funding on preferential terms.

Because public debt is less than 20 percent of GDP, the Government was able to use fiscal measures to counter the crisis impact, increasing budgetary outlays for pensions, public sector wages, and social benefits. Monetary policy was likewise supportive in 2009, with low interest rates and easy access to liquidity contributing to an improvement in bank liquidity. And the tenge, Kazakhstan's currency, was devalued by 20 percent in early 2009, easing pressures on reserves and restoring competitiveness with Russia, its large neighbor and key trading partner.

### Next Steps for Promoting Growth

Kazakhstan's 2010 economic assessment discussions focused on the need to take action in three main areas in order to sustain the country's recovery:

- **Comprehensive and transparent resolution of nonperforming loans in the country's banks.**

Nonperforming loans on a 90-day overdue basis have risen to 26 percent of total loans - up from 3.5 percent in mid-2008 - demonstrating Kazakhstan's urgent need for a strategy to resolve bank weaknesses. In parallel, the macro-prudential framework should continue to be strengthened to address the key vulnerabilities that led to the deterioration of bank credit portfolios, including excessive reliance on foreign funding and risky lending practices. On the difficult trade-off between imposing

enhanced regulations to strengthen banks' balance sheets and promoting credit growth through directed lending policies, the restoration of banking system health should take precedence.

- **Fiscal consolidation based on increased savings of oil revenue.**

Withdrawal of government support for Kazakhstan's troubled banks - removal of the public entity deposits and the divestment of government equity stakes in banks - and the winding down of stimulus spending should be gradual. Official support is still critical in the near term, but such support should be couched in a medium-term plan for fiscal consolidation, centered on maintaining the quality of public spending and increasing savings of oil revenues for future generations and in case of future shocks.

- **Domestic financial market development to discourage dollarization (that is, the widespread use of a foreign currency instead of the domestic currency).**

With lower external funding and increased savings of oil resources, Kazakhstan needs to strengthen domestic deposits over the medium term to finance productive activities. This should be supported by efforts to deepen domestic money markets, promote long-term liquidity in the domestic currency, and foster good risk management practices.

Over the longer term, the Kazakhstani authorities plan to reduce their dependency on oil and advance diversification of their economy by improving the business environment, modernizing enterprises, creating new high value-added export-oriented sectors, and providing support to industries such as telecommunications and transport. The Government's development strategy for the next decade, announced earlier this year, provides a strong basis for the economy's gradual diversification but its success hinges on the support of a well-capitalized and well-regulated financial system, IMF economists say. ■

# Efficient Energy Use Sustains Kazakh Economic Boom

Over the past decade, Kazakhstan has experienced an unprecedented economic boom with annual growth reaching 10 per cent. The upturn was largely driven by the country's wealth in oil and gas, but these resources are limited and prices can be very volatile, as the recent turmoil on the financial markets has shown. These factors, together with Kazakhstan's harsh climate, make energy efficiency an increasingly important topic.

The Kazakhstan Sustainable Energy Financing Facility (KAZSEFF) is the EBRD financial instrument, which supports private companies as they seek to improve energy efficiency and use renewable resources. Glass producer KazStroySteklo is one of the companies interested in cooperating with KAZSEFF.



The technical experts of the KAZSEFF team measure and analyze the energy consumption of an enterprise. The findings are presented to the client and summed up in a project assessment report for the partner banks, which outlines the investment costs and the economic benefits.

With 1.5 million inhabitants, Almaty, Kazakhstan's biggest city, serves as an important transport hub. Workers commute from surrounding towns and villages while international visitors fly in to take advantage of Almaty's plentiful business opportunities and good connections to other Central Asian cities.

But travelling through Almaty requires stamina.

Enormous traffic jams clog its tree-lined boulevards. The city's location in a valley backed by snow-covered mountains means that smog, caused by countless old cars using poor quality fuel, is a serious and growing concern. Solving this problem requires a better, more environmentally-friendly public transport system. With this in mind, the European Bank for Reconstruction and Development has provided Almaty Electrotrams, the municipal tram and trolley bus company, with a US \$10 million loan.

"As part of the project, the electric substations will be modernised, which will improve the reliability of our transport system," says Almaty Electrotrams' director



Talgat Abdrahmanov. "As Almaty is quite a polluted city, a better electric transport network will also positively affect the environmental situation."

As well as being much cleaner than motorized vehicles, trams and trolley buses are more energy efficient. Electric transport consumes less than half the energy per km compared with regular diesel buses.

The drive to modernize Almaty's public transport does not stop here. As part of the project, the EBRD is providing technical cooperation grants, funded by donor countries, to support institutional development. This will help ensure that the Bank's investment has a long-term impact on the company and on the city.

The donor-backed investment will therefore not only improve public transport in the Kazakh city, but also help turn Almaty into a "greener" and more environmentally friendly place to live.

The EBRD's TurnAround Management and Business

Advisory Services (TAM/BAS) programme is a particularly important means of helping small businesses reach their full potential.

"Our work breaks down into two major streams: consulting services for individual enterprises and market development activities, i.e. specific activities that help build professionalism in the consulting markets," he adds.

One of the organizations that has benefited from the programme is the Kazakhstan Press Club, a small public relations and media services firm operating out of Almaty and the capital Astana.



The Press Club offers media analysis and monitoring services, training in media relations and communications consulting services. It also organizes different media events, explains Assel Karaulova, the company's president.

"The Kazakhstan Press Club hosts about two events per day which we organize for a wide range of clients, including international companies, NGOs and many other organisations," says Mrs Karaulova.

The BAS programme helped the Press Club at a time when it needed to develop a clearer vision of its future and to become more commercially oriented.

By supporting the Kazakhstan Press Club, the BAS programme achieved two important goals: it helped turn a promising young company into a dynamic and successful small enterprise while also supporting the development of independent media services in a transition country. ■

# Long-Term Energy Efficiency Funding for Russian Steelmaker

The EBRD is raising €125 million, in long-term funding, to finance key components of energy efficiency programme at leading Russian steelmaker NLMK. The programme aims to cut NLMK's energy consumption by over 15 percent by 2015 thanks to cutting edge technology to be used in Russian iron and steelmaking for the first time and increase self-sufficiency in energy of its main production site in Lipetsk.

emissions in Russia. The largest such emissions are produced by the operation of blast furnaces for iron-making.

NLMK, already one of the world's lowest cost steel producers, is focusing on energy efficiency to achieve even greater cost savings during the current crisis and thus improve its position in an increasingly competitive sector, both domestically and on a global scale.

"The EBRD strongly welcomes NLMK's strategic commitment to energy efficiency which sends an important signal to other intensive energy consumers about the benefits of such investments in current difficult market conditions," Natasha Khanjenkova, the EBRD's Managing Director for Russia, said at the signing.

The EBRD funding will be earmarked mainly for the construction of a 150 megawatt combined heat and power plant to be fired by waste gases from

the steel plant's blast furnaces at its Novolipetsk works. This power plant will boost the share of in-house generated electricity at the steelworks to 56 percent.

In a pioneering move with far-reaching implications for the rest of the industry in Russia, NLMK plans to certify its energy management system under new international ISO 50001 standard now being developed, once it becomes available.

This project forms part of a broader EBRD initiative to promote energy efficiency in Russian industry with the Bank's first major energy efficiency project in the Russian steel sector being signed in December 2007. ■



Under the terms of the loan agreement signed on 2 July 2010, the EBRD will take €100 million of the transaction onto its own books, providing a five-year "A" loan of €100 million to NLMK.

An additional €25 million "B" loan has been syndicated to UniCredit Bank Austria AG, with a three-year maturity. The EBRD remains the lender of record for the full amount of €125 million.

The project, will, once implemented, cut NLMK's greenhouse gas emissions at basic level by 1.5 million tonnes a year.

It will thrust NLMK at the forefront of the country's efforts to fight climate change and is particularly important as the iron and steel industry is estimated to be responsible for some 6.7 percent of GHG

# Loan for Boosting Commercial Use of Wasted Russian Gas

A \$87-million long-term financing package put together by the EBRD will help an independent Russian company begin commercial utilisation of the Associated Petroleum Gas (APG) emerging from wells in one of the country's main oil-producing regions after decades during which this gas was mainly burnt at the source.



Russia's oil producers flare more APG than any other country in the world, causing massive greenhouse gas emissions, but the Government has set a deadline of January 2012 by when such flaring will have to be cut by 95 percent. In terms of volume, Russia at present accounts for one third of all the associated gas flared globally.

This EBRD-funded project will use imported modern technology both to convert 360 million cubic metres a year of associated gas captured from two oil producers in the Khanty-Mansisk region of Western Siberia into liquid petroleum gas and other commercially usable fuels and to drive power stations. Without this project, the gas would otherwise be burnt.

This will create a virtuous cycle combining increased energy efficiency with lower carbon emissions and delivering a business model for other small and medium-sized oilfields as they race to meet the

government's 2012 gas-flaring deadline.

The EBRD is advancing an eight-year "A" loan of \$55 million for this project while a five-year "B" loan of \$32 million has been syndicated to Italy's Unicredit group. The EBRD will remain the lender of record for the full amount of \$87 million.

The borrower, ZAO UgraGasProcessing, is fully-owned by OOO Monolit, the only independent Russian company employing new technologies to provide economically viable solutions for using associated gas. Monolit is, in turn, part of Roza Mira, a medium-sized independent Russian group trading oil products.

Part of the EBRD funding will finance the construction of a gas processing plant on the Zapadnoe-Salymskoe oil and gas field, jointly controlled by Royal Dutch Shell and Russia's state-owned OAO Gazpromneft. The Salym field will deliver associated gas. In exchange, Monolit will supply Dry Stripped Gas for an existing gas turbine power plant.

The rest of the EBRD loan will fund a 44 MW gas piston power plant to be built at the Nizhne-Shapinskoe field. This will use Dry Stripped Gas produced by the gas processing plant in the Salym field pumped through a pipeline which will connect the two oilfields. Nizhne-Shapinskoe field will also supply associated gas to the project.

The energy thus produced will be supplied under long-term off-take contracts to the production facilities of both Salym Petroleum and of Russneft, a private Russian oil group which operates the Nizhne-Shapinskoe field. The liquid petroleum gas will be off-taken by Roza Mira.

EBRD is assisting Monolit in the possibility of monetising the carbon credits generated by this project via the Joint Implementation (JI) mechanism under the Kyoto Protocol. ■

## Russian SMEs to Get \$65 mln Capital Expenditure Loan

The European Bank for Reconstruction and Development (EBRD) is considering providing a three year senior SME loan of up to US\$ 65 million to Bank Saint Petersburg (BSP). The loan proceeds will be on-lent to eligible BSP sub-borrowers in Saint Petersburg and the region, the sub-loans will be for up to three years and used for capital expenditure and working capital.

The loan is aimed at supporting the largest private bank in the North West Federal District of Russia in its efforts to resume active lending to SMEs.

### Transition Impact

BSP experiences competition from the state-controlled banks and the proposed financing will help maintain the market share in SME sector in the region. The EBRD support to a leading private bank is a good opportunity for increasing financial intermediation and support to SMEs in the North-West region of Russia. The proposed financing will help BSP to increase the number and volume of SME loans as well as to lengthen the maturities of the SME portfolio.

Bank Saint-Petersburg (BSP) is the largest private bank (with the total assets of US\$ 7.7 billion at end-June 2010) and one of the most advanced banks in the North-West region, the second largest region of Russia by banking assets. BSP is the EBRD client since 2006. The bank is controlled by management (56.3 percent), 24.5 percent is in free float and 19.2 percent belong to individual shareholders.

### Environmental Impact

BSP is in full compliance with applicable national environmental, health and safety requirements and adheres to the Environmental Exclusion and Referral List. The project has been categorized FI in accordance with EBRD's 2008 Environmental and Social Policy. BSP will be required to comply with the Bank's Performance Requirements for Financial Institutions (specifically, PR2: Labour and Working Conditions and PR9: Financial Intermediaries) and to adhere to the EBRD's Environmental and Social Exclusion and Referral Lists. The bank will implement the EBRD's Environmental and Social Procedures for Corporate Lending and for Small and Micro Loans. ■

## Seven-Year Loan for Renewal of Russian Rolling Stock

Globaltrans, Russia's leading private freight rail transportation group, will be able to fund the purchase of new railcars as part of a rolling stock renewal drive with the help of a seven-year, fixed-interest senior loan of 650 million roubles from the EBRD.

The borrower is OJSC New Forwarding Company

(NPK), a wholly-owned subsidiary of Globaltrans Investment Plc, a Cyprus-registered holding company which consolidates the freight rail transportation business of Russia's N-Trans group. In 2008, the EBRD invested USD 49.55 million to acquire a minority stake in Globaltrans at its IPO.

NPK is planning to buy up to 5,000 rail gondola cars in 2010-2011 and this EBRD financing will fund part of those purchases.

This local currency loan is an example of how the EBRD is helping prudent Russian clients mitigate currency risk by providing long-term rouble debt matching their rouble revenues, the EBRD's Transport Director, Sue Barrett said after the NPK loan signing.

After a drastic decline in late 2008 and early 2009 due to the global economic downturn, Russian rail transportation volumes started picking up in the second quarter of 2009. Rail transport accounted for over 40 percent of Russia's freight movements in 2009. The figure rises to 85 percent if pipeline traffic is excluded from the calculations.

The EBRD has invested over US\$ 1.4 billion in 11 railways and associated projects in Russia, including this one, since the government launched a structural reform of the sector in 2001. The reform was designed to encourage private funding for the renewal of Russia's rolling stock and the modernization of its railway operations.

Russia, which has the world's second largest railway network after the United States, is estimated to need between 400,000 and 780,000 new railcars over the next 10 years. Private ownership of the railcar fleet stands currently above 40 percent and is due to rise to around 50 percent, according to the railway sector's medium to long-term strategies. ■

## Armenia's Anelik Bank Gets \$6m to Help Private Firms

The EBRD is extending US\$ 6 million to Anelik Bank in Armenia, for on-lending to small and medium size enterprises and to further support the development of the country's private sector.

Anelik Bank ranks the 7th in the banking system of Armenia by total capital. The bank provides a wide range of banking services in Armenia with a special focus on lending to small and medium enterprises.

The loan will assist Anelik Bank in implementing its strategy to reach out to small and medium-sized enterprises (SME) through a diversified product range offered to this sector. The maximum sub-loan size is US\$ 500,000. The loan will include local currency option thus helping Anelik Bank and its clients to mitigate the foreign currency risks.

In addition, Anelik Bank will benefit from technical assistance financed by Early Transition Countries Multi-donor Fund aimed at transfer of best practices in SME lending as well as development of new products and advanced technologies.

"We are pleased to support further our long-standing partner as well as the country's real economy. The project will enable Anelik Bank to continue address the needs of the local enterprises in the current challenging environment", said Valeriu Razlog, Head of EBRD Yerevan Office.

"This and other similar projects implemented by Anelik Bank CJSC with the support of international financial organizations during the last 15 years, once more highlight the trustworthiness of the Armenian Banking system. We are sure that in future we will continue our collaboration with the EBRD and other international organizations, promoting the development of SME sector in Armenia" said Samvel Chzmachian, Chairman of the Board of Anelik Bank.

Since the beginning of its operations in Armenia, the EBRD has committed over €414 million in 87 projects in the financial, corporate, infrastructure and energy sectors. ■

## Electronics Firm Gets Funding to Raise Retail Standards

The EBRD is providing a \$4 million loan to Baku Electronics, a leading wholesale distributor of consumer electric and electronic appliances in Azerbaijan, to support the company's drive to improve retail standards.

Established in 1994, Baku Electronics is the exclusive distributor of a number of internationally recognized electronic appliances brands in Azerbaijan, operating through the company's own as well as leased stores. The company was the first in the country to launch on-line shopping for consumer electronics.

The EBRD loan will finance the construction of a modern multi-brands store in Baku, in the densely populated suburb of Ahmadli. With an area of 1,000 square meters, the new two-floor store will be built with the use of advanced energy saving technologies.

"Through this investment the EBRD is supporting Baku Electronics in its strategy to enhance the company's competitiveness and implement world-class retail standards," said Francis Delaey, Head of the EBRD office in Azerbaijan.



"The cooperation with the EBRD is a valuable tool to help Baku Electronics to achieve its main goal to become people's brand by ensuring a sustainable development working hand in hand with its staff, partners and, of course its clients," said Mr. Majid Nakhjavani, General Manager of the company.

Since the beginning of its operations in Azerbaijan, the EBRD has committed over \$1.6 billion in various sectors of the country's economy, mobilising additional investment in excess of \$5 billion. ■

## Bottling Plant in Russia Gets Loan to Neutralize Fiscal Crisis Impact

The EBRD has agreed to extend a loan of 460 million roubles (equivalent to €12 million) to a major Turkish bottling company operating in Russia so that it can both reduce its foreign exchange exposure and swap a number maturing debt lines for a single, longer-term facility in local currency.

This transaction is part of the EBRD's anti-crisis response and supports a long-standing customer of the Bank, Ruscam, the market leader for glass bottles in Russia. The country's glass packaging industry was seriously hit when the Russian beer market, the world's

third largest, shrank by some 10 percent in 2009 due to the economic crisis.

"One of the EBRD's priorities since the crisis is to encourage local currency borrowing where it makes sense, in order to help customers avoid foreign exchange risks," said the EBRD's Director for Agribusiness Gilles Mettetal.



“This refinancing operation is a classic example of what the Bank can do to support established clients, enabling them to focus on operations and market share rather than credit negotiations by providing the kind of flexible medium-term funding that is not normally available from local banks,” Mettetal added.

“EBRD, being an important financial partner of SiseCam, once more demonstrated its support and commitment to the Group and played an important role in financing working capital requirements in local currency,” said Prof. Dr. Ahmet Kırman, Chairman of SiseCam Group. “In this economic environment, the loan carries a distinctive meaning and proves the confidence put in our Group, underlining the mutual cooperation established between two institutions for several years in expansion projects in the region within its growth strategy.”

The EBRD's three-year loan provides for a bullet repayment on maturity. The borrower is Ruscam-Ufa LLC, a limited liability company incorporated in Russia and a subsidiary of Turkey's Anadolu Cam group. Anadolu Cam is in turn majority-owned by Sise ve Cam Fabrikalari A.S., one of Turkey's leading industrial groups and ranks 12th in global glass manufactures. The Ruscam-Ufa bottling plant in Republic of Bashkortostan is one of five projects built by this Turkish investor in Russia, for four of which the EBRD has in all provided over \$200 million in financing since 2004.

In the agribusiness sector alone, the EBRD has directly committed around €6 billion in over 390 projects across Central and Eastern Europe and the Commonwealth of Independent States since 1991 ■

## MCCF to Buy Carbon Credits from Armenian Hydel Plants

The EBRD-EIB Multilateral Carbon Credit Fund (MCCF) has agreed to buy carbon credits from a group of 10 small hydropower plants in Armenia, bundled into a single project under the Clean Development Mechanism (CDM) framework.

The EBRD is working together with Ameriabank CJSC, one of the largest banks in Armenia with a leading position in Armenia's energy financing, whose role is to



aggregate the resulting emissions reduction units. In 2010 Ameriabank has completed the introduction and implementation of the Environmental and Social Management System.

With the support of the EBRD's Armenian Renewable Energy Programme, under which the Bank provided \$7 million to Ameriabank CJSC (legal successor of Cascade Bank CJSC) for on-lending to local Armenian companies, Ameriabank has financed the development of the hydropower stations participating in the transaction. Out of 149 small hydro power plants in Armenia, Ameriabank has financed 27 with a total capacity of around 60 megawatts.

Out of the ten mini hydro power stations participating in the transaction, seven are run-of-river plants and three plants are constructed on artificial water flows, each with electric capacity below 3.6 megawatts.

The plants are bundled into a single project under the CDM framework in order to enable them to benefit from the international emission trading market and

reduce transaction and documentation costs.

The transaction is in line with Armenia's sustainable development goals and will help the country to increase its volumes of renewable energy. The project will also raise Armenia's energy security by reducing its reliance on energy imports and improve the supply of electricity in rural areas where most of the plants are located.

The project contributes to global climate change abatement efforts, by offsetting more carbon-intensive electricity production from the Armenian electric grid.

The emission reduction purchase agreement (ERPA) for the sale and purchase of certified emission reductions (CERs) to be generated by the ten hydropower plants was signed between Ameriabank CJSC and Stichting Carbon Purchase Intermediary (CPI), a special purpose vehicle created to acquire carbon credits for the participants in the MCCF.

This ERPA is the second of its kind to be executed under the MCCF in Armenia and was negotiated by ICF Consulting Ltd., acting as Carbon Manager for MCCF in the Western-Balkan, Caucasus and Central Asia regions. ■

## Funding for Turkmenistan's Private Sector SMEs

The EBRD is helping the development of the private sector in Turkmenistan with a new US\$ 4 million facility for on-lending to small and medium-sized enterprises (SMEs), thus increasing the availability of funds to the real economy.

The programme will provide funding to local banks to finance the capital requirements of local private companies, who have limited access to long-term finance.

The banking sector in Turkmenistan remains largely state-controlled, with private sector lending representing just one percent of Turkmenistan's GDP. The EBRD facility will boost financial intermediation in Turkmenistan, supporting the Turkmen authorities' commitment to reforming the banking sector.

JSCB Senagat, the only bank in Turkmenistan with a private majority stakeholder, and the state commercial bank Turkmenbashi are participating in the programme, each receiving US\$ 2 million for on-lending to local companies.

The EBRD facility is complemented by grant financing provided by the governments of the United States, Japan and Switzerland, which will be used to help the partner banks develop their SME services and improve

lending procedures.

"Supporting the development of the private sector is one of the EBRD's key priorities in Turkmenistan and we are pleased to launch this new facility that will increase the levels of financial intermediation in the country's banking sector and will bring new sources of finance to small and medium-sized businesses", said Olivier Descamps, EBRD Managing Director for Turkey, eastern Europe, Caucasus and Central Asia.

"The private sector in Turkmenistan is developing rapidly thanks to continuing reforms and a more favourable climate for SMEs. Our collaboration with EBRD will allow us to develop SME finance products, lending and risk management procedures using international best practice and ultimately to better satisfy the financing needs of this sector", said Akmurad Orazov, Chairman of Senagat Bank.

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. ■

## Kazakh Bank Gets Finance to Help Import-Export Trade

The EBRD is stepping up its support to Kazakhstan's exporters and importers with a \$50 million trade finance guarantee facility to SBERBANK Kazakhstan, a subsidiary of SBERBANK of Russia, to facilitate the financing of foreign trade at a time when lending to the real economy remains limited.

Founded in 2007, SBERBANK Kazakhstan offers a wide range of banking products, serving over 10,000 corporate and more than 101,000 retail clients throughout the country. It is the first foreign subsidiary of the Russia-based SBERBANK to join the EBRD's Trade Facilitation Programme (TFP) as an Issuing Bank. SBERBANK of Russian Federation joined the TFP programme in 2000.

The EBRD facility will support SBERBANK Kazakhstan in enhancing its trade finance services and will facilitate transactions with longer maturities.

"Through this transaction the EBRD is addressing the unmet demand for trade finance in Kazakhstan, supporting further development of trade in the region in the current market conditions. With the signing of this agreement, SBERBANK Kazakhstan becomes our new partner bank in the country", said Rudolf Putz, Head of EBRD's Trade Facilitation Programme.

"By joining the Trade Facilitation Programme as an Issuing Bank SBERBANK is gaining access to medium-term up to 3 years and long-term up to 5 years guarantee facility for our customers, participants of foreign-trade activity, at lower rates than classic financing, which will facilitate their business development", commented Oleg Smirnov, Chairman of the Board, SBERBANK Kazakhstan.

The EBRD's Trade Facilitation Programme promotes foreign trade to, from and within the EBRD countries of operation, including Kazakhstan. 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.

According to the Trade Facilitation Programme's 2009 annual results, Kazakhstan ranked fourth among all EBRD countries of operation in terms of the number of transactions, after Russia, Georgia and Ukraine.

The EBRD is the largest financial investor in Kazakhstan, having committed to date over €2.8 billion through 135 projects in various sectors of the country's economy. ■

## Five Budget Hotels for Business Travelers to be Built in Russia

The EBRD and the International Finance Corporation (IFC) are jointly raising €50 million in long-term debt and equity to fill a need for better hotel accommodation in the regions of Russia by funding the building over the next two years of five mid-range hotels meeting international standards and targeted at business travellers.

All five will be operated under a long-term contract by France's Accor Group, a global leader in hotel services. Accor S.A. is listed on the Paris stock exchange.

The absence of hotels with good quality service at affordable prices outside Moscow and St. Petersburg has long been identified as a major constraint on the flow of foreign investment in the regions of Russia. This project will alleviate this problem by adding 750 rooms to the market in what are four key regional cities for investors.

The project envisages the construction of hotels under the Ibis brand in each of the following cities: Samara 1,100 km to the south of Moscow, the western exclave of Kaliningrad and the city of Yaroslavl 250 km

northwest of Moscow. In addition, two hotels will be built in the Siberian city of Krasnoyarsk, one Ibis and one Novotel.

The EBRD and IFC, a member of the World Bank group, have each raised €22.6 million in debt financing for the project.

In addition, the EBRD will acquire a minority stake in the Netherlands-registered Russian Hotel Investments B.V., an investee company set up for this project, for €3.2 million while IFC will invest €2.2 million in it.

The debt-financing, which will be paid out in four tranches corresponding to each of the Russian cities

involved, will have a 12-year maturity for the Samara and Yaroslavl portions and a 13-year one for the Kaliningrad and Krasnoyarsk ones.

The borrowers are four special purpose vehicles set up for the construction of these hotels and incorporated in Russia. These four companies are fully owned by Russian Hotel Investments representing the interests of a group of Turkish investors including Afken REIT, part of Akfen Holding, a leading Turkish investment conglomerate, and Kasa Construction, one of the important contractors in the Russian Federation, controlled by the principals of Turkey's Kayi and Insa groups. ■

## Russia's First PPP Project Syndication Oversubscribed

The European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC), a member of the World Bank Group, have jointly raised €200 million from a group of eight commercial banks for the reconstruction and expansion of St. Petersburg's Pulkovo Airport.

Lorenz Jorgensen, EBRD Director of Syndications, said: "This is the first transaction of its kind in Russia financed by commercial lenders, and the fact that this benchmark deal for a landmark Russian infrastructure project was heavily over-subscribed sends a positive signal about the market's potential appetite for such deals."

The commercial banks participating in the €200 million B-loans syndicated by the EBRD and IFC are: UniCredit Group (€55 million), Standard Bank Plc (€39 million), Espirito Santo Investment plc (€23 million) and Nordea Bank AB (€23 million) as Bookrunners and Mandated Lead Arrangers; DZ Bank AG Deutsche Zentral-Genossenschaftsbank (€17 million), KfW IPEX-Bank GmbH (€16 million), MEDIOBANCA-Banca di Credito Finanziario S.p.A. (€13.5 million) and Raiffeisen Zentralbank Österreich AG (€13.5 million) as Mandated Lead Arrangers.

"We are very satisfied with the results of the syndication for the renovation of Pulkovo Airport. This is Russia's first public-private partnership project financed with private money, and its success is a sign of the growing

interest of international investors in helping develop the country's infrastructure," said Ritva Laukkanen, IFC Director of Syndications and Resource Mobilization.

The syndication brings the overall amount raised by the EBRD and IFC for the Pulkovo project to €370 million. Both institutions remain the lenders of record for the full amount under an A-/B-loan structure. The maturity of the EBRD and IFC syndicated B-loans is 12 years while that of the A loans is 15 years.

On April 28, 2010, the EBRD committed €100 million A loan for its own account in the project. The IFCA loan commitment was €70 million. The EBRD-IFC funding is part of a long-term debt package of about €716 million put together by five international financial institutions and Russia's Bank for Development and Foreign Economic Affairs Vnesheconombank to finance the reconstruction and modernisation of Pulkovo airport, including the building of a new terminal.

Pulkovo is the first public-private partnership transaction for Russia's airport sector designed in accordance with international standards. The airport project is managed by Northern Capital Gateway Ltd. a international consortium, consisting of VTB Capital, Fraport AG (the owner and operator of Frankfurt airport) and Copelouzos (a Greek investment and business group). ■

## Russia in \$6-bn, 25-Year Pact with China to Sell Coal

Under demand pressure from steel producers and power plants, China has agreed to lend Russia about \$6 billion in exchange for increased coal supplies over the next quarter century, the Russian Energy Ministry said in a recent statement.

The government will use the loan to finance investments by domestic coal producers in return for a guarantee to increase supplies to China, ministry spokeswoman Irina Yesipova said.

Russia will raise shipments to China to at least 15 million tonnes annually in the next five years and more than 20 million tonnes in the following 20 years, the statement said. Deliveries surged 15-fold to 11.8 million tonnes last year, accounting for about 10 percent of China's total imports.

China, which uses coal to make steel and to fuel 80 percent of its power plants, is seeking to boost imports from countries including Mongolia and Australia to meet demand.

"This agreement is beneficial for all coal producers in Russia," said VTB Capital analyst Alexander Pukhayev. "It could act as a key factor driving forward the development of this sector."

Mechel, Russia's biggest producer of coal for steelmaking, may benefit from the Chinese loan because it needs funds for its Elga mining project in East Siberia, Pukhayev said.

Steelmakers Severstal, Evraz Group and Novolipetsk Steel might also be interested as they seek to develop coking-coal deposits in the Siberian republic of Tuva, he said. Siberian Coal Energy Company, or SUEK, Russia's largest coal producer, said last September that it increased exports to China tenfold in the first nine months of 2009.

Yesipova said it was too early to say which Russian coal miners would participate in the deal.

The recent agreement was part of a package including gas pipeline deals and electricity supplies that will be discussed further at the next round of the bilateral energy dialogue.

"The entire spectrum of issues will be discussed," Yesipova said.

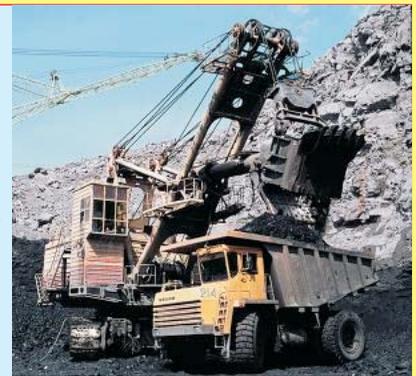
"It is strategically important for China to boost coal imports from neighboring countries, including Russia, to secure energy supply," Wu Jie, a coal analyst at Orient Securities, said by telephone. "The purchase won't have too big an impact on the domestic market and prices, given the moderate increase."

China became a net coal importer for the first time in 2009 after overseas deliveries more than tripled to a record 125.8 million tonnes from a year earlier. Its coal purchases from Russia cost an average of \$87 a tonne last year, compared with \$111 a tonne for cargoes from Australia, according to customs data.

Russia was the fourth-largest supplier after Australia, Indonesia and Vietnam, the data show.

Russia and China signed the coal-supply and loan agreements at the end of August, according to the Russian statement. The \$6-billion loan will help Russia fund new mining equipment, develop resources in the nation's Far East and build coal-transportation links including railways, the China Coal Transportation and Distribution Association said Tuesday in a report on its web site.

The countries will also set up joint ventures to develop coal resources in Russia and conduct research into coal-to-liquids technology, the Chinese report said. Russia will cooperate on exploration with Shenhua Group, China's largest coal company, the association said. ■



## Ukrainian President Calls for Investment in Coal Industry

Ukraine's President Viktor Yanukovich has called for investment in the country's coal industry.

"The stock-taking of the coal industry has been completed. Sixty-three investment projects for nearly Hr 50 billion have been selected," said Yanukovich during his trip to Stakhanov in the Luhansk region.

The Ukrainian president added that UAH 500 million will be raised by the end of 2010 to finance state coal enterprises Rovenkyanratsyt and Sverdlovanratsyt in the Luhansk region.

According to Yanukovich, a program of public private partnership has been drawn up. The program envisages privatization reforms in the coal industry from 2011.

"Ahead of all the privatization agreements will define the questions of investment and execution of all commitments. We will introduce this by a law. Also, investment in the infrastructure of coal towns is foreseen too," he said.

According to Yanukovich, a new wording of the state program "Ukrainian Coal" has been prepared. The new wording envisages the growth in coal production to over 90 million tons by 2015.

As Ukrainian News earlier reported, on June 11, Coal Industry Minister Yuriy Yaschenko said that the DFEC intends to invest about Hr 1.2 billion into the implementation of projects at Rovenkyanratsyt, Sverdlovanratsyt and also at Dobropilliauvuhillia and the Donetsk Coal Energy Company in 2010.

The System Capital Management company (Donetsk) founded DTEK in February 2006 to manage its power-generating enterprises.

The Coal Industry Ministry expects that by the end of 2015, enterprises of all ownership forms will increase



annual production of coal by 26.97 percent or 19.481 million tonnes to 91.7 million tonnes, compared to factual indicator of extraction in 2009.

The minister said those results are planned to be reached through the implementation of a state program called "Ukrainian Coal" for 2010-2015.

The aim of the state program is to enhance the economic efficiency of the coal enterprises and to boost the coal production to satisfy the needs of the national economy.

In 2009, the coal production fell by 7.0 percent or 5.435 million tonnes, compared to 2008 to 72.219 million tonnes.

The Ministry of Coal Industry expects the coal production at state-owned mines to grow by 2.76 percent or by 1.06 million tons in 2010 over 2009, to 39.5 million tonnes. ■

Обсуждение широкого спектра вопросов, связанных с металлургией, фармацевтической промышленностью и машиностроением

## Индия и Россия на пути технологического партнерства



*The Union Minister for Commerce and Industry, Anand Sharma and the Russian Minister for Industry and Trade, Victor B. Khristenko, in a bilateral meeting, in New Delhi.*

**Индия и Россия определили высокотехнологические отрасли промышленности для сотрудничества и увеличения торговых связей между двумя странами. Данные отрасли включают в себя металлургию, медицину, фармацевтическую и биотехнологическую промышленность, телемедицину, машиностроение, автомобилестроение и нанотехнологии.**

Во время двусторонней встречи министра торговли и промышленности Индии Ананда Шармы с российским министром промышленности и торговли Виктором Б Христенко в Нью-Дели 29 сентября 2010 было подчеркнуто, что существует значительная потребность в увеличении объема двусторонней торговли между двумя странами в виду огромного потенциала для наращивания товарооборота.

Министр Шарма также подчеркнул, что обе стороны должны приложить искренние и сознательные усилия с тем, чтобы увеличить настоящий уровень своих торговых отношений. Он указал, что текущий

уровень совместного российско-индийского товарооборота, составляющего 4,54 миллиардов долларов США (2009-10), не отражает свой истинный потенциал, а так же добавил, что обе стороны согласились в октябре 2009 увеличить свои торговые отношения до 20 миллиардов долларов США к 2015 году.

В беседе со своим российским коллегой, Министр Шарма сказал, что российское правительство должно открыть такие сектора промышленности как мясная (говяжье мясо, продукты животного происхождения), фармацевтическая и т.д. Помимо других высших официальных лиц с обеих сторон, на встрече также присутствовал Р.П. Сингх, Секретарь Департамента промышленной политики и содействия Индии.

Выражая удовлетворение по двусторонним обсуждениям по вопросам поставок алмазного сырья в Индию по средством долгосрочных мер и открытия офиса ALROSA в Индии, Министр Шарма заявил, что сотрудничество в этом секторе будет увеличивать взаимные выгоды и способствовать достижению двусторонней торговли. Это также бы послужило шагом к стабильности на мировом алмазном рынке.

Что касается фармацевтического сектора, Министр Шарма проинформировал российского коллегу о существующем желании сотрудничества в разработках и аналитических исследованиях в России, по гармонизации стандартов для обеспечения доступа индийских фармацевтической продукции на российский рынок, а также проведения упрощенной регистрации индийских лекарственных средств, которая не превышала бы трех месяцев.

Признавая сознательные усилия, сделанные Российской Федерацией, Министр Шарма отметил пристальный интерес Индии к взаимовыгодному

сотрудничеству для того, чтобы увеличить объем двусторонней торговли фармацевтической продукции через совместные предприятия.

Обе стороны уже согласились приступить к работе над высоко реализуемыми технологическими проектами с тем, чтобы усилить сотрудничество между Индией и Россией в металлургии, медицине и биотехнологической промышленности, телемедицине, машиностроении и автомобилестроении, нанотехнологиях и других отраслях промышленности на основе высоких технологий и т.д. в ходе 16-ой встречи между Межправительственными Комиссиями Индии и России по Торговле и Экономическому сотрудничеству (IRIGC-TEC).

#### **Российская сторона проводит переговоры по вопросам фармацевтики**

Российская делегация во главе с Министром промышленности и торговли Христенко также провела переговоры с высшими индийскими правительственными официальными лицами по продвижению сотрудничества в фармацевтическом секторе в их стране.

Делегация обсудила актуальные вопросы с секретарем (замглавы) Министерства химии и минеральных удобрений Индии Мукуллом Джоши и другими высшими должностными лицами по двусторонним проблемам в фармацевтическом секторе. Обе стороны также провели дискуссии с представителями промышленности.

Делегация также посетила Национальный Институт Фармацевтического Образования и Исследования в Чандигаре и производственные помещения завода доктора Редди в Бачхупали вблизи Хайдарабада.



*The Russian Minister for Industry and Trade, Victor B. Khristenko meeting the Secretary Pharmaceuticals, Mukul Joshi to discuss bilateral cooperation in Pharmaceutical sector in New Delhi.*

## Яркие перспективы для российского фармацевтического сектора

Перспективы для российской фармацевтической промышленности никогда не были столь привлекательными согласно оценке экспертов, предсказывающих рыночные возможности в объеме 60 миллиардов долларов США к 2020 году. Поощренные прогнозами 2020 года и правительственной стратегией, нацеленной на развитие инновационной российской фармацевтической промышленности, используя зарубежный опыт в исследовании и производстве, иностранные производители лекарственных препаратов планируют инвестировать 4 миллиарда долларов США, с тем чтобы создать базу в качестве местных производителей.

Лучшие индийские фармацевтические компании также с огромным интересом следят за российским рынком. Фармацевтическая продукция, которую Индия экспортировала в Россию в 2008 году, составляла 532 миллиона долларов США и, как ожидается, этот показатель существенно повысится в этом году. Хотя индийские фармацевтические компании участвуют в бизнесе еще с советских времен, их доля на российском рынке составляет всего чуть более 5 процентов. Но с новой российской политикой, картина обещает резко поменяться. Так фармацевтическая компания Dr. Reddy's Laboratories Ltd сумела в 2009 году провести продаж на российском рынке на сумму 130 миллионов долларов США, что является резким скачком в 27 процентов по сравнению с предыдущим годом. Компания Ranbaxy также заняла существенную позицию на российском рынке. В целом же индийские лекарственные препараты завоевали высокую репутацию на российском рынке благодаря своему качеству и ценовой конкурентоспособности.

“Во время финансового кризиса было особенно важно, чтобы индийские лекарства на российском рынке были

доступны по цене,” отметил Сергей Шуляк, генеральный директор исследовательской компании DSM. Их цены были часто на 20-30 процентов ниже чем на импортированные лекарства именно из-за того, что они были произведены на местных предприятиях.

### Индийские инвестиции

Как российский президент Дмитрий Медведев так и Премьер-министр Владимир Путин поспособствовали для индийских инвестиций в этом решающем секторе. “Мы готовы обсудить эти проекты и создать новые предприятия по производству медицинских препаратов,” сказал Медведев в прошлом году. “Фармакологический рынок развивается в России. Это-растущий рынок. Индийские производители довольно хорошо представлены здесь и предлагают зарекомендовавшие себя бренды. Развитие фармакологической промышленности в нашей стране - национальный приоритет, который лично координируется президентом России.” Заместитель премьер-министра Сергей Собянин пригласил индийских фармацевтов создавать совместные предприятия и строить фабрики, чтобы производить лекарственные средства непосредственно в России.

Индия ответила с энтузиазмом. “Они готовы вкладывать капитал в российскую фармацевтическую промышленность, включая совместные предприятия Индии и России. Россия готовит список лекарственных препаратов, в которых она нуждается,” сказал Министр Торговли Ананд Шарма в ходе своего визита в Москву в июне. Две стороны работают сейчас над протоколом по совместному производству.

Россия, со своей стороны, поставила приоритет на модернизацию системы здравоохранения и развитие фармакологии, определив их как двойные стратегические цели, необходимые для



The Russian Minister for Industry and Trade, Victor B. Khristenko with the Secretary Pharmaceuticals, Mukul Joshi, at the delegation level talks on Pharmaceutical sector, in New Delhi.

национального возрождения. “Российский рынок - один из самых многообещающих и привлекательных для фармацевтических препаратов. С точки зрения экономического роста Россия находится наравне с другими странами BRIC-MT [Бразилия, Индия, Китай, Мексика и Турция],” сказал Здравко Чулибрк, глава Московского отделения Netofarm, филиал немецкой группы STADA. Фармацевтические продажи в России в 2009 насчитывали 17 миллиардов долларов США. Как ожидают, они могут достигнуть \$22 миллиардов в 2011 и к \$24 миллиардов в 2012.

Год назад Медведев установил цель увеличения продаж в области медицины и здравоохранения до 1,5 триллионов рублей к 2020 году. Недавно, Путин объявил, что 460 миллиардов рублей в фондах государственного бюджета предназначены для модернизации системы здравоохранения в регионах России. Два ключевых события — составление закона о медицинском страховании и вступающий в силу 1 сентября 2010 новый закон о фармацевтической деятельности позволили российскому здравоохранению достигнуть качественно нового уровня.

“Привлекательность внутреннего рынка для инвестиций иностранных компаний увеличилась,” говорит Чулибрк. Он вспомнил, что в 2006, когда его компания строила свою собственную фабрику в России, потребовалось 27 месяцев, чтобы зарегистрировать свое фармацевтическое производство в России. “Теперь, с новым законом в действии, временные рамки для того, чтобы получить разрешение для регистрации фармацевтической деятельности строго отрегулированы и существенно уменьшены,” отметил он.

Расцветающий рынок привлек глобальных фармацевтических гигантов как Polpharma, Actavis, Stada, и Sanofi-Aventis, которые теперь строят свои собственные фабрики в России. Такие компании как Тева, Novartis, Pfizer, Novo Nordisk, AEC PARTNERS, Wyeth Pharmaceuticals, и AstraZeneca заявили о своем намерении открыть свое производство в России.

### **Инвестиции на сумму 6,2 миллиардов долларов США нацелены на Россию**

Стратегия Pharma 2020 состоит в том, чтобы поднять конкурентоспособность промышленности, стимулировать производство инновационных лекарств, модернизировать оборудование фабрик, снять административные барьеры для регистрации фармацевтической деятельности и начать образовательные программы. Цель достаточно честолюбивая - поднять долю произведенных лекарств внутри страны от текущих 23 процентов до 50 процентов на последующие 10 лет. Выполнение данной задачи уменьшит зависимость страны от импорта и сделает лекарственные препараты более доступными для потребителей и правительства.

Осуществление данной стратегии требует 188 миллиардов рублей (6,2 миллиардов долларов США) в качестве инвестиций в фармацевтический сектор на

последующее десятилетие в трех ключевых областях: научные исследования, обучение и развитие инфраструктуры, и представление налаженных производственных методов во всех российских производственных структурах. Большую часть от инвестиционных вложений составят государственные фонды, направляемыми либо посредством распределений регулярного бюджета или посредством одной из федеральных целевых программ как средств государственного финансирования, созданных для того чтобы достигнуть определенных целей развития. Правительство выразило готовность выделить 120 миллиардов рублей (4 миллиарда долларов США) из государственных фондов для того, чтобы поддержать фармацевтическую промышленность.

### **Российская компания АЛРОСА открывает свое представительство в Индии**

Российская алмазная компания АЛРОСА проводит переговоры для открытия своего офиса в Индии и рассматривает возможности поставок в Индию алмазного сырья через долгосрочные договоренности.

Индия сказала, что сотрудничество с Россией в алмазном секторе не только увеличит взаимную выгоду, но также и принесет стабильность на мировой алмазный рынок.

Российской стороной были проведены двусторонние обсуждения по вопросам поставок неограниченных алмазов в Индию посредством долгосрочных договоренностей, а также обсуждался вопрос об открытии представительства компании АЛРОСА в Индии

После встречи оба министра, Христенко и Шарма выразили удовлетворение по двусторонним обсуждениям и заявили, что сотрудничество в этом (алмазном) секторе увеличит взаимные выгоды. Это также послужило бы шагом к стабильности на мировом алмазном рынке.

Согласно информации, взятой с вебсайта АЛРОСА, вероятные запасы компании составляют приблизительно одну треть алмазных ресурсов в мире. АЛРОСА - одна из самых крупных в мире алмазных компаний, производство которой составляет одну четвертую глобального производства в оценочных терминах. Ее доля от всей алмазной продукции России составляет 97 процентов.

В 2009 году совокупное производство неограниченного алмаза АЛРОСА в оценочных терминах составляло 35 миллионов каратов или 2,24 миллиарда долларов США с продажами алмазного сырья составляющими 2,18 миллиардов долларов США. Российское правительство является держателем контрольного пакета акций в АЛРОСА. В официальных сообщениях говорится, что к концу 2010 года АЛРОСА планирует увеличить свои продажи алмазного сырья и отшлифованных алмазов до 3,3 миллиардов долларов США. ■

## Объявленные результаты 2009-10 г.

# Нетто-активы экспортно-импортного банка (Exim Банк) возросли на 14%, доход увеличился на 26%.



*N. Shankar, Executive Director, T.C.A. Ranganathan, Chairman & Managing Director, and PR Dalal, Executive Director, at the Press Conference of Export-Import Bank of India, in Mumbai*

**Экспортно-импортный банк Индии (Exim Банк) объявил о том, что он добился замечательных результатов к концу 31 Марта 2010, показывая 14% рост в кредитных активах и 26% в прибыли до уплаты налогов.**

Результаты были объявлены председателем и управляющим директором банка Exim Т.С.А. Ранганатханом на недавно проведенной пресс-конференции в Мумбае.

### **Результаты финансовой деятельности**

Важные статьи бухгалтерского учёта деятельности

банка на 2009-10 г., 28- ой год его деятельности, показали, что прибыль до уплаты налогов составляла 772,4 кроров рупий (1 крор -10 миллионов рупий), увеличение на 26% по сравнению с предыдущим годом и и чистая прибыль 513,5 кроров рупий.

Коэффициент эквивалентности достаточности основного капитала (капитал к неликвидным активам) к 31 марту 2010 составлял 18,99 %, по сравнению с 16,77 % 31 марта, 2009.

### **Результаты бизнеса**

Кредитные активы увеличились на 14 % поднимаясь до 39 371 кроров рупий на 31 Марта, 2010 от 34 505 кроров рупий 31 March, 2009. Разрешения на выдачу

кредитов составили 38,843 кроров рупий в 2009-10, регистрируя рост в 16 % по сравнению с предыдущим годом. Выплата ссуды составила 33 249 кроров рупий, или в процентном отношении 15% по сравнению с предыдущим годом.

Процент безнадежных кредитов уменьшился до 0,20 % от чистых кредитных активов на 31 March, 2010, по сравнению с 0,23 % в предыдущий год.

### **136 КЛ (Кредитные Линии) составляют в общем 4,5 миллиарда долларов.**

В течении года Банк предоставил 22 КЛ (кредитные линии) (договоренность о предоставлении займа на оговоренную сумму); (LOCs), составляя в общем 753,31 миллиона американских долларов, охватывая 20 стран, чтобы поддержать экспорт проектов, товаров и услуг из Индии. Почти 136 КЛ, охватывающих 94 страны в Африке, Азии, СНГ, Европе и Латинской Америке, с кредитными обязательствами составляющими в общем 4,5 миллиардов долларов, сейчас имеются для использования, в то время как ряд КЛ находятся на различных стадиях переговорного процесса. Банк уделяет особое внимание расширению КЛ, потому что они являются эффективным механизмом выхода на рынок, особенно для индийских экспортёров.

Контракты по экспорту проектов поддерживаемых Банком в течении года составили 13993 кроров рупий и контракты получили 13 компаний в 12 странах.

В течении года, 18 корпоративных компаний получили финансируемую и не финансируемую помощь, составляющую в общем 1 054 кроров рупий для частичного финансирования своих зарубежных инвестиций в шести странах. Банк Эксим предоставил финансы 259 предприятиям осуществлённым свыше 209 компаниями в 64 странах в их числе Австралия, Канада, Китай, Ирландия, Индонезия, Италия, Маврикий, Морокко, Дания, Оман, Румыния, Сингапур, Испания, ЮАР, Шри Ланка, ОАЭ, Великобритания и США. В соответствии с 31 Мартом, 2010, гарантии книги Банковского учёта составляли 2 274 кроров рупий.

### **Ресурсы /Казна**

В течении года, Банк получил 300 кроров рупий от правительства Индии, что увеличило оплаченную часть акционерного капитала на 1 700 кроров рупий в соответствии с 31 March, 2010, по сравнению с уставным капиталом (УК) в 2 000 кроров рупий.

В течении года, Банк повысил привлечённые кредитные средства различных сроков платежа по кредиту, в общем на 20 266 кроров рупий составляющих ресурсы на 13037 кроров рупий и ресурсов иностранной валюты эквивалентной 1,61 миллиардам американских долларов.

В соответствии с 31 Мартом, 2010, неоплаченные рупьевые привлечённые кредитные средства в их числе бонды/ коммерческие бумаги/ сертификаты

депозитов равнялись 24 584 крорам рупий, и Банк имел пул валютных резервов в 4,16 миллиардов американских долларов. В целом привлечённые кредитные средства в соответствии с 31 March, 2010 составляли 40 509 кроров рупий, по сравнению с 37 202 кроров рупий. Рыночные привлечённые кредитные средства в соответствии с 31 March, 2010 составляли 88 % общих ресурсов Банка.

Рупьевые депозиты Банка увеличились от 950 кроров рупий в соответствии с 31 March, 2009 до 1 296 кроров рупий в соответствии с 31 Мартом, 2010 с числом депозитов возросшим до 17 800.

Инструменты внутренней задолженности Банка продолжают пользоваться высшим рейтингом - 'AAA', начиная от рейтинговых агентств CRISIL и кончая ICRA.

В соответствии с 31 Мартом, 2010 рейтинг Moody Банка был Ваа3 (стабильный), ВВВ- (Стабильный) рейтинг составленный Standard & Poor's, ВВВ- (Стабильный) рейтинг составленный Fitch Ratings и ВВВ+ (Стабильный) составленный японским кредитным агентством (JCRA). Все выше указанные рейтинги инвестиционного класса или выше и равны суверенному рейтингу.

Банк разместил бонды Reg S на 300 миллионов долларов на международных рынках в январе 2010 и 200 миллионов долларов в апреле 2010.

### **Новые инициативы.**

В течении года, Банк открыл свой представительский офис в Чандигархе, который будет обслуживать индийские компании на северо-западе страны, чтобы они стали конкурентно способными на международном уровне.

### **Договор с Африканским Банком развития.**

Меморандум взаимопонимания был подписан с Африканским Банком развития (АБР) в ноябре 2009, который предусматривает финансирование осуществления совместных предприятий в странах членах АБР. Меморандум взаимопонимания предусмотрит оказание помощи ряду проектов и поможет избежать риски платежа, обычно ассоциируемые с такими проектами экспорта.

### **Программы для МСП (Малых и Средних Предприятий).**

Банк был партнёром Секретариата Содружества в 9 и 10 раунде конференции осуществления программы по развитию конкурентности мелкого бизнеса в Индии и Содружестве. 9тый раунд состоялся в Бангалуре в июне 2009, в соответствии с темой 'Устойчивое развитие мелкого бизнеса: Роль финансовых и соответствующих технологий; и тема 10 раунда конференции, состоявшейся в Джайпуре в феврале 2010г, была «Развитие мелкого бизнеса, устойчивой практики посредством технологий сотрудничества и финансирования».

### Договор с Банком развития БРИК

Банк, на недавно завершившимся самите БРИК (Бразилия.Россия Индия, Китай) состоявшемся в столице Бразилии подписал Меморандум Взаимопонимания с тремя крупными банками развития Бразилии, России и Китая, а именно с Бразильским Банком развития (BNDES), Банком по развитию и внешним экономическим делам России (Внешэкономбанк) и Китайским Банком Развития. Меморандум Взаимопонимания подписанный в присутствии глав государств/правительств 4 стран членов БРИК, предусматривает развитие трансграничных транзакций и проектов общего интереса, упрочение и расширение торговых и экономических отношений между странами членами БРИК и их предприятиями; и финансирование проектов и работ нацеленных на экономическое развитие стран членов БРИК и их сельских деловых инициатив.

### Поддержка сельских индустрий.

Банк разработал механизм по поддержке глобализации сельских индустрий посредством народной деловой инициативы. В соответствии с меморандумом по сотрудничеству, подписанном Банком и министерством Панчаяти Радж (местные органы управления) Банку была определена роль агентства - ворот по созданию центров бизнеса в Ваянанде, Керала, Нагапаттинаме, Тамил Наду, и Бастаре, Чатысгарх.

Exit Банк активно вовлечён в расширение выхода на экспортный рынок, в поддержку производства сельской продукции посредством инновационных услуг маркетинга, эффективной утилизации своих зарубежных офисов и институциональных связей. Exit Банк выделил средства на создание Фонда для развития технологии сельского экспорта и так же для повышения сельскохозяйственных инновационных технологий экспорта из Индии.

### Корпоративная социальная ответственность

Как часть мероприятий по поддержке социального дела, Exit Банк оказал материальную поддержку девочкам не достигшим 14летнего возраста, спортсменкам команды Рагби института социальных наук им. Калинга в Бубанешваре. Эта миссия заключается в предоставлении сочитания формального образования с профессионально-техническим образованием племенным детям в Ориссе. Поддержка Exit Банка команде Рагби, охватывает тренировку и организацию участия на соревнованиях.

### Исследование и планирование.

Восемь неперiodических выпусков были опубликованы Банком в течении года, а именно «Мелкие предприятия и глобализация: Анализ системы институциональной поддержки в Индии и избранных странах; Международная торговля, финансы и деньги: Вопросы в неравномерном

развитии; Сикким- потенциалы и перспективы экспорта; Мизорам и потенциалы и перспективы экспорта; Цветоводство – Сектор изучения; Биотехнологическая промышленность в Индии: Возможности роста; Индийские драгоценные камни и ювелирные изделия: секторное изучение; и SADC: Исследование потенциалов торговли и инвестиции Индии.

### Глобальная сеть Exit Банка

Глобальная сеть Exit Банка и развитие финансовых институтов (G-NEXID) была создана в марте 2006 г. посредством инициативы Банка, под эгидой ЮНКТАД. С активной поддержкой ряда других Exit Банков и Финансовых институтов развития различных стран, сеть предпринимает задачу расширения торговли в рамках ЮГ-ЮГ и инвестиционного сотрудничества и проведение ежегодных заседаний Фонда.

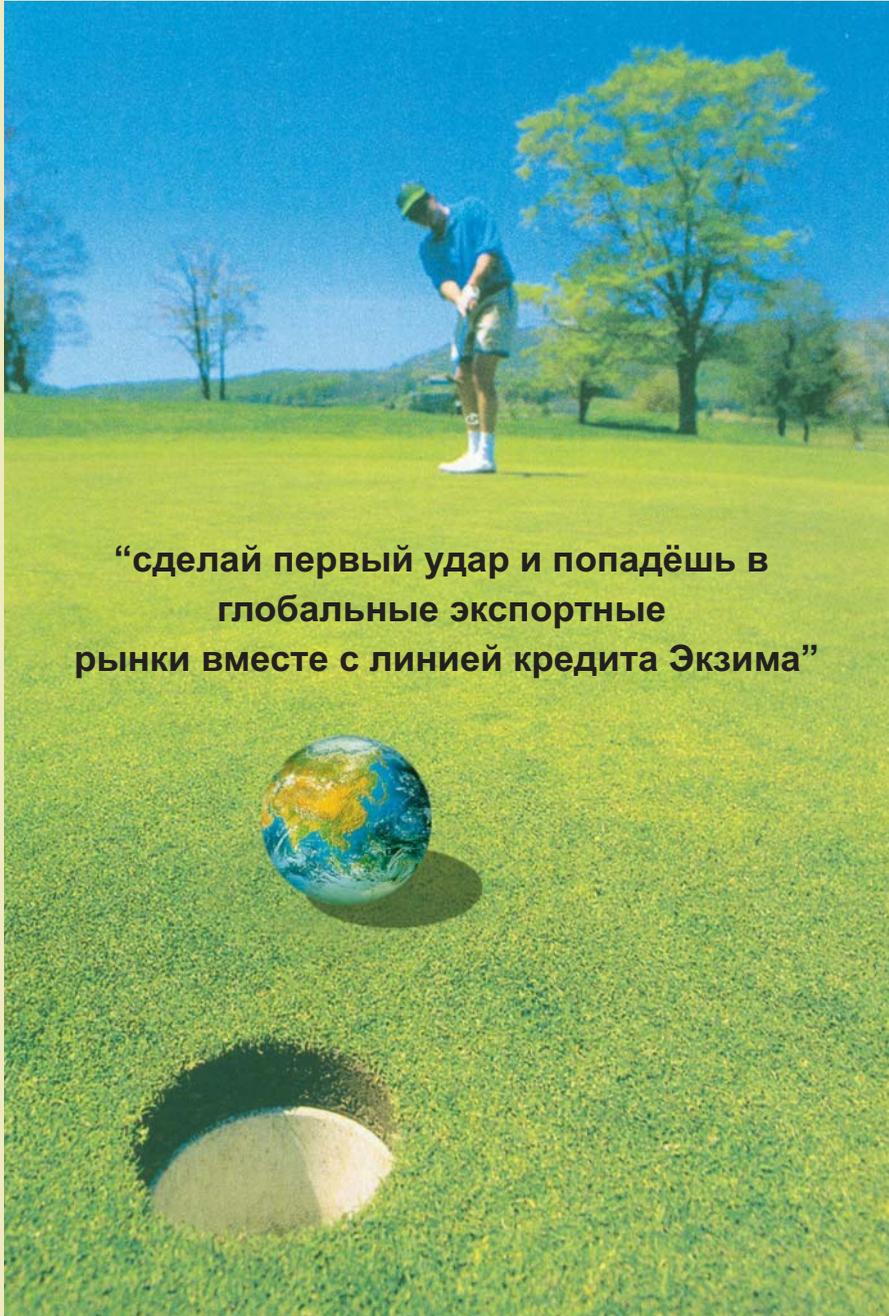
Как часть непрерывного процесса взаимодействия между членами G-NEXID, был организован семинар на тему Глобальный финансовый кризис: Важность торговли финансов и сотрудничества в рамках ЮГ-ЮГ, в предверии четвёртой ежегодной встречи членов G-NEXID. G-NEXID подписал меморандум по сотрудничеству с международной финансовой корпорацией в присутствии генсека ЮНКТАД Др. Супачаи Панитчпаки.

### Премии за развитие

Премия за развитие, присуждаемая Ассоциацией Финансовых Институтов Развития в Азиатском Тихоокеанском регионе (АФИРАТР) признаёт и присуждает награды институтам членам АФИРАТР, которые помогали проектам развития в соответствующих странах. Банку присудили "премию за развитие торговли " 2010г. Премия была присуждена в знак признания «Программы Кредитных Линий», которая является эффективным механизмом выхода на рынок особенно для индийских экспортёров.

### Актовый день ежегодной лекции

Генеральный секретарь ЮНКТАДА Др. Супачаи Панитчпаки зачитал лекцию 25 актового дня Банка на 2010 г. Др. Супачаи Панитчпаки говорил о реконструкции экономического управления, повестке дня по устойчивому развитию и росту. Заместитель губернатора Резервного Банка Индии Др. Субир Гокарн председательствовал на церемонии. ■



**“сделай первый удар и попадешь в  
глобальные экспортные  
рынки вместе с линией кредита Экзима”**

Мир экспорта привлекает новые экспортные возможности. Риск-Менеджмент - название игры.

Линии кредита (LOCs) Эксим Банка откроют целый диапазон неизведанных возможностей для экспорта свободного от риска. Использование новых экспортных возможностей в Африке, СНГ, Латиноамериканских и Карибских странах – это всего лишь несколько из них.

Эксим Банком предоставлены линии кредита зарубежным банкам и финансовым учреждениям. Заграничные учреждения в свою очередь обеспечивают эту линию кредита, чтобы финансировать импортеров в той стране / в том регионе.

Зарубежный импортер может импортировать из Индии разные виды товаров и услуг по отсроченным срокам оплаты. Однако Индийский экспортер получает полную наличную оплату по погрузке товаров. Ответственность возмещения кредита Эксим Банку несет заграничный заемщик, а не Индийский экспортер.

Линии кредита (LOCs) Эксим Банка - предпочитаемый маршрут для исследования новых рынков. Для большей информации о том, как использовать линии кредита (LOCs) Эксим Банка, свяжитесь с нами сегодня.



**EXPORT-IMPORT BANK OF INDIA**

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Phone : 022 - 2217 2600 • Fax : 022 - 2218 2572 • E-mail : [cag@eximbankindia.in](mailto:cag@eximbankindia.in)  
Offices - India : Ahmedabad, Bangalore, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai, New Delhi, Pune  
Overseas : Washington D.C., London, Singapore, Dubai, Durban (S. Africa), Dakar (Senegal).  
Website : [www.eximbankindia.in](http://www.eximbankindia.in)

# Partner in your Global Endeavours.



## Bank's Major Initiatives

- Export Credits
- Finance for Export-oriented Units
- Overseas Investment Finance
- Lines of Credit
- SME & Agri Finance
- Support for Grassroot Enterprises
- Export Services

## Products and Services

- Export Marketing
- Pre-shipment
- Post-shipment
- Investment Abroad
- Advisory Services
- Import Finance
- Export Product Development
- Export Production

## EXIM Bank

Owned fully by the Government of India, the Bank was established by an Act of Parliament in September 1981 and commenced operations in March 1982. Exim Bank is an apex financial institution catering to diverse needs of exporters and importers, and facilitating two-way investment flows.

## EXIM Bank's catalytic role

Ever since its inception, the Bank has been actively involved in catalysing India's international trade and giving it an enduring identity in the global market, through its pioneering initiatives to serve its constituents all over the world.

## Awards

EXIM Bank has undertaken a multitude of promotional activities through innovative projects that have been highly acknowledged by its clientele and stakeholders.

- 'Trade Development Award' by the Association of Development Financing Institutions in Asia & the Pacific (ADFIAP) in 2010 in recognition of Bank's "Lines of Credit Programme."

## Our evolving vision for your dream

To develop commercially viable relationships with a target set of externally oriented companies by offering them a comprehensive range of products and services, aimed at enhancing their internationalisation efforts.

## Our goal for your future

At EXIM Bank we aspire to promote the country's international trade by providing comprehensive assistance to exporters and importers globally. The future will witness a plethora of products and services for the Rural Grassroot and SME sector, as EXIM Bank will take rural products to the international market.

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*EXIM Bank is dedicated to encouraging globalisation efforts of Indian enterprises across all sections of the economy. • Rated by Moody's (Baa3), ICRA (BBB+), S&P (BBB-) and Fitch (BBB-) • 28 years of continuous profits and dividends • Resources raised in International Debt Capital Markets through Loans/Bonds/FRNs/Samurai Bonds*

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