

***ENHANCING INDIA- MYANMAR BILATERAL ENGAGEMENTS:
A BRIEF ON EXIM BANK'S FINANCING PROGRAMMES***

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Structure of Presentation

1. An Overview of India-Myanmar Bilateral Engagement

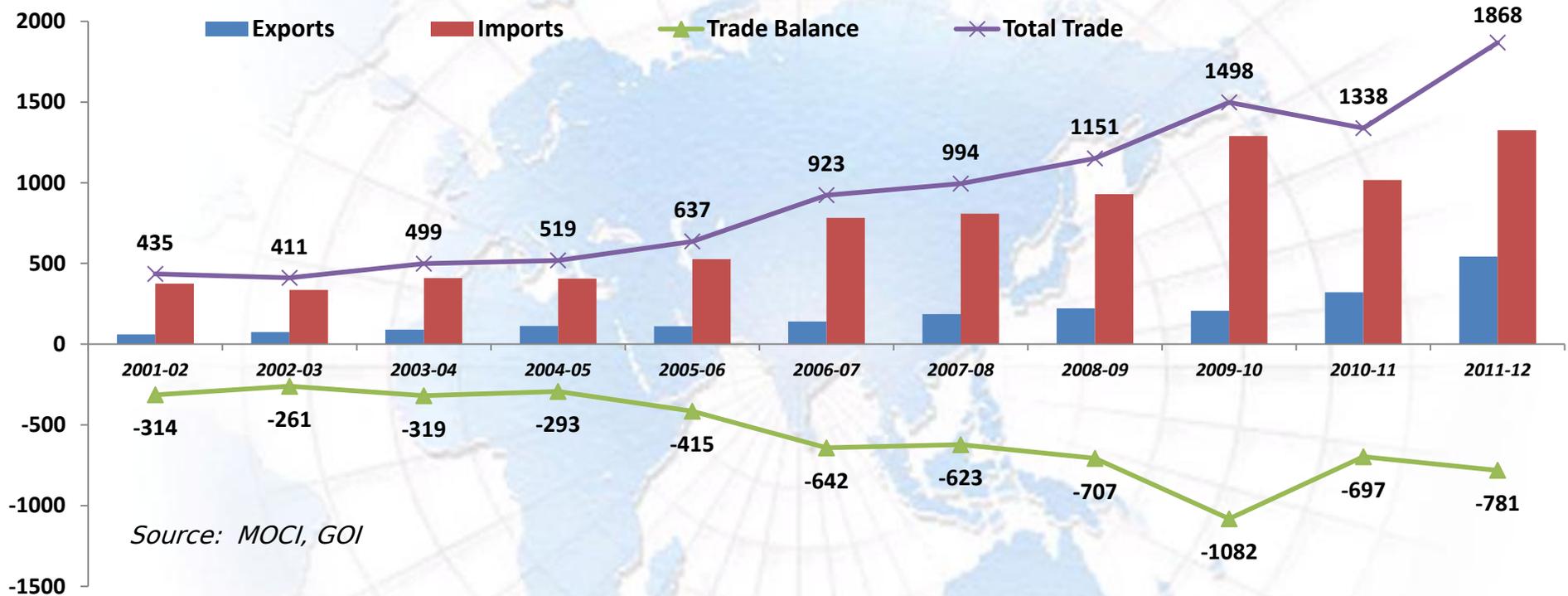
2. An Overview of Exim Bank and its Financing Mechanisms

Economic Overview of Myanmar

- ❑ Real GDP growth of Myanmar firmed up to **5.1% in 2009**, after impact of Cyclone Nargis- **reflecting pick-up in agriculture, mining and manufacturing sectors**
- ❑ GDP growth in **2010 estimated at 5.3%** - with improvements in industrial and construction sectors, and growth in agriculture and services sectors.
- ❑ **Nominal GDP** has risen from **US\$ 20.2 billion in 2007** to an estimated **US\$ 51.9 billion in 2011**.
- ❑ Growth in GDP is estimated to pick up to **5.5% in 2011**, to **6% in 2012**, and **further to 6.3% in 2013** on account of **economic recovery in neighbouring countries** that import goods, including food and natural gas from Myanmar, supported by increased economic activity during the period.
- ❑ Economic growth in near term is expected to be supported by **large projects from foreign investors in sectors incl. power, petroleum and infrastructure**.

India's Trade & Economic Relations with Myanmar

India's Trade with Myanmar, 2001-02 to 2011-12 (US\$ mn)



- ❑ India's total trade with Myanmar risen from US\$ 435 mn in 2001-02 to more than US\$ 1.8 bn in 2011-12.
- ❑ India generally maintains a trade deficit with Myanmar, which has increased from US\$ 314 mn in 2001-02 to US\$ 1082 mn in 2009-10, and stood at US\$ 781 mn in 2011-12.

India's Major Exports to Myanmar

India's Major Exports to Myanmar & Share in Myanmar's Global Imports, 2010

Prod. code (HS)		Myanmar's Imp from World, 2010 (US\$ mn)	India's Exp to Myanmar, 2010 (US\$ mn)	India's Exp to Myanmar as % of Myanmar's Imp, 2010
	ALL PRODUCTS	8,982.3	272.6	3.0
84	Machinery, boilers, etc	1,313.7	13.8	1.0
27	Mineral fuels, oils, distillation products	1,083.9	2.8	0.3
87	Transport vehicles	720.8	5.4	0.8
85	Elec & electrn equip.	701.8	16.6	2.4
72	Iron and steel	509.9	18.6	3.7
73	Articles of iron or steel	407.0	5.8	1.4
39	Plastics and articles	308.5	8.2	2.7
21	Misc. edible prep	211.2	2.4	1.1
30	Pharma products	179.2	56.9	31.7
52	Cotton	159.3	9.9	6.2
40	Rubber and articles	149.9	7.8	5.2
48	Paper & paperboard,	100.8	2.4	2.3
02	Meat & preps.	75.9	65.6	86.4
38	Misc. chemical prod	75.3	3.8	5.1

- ❑ Share of India's major exports to Myanmar vis-a-vis Myanmar's global imports reveal tremendous scope to further enhance India's exports to Myanmar.
- ❑ For pharmaceuticals, meat and meat preparations, India is a major source for Myanmar's imports, accounting for a significant share in Myanmar's global imports;
- ❑ However, India's share in Myanmar's top import items is still marginal

Potential Areas for Enhancing India's Trade Relations

Myanmar's Major Imports & India's Share (%) *Potential items of export to Myanmar*

Prod code (HS Code)		Myanmar's Imp from World (US\$ mn)		Myanmar's imp from India (US\$ mn)		India's share in Myanmar's Imp (%)	
		2009	2010	2009	2010	2009	2010
TOTAL	All products	6355.2	8982.3	208.2	272.6	3.3	3.0
84	Machinery, boilers, etc	927.9	1313.7	9.7	13.8	1.0	1.0
27	Mineral fuels, oils, distillation products, etc	721.4	1083.9	12.7	2.8	1.8	0.3
87	Vehicles other than railway, tramway	485.9	720.8	3.8	5.4	0.8	0.8
85	Electrical, electronic equipment	493.3	701.8	14.7	16.6	3.0	2.4
72	Iron and steel	414.4	509.9	51.2	18.6	12.4	3.7
73	Articles of iron or steel	321.3	407.0	5.6	5.8	1.7	1.4
39	Plastics and articles	225.1	308.5	4.7	8.2	2.1	2.7
21	Miscellaneous edible preparations	154.7	211.2	0.9	2.4	0.5	1.1
25	Salt, sulphur, earth, stone, plaster, lime and cement	113.5	188.8	1.8	1.1	1.6	0.6
30	Pharmaceutical products	171.7	179.2	54.3	56.9	31.6	31.7

Source: Trade Map, ITC Geneva

would broadly include:

- Machinery & boilers, etc (HS-84)
- Mineral fuels and oils (HS-27)
- Vehicles except railway (HS-87)
- Elecl. & electronic equip (HS-85)
- Iron and steel (HS-72)
- Articles of iron and steel (HS-73)
- Plastics and articles (HS-39)
- Miscellaneous edible prep (HS-21)
- Salt, sulphur, lime and cement (25)
- Cotton (HS-52)
- Rubber and articles (40)
- Organic chemicals (HS-29)
- Optical and medical apparatus (HS-90)
- Manmade filaments (HS-54)
- Paper and paperboard (HS-48)

Major Indian Projects in Myanmar- An Overview

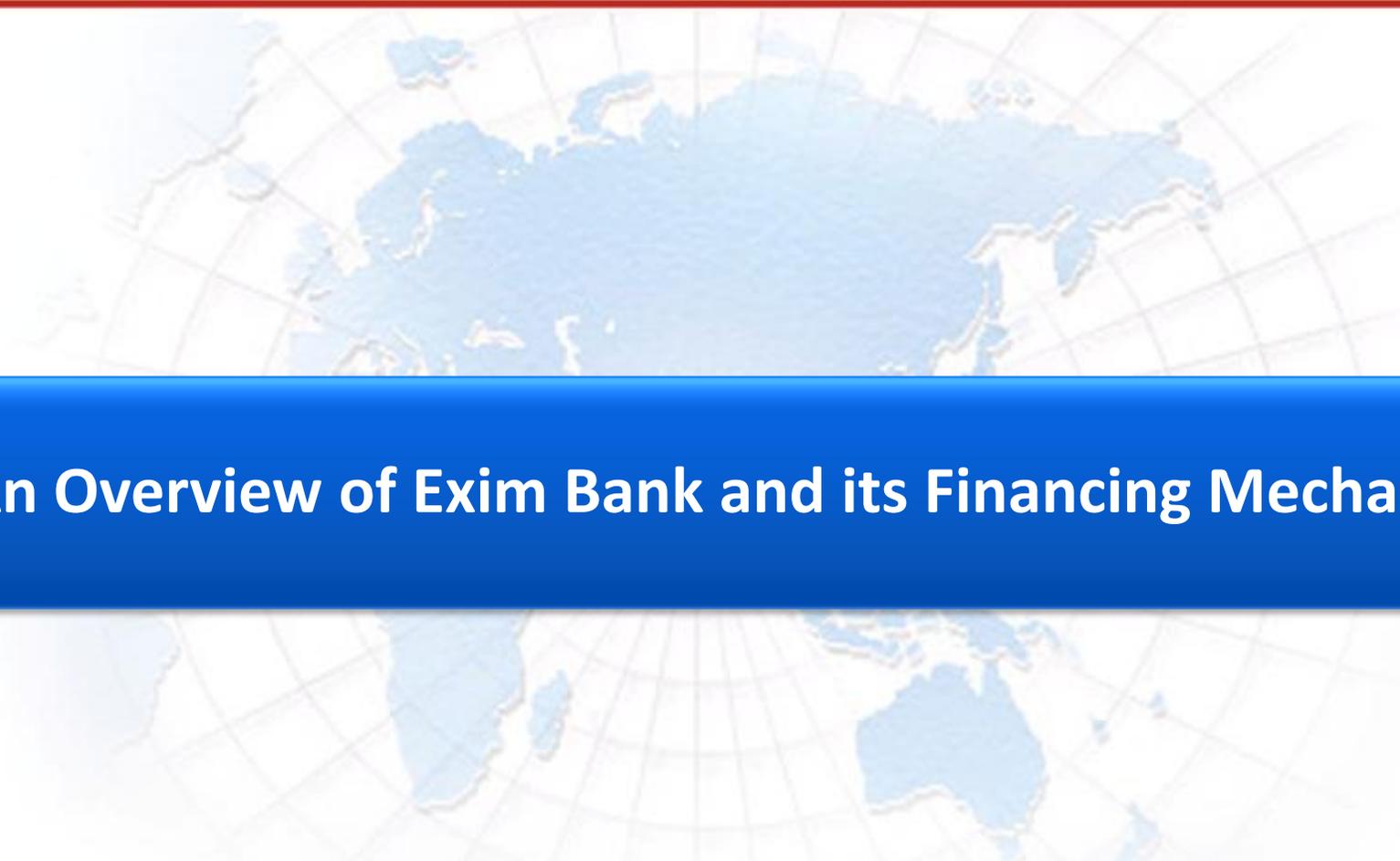
India is actively involved in a number of projects in Myanmar, both in infrastructural and non-infrastructural areas, which include, besides other:

- ❑ Upgradation and resurfacing of the 160 km long Tamu-Kalewa-Kalemyo road;
- ❑ Construction and upgradation of the Rhi-Tiddim Road in Myanmar;
- ❑ Kaladan Multimodal Transport Project;
- ❑ High speed data link project in 32 Myanmar cities;
- ❑ Development of rail transport system & supply of railway coaches, locomotives etc.;
- ❑ Development of Tamanthi & Shwezaye hydro-electric power project in Chindwin River valley;
- ❑ Setting up of a heavy turbo-truck assembly plant;
- ❑ Setting up of India-Myanmar Industrial Training Centre, Myanmar-India Entrepreneurship Development Centre, India-Myanmar Centre for Enhancement of IT Skills;
- ❑ Revamping of the Ananda Temple in Bagan; and
- ❑ Upgradation of the Yangon Children's Hospital and Sittwe General Hospital.

Select Major Indian Companies in Myanmar

Several Indian companies, from diverse sectors, have active presence in Myanmar, which include besides other:

- Larsen and Toubro- Construction, off-shore gas field development
- Tata Motors- Automobile Industry
- Punj Lloyd- Energy and Infrastructure
- Essar Group- Oil Exploration, Port and Inland Water Transport Project
- Daneli India Ltd.- Engineering
- Telecommunications Consultants India Ltd (TCIL)- Telecom
- Aditya Birla Group



2. An Overview of Exim Bank and its Financing Mechanisms

Exim Bank of India

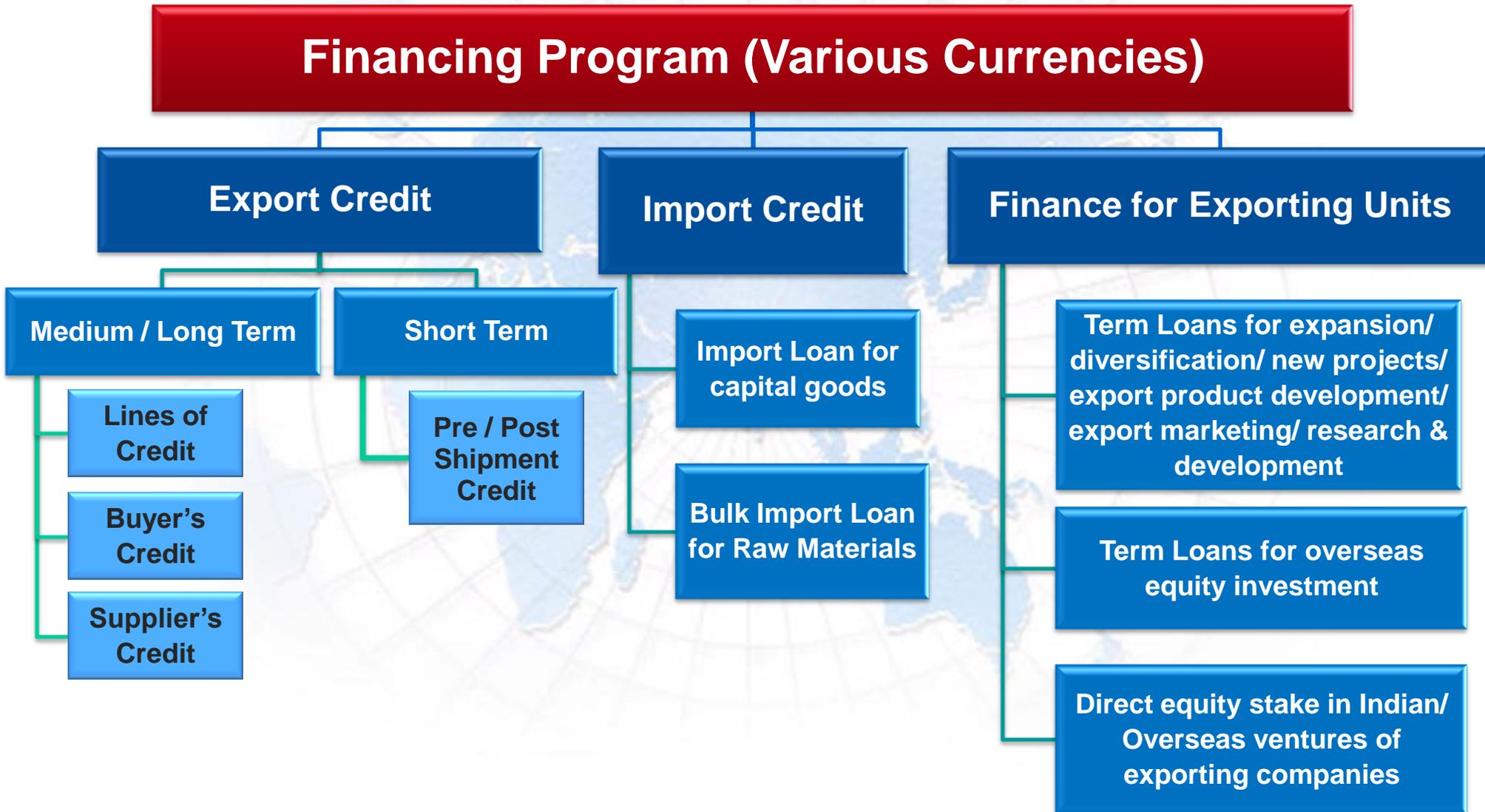
- ❑ SET UP BY AN ACT OF PARLIAMENT IN SEPTEMBER 1981
- ❑ WHOLLY OWNED BY GOVERNMENT OF INDIA
- ❑ COMMENCED OPERATIONS IN MARCH 1982
- ❑ APEX FINANCIAL INSTITUTION
- ❑ OBJECTIVES:

“... for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country’s international trade...”

“... shall act on business principles with due regard to public interest”

(Export-Import Bank of India Act, 1981)

Financing Programmes



Exim Bank's Lines of Credit (LOC)

Exim Bank's Assistance under LOCs

- ❑ *Exim Bank gives special emphasis on extension of Lines of Credit (LOCs) as an effective market entry mechanism*
- ❑ *Exim Bank extends LOCs –*
 - ➔ *to regional development banks and economically strong developing countries on commercial terms; and*
 - ➔ *at behest of Govt. of India on concessional terms to developing countries in Africa/Asia/Latin America with a long-term perspective.*
 - ➔ *LOCs enable buyers in those countries to import developmental and infrastructural projects, equipment, goods and services from India, on deferred credit terms.*

As on March 31, 2012	Existing GOI supported LOCs
NO. OF LOCs	157
NO. OF COUNTRIES	75
TOTAL AMOUNT	US\$ 8160 mn

Benefits to LOC recipient countries

- Access to Indian technologies and products at competitive price
- Indian technology – Triple ‘A’ –
 - “Appropriate”
 - “Adaptable”
 - “Affordable”
- Developmental and infrastructure projects – Transfer of technology
- Capacity building
- Concessional interest rates and long repayment periods with moratorium

Lines of Credit Programme

A Catalyst for Trade Promotion

- Enables import of Indian equipment and technology on deferred credit terms
- Direct exposure on overseas borrowers
- No recourse to Indian exporters
- Exporters get payment on shipment
- Eligible items – all items permissible under Exim Policy

Exim Bank's Lines of Credit to Myanmar

- Exim Bank has, at the behest of and with the support of GOI, extended 7 LOCs aggregating US\$ 247.43 mn to the Myanmar Foreign Trade Bank (MFTB), backed by the guarantee of Government of Myanmar.
- The above LOCs have been / are being used for projects / contracts aggregating USD 182 million in areas such as:
 - upgradation of the Yangon – Mandalay railway system;
 - upgradation and maintenance of workshops and railway tracks in Myanmar;
 - setting up Moreh-Tamu OFC link with Cor-DECT system at Yangon and Mandalay urban centers;
 - Thanlyin refinery projects;
 - railway projects;
 - setting up an assembly/manufacturing plant for assembly and manufacturing of vehicles in Myanmar;
 - setting up of three transmission lines in Myanmar; and
 - upgradation of Thanbayakan Petrochemical Complex.

Exim Bank's US\$ 500 mn LOC to Myanmar

- ❑ During Hon'ble President of Myanmar's visit to India during October 2011, the Hon'ble Prime Minister of India announced the extension of a new concessional facility of USD 500 million LOC to Myanmar.
- ❑ Exim Bank during the Hon'ble Prime Minister of India's visit to Myanmar in May 2012 signed the Memorandum of Understanding for USD 500 million, for specific projects including irrigation projects with Myanmar Foreign Trade Bank [MFTB].
- ❑ The implementation of the LOC is envisaged to increase project exports and further enhance economic cooperation between the two countries.

Project & Services Exports

Promoting Project Exports

- ❑ Exports of projects and services, broadly categorized into Civil engineering construction projects, Turnkey projects, Consultancy services.
- ❑ Over the past two decades, increasing number of contracts have been secured by Indian companies in West Asia, North Africa, Sub Saharan Africa, South & South East Asia, CIS Region and Latin America.
- ❑ Such projects have supplemented the efforts of the host country governments in achieving their developmental objectives.

Projects Under Execution with Exim Bank Support (March 31, 2012)

No. of Contracts : 265 Value of Contracts: US\$ 22.83 billion

No. of Countries : 44 No of Indian companies : 53

Exim Bank's Project & Services Exports in the ASEAN Region

Facilitating and supporting Infrastructure Development

- Exim Bank supported Project Export Contracts in ASEAN include:
 - Cambodia – Machineries and equipment; Transmission lines
 - Indonesia – Iron and steel, Coal and Chemicals
 - Myanmar – Electrical equipment, Iron & steel, Railways, Telecommunication
 - Malaysia – Oil and gas, Railways, Consumer goods, IT and Chemicals
 - Singapore – Offshore drilling rigs, Tyre manufacturing, Machineries and equipment, and Processed food
 - Thailand – LNG pipeline; Chemicals, and Iron and steel
 - Vietnam – Hydro electricity project; Pharmaceuticals, and Iron and steel

Exim Bank's Funded Facilities

SUPPLIER'S CREDIT

- Credit extended to exporter who in turn extends credit to overseas buyer for export on deferred payment terms
- Contractual relationship is between Exim Bank and exporter .
- Exporter liable to repay loan irrespective of whether overseas buyer pays or not
- Supplier's Credit can be extended in Rupees or US Dollars.

BUYER'S CREDIT

- To boost project exports from India – turnkey, construction & consultancy projects
- To boost exports of goods and services from India
- Direct assistance by Exim Bank to overseas buyers of Indian goods and services;
- Indian supplier do not carry any credit or country risk;
- Contract established between Exim Bank and overseas buyers;
- Overseas buyer has to provide acceptable security.

Export Buyer's Credit under NEIA

- ❑ Exim Bank has introduced a new product/initiative viz. Buyer's Credit under GOI's **National Export Insurance Account (NEIA)**, under which the Bank finances and facilitates project exports from India by way of extending credit facility to overseas sovereign governments and government owned entities for import of goods and services from India on deferred credit terms;
- ❑ NEIA is a Trust, set up by Ministry of Commerce and Industry, Government of India, for providing export credit insurance cover for promoting project exports from India, administered by ECGC;
- ❑ Indian exporters can obtain payment of eligible value from Exim Bank, without recourse to them, against negotiation of shipping documents.
- ❑ Several projects approved under Buyer's Credit – NEIA, which include: Water treatment project in Sri Lanka; Setting up transmission lines along with distribution network and substations in Zambia.

Promoting Investment

Supporting Two Way Investment

- ❑ Comprehensive assistance:
 - ➔ Pre investment advisory services
 - ➔ Finance through debt and equity
- ❑ Finance available for:
 - ➔ Greenfield projects; Brownfield expansion;
 - ➔ Overseas acquisitions directly or through SPVs
- ❑ Direct equity participation in Indian ventures abroad
- ❑ Joint investments by Indian and overseas company in third country markets in addition to facilitating investments into India.
- ❑ As on March 31, 2012, Exim Bank has provided finance to 387 ventures set up by 313 Indian companies in 69 countries
- ❑ *The Bank has supported several such ventures in ASEAN region in various sectors, which include, among others, Chemicals and chemical products (Malaysia) , IT (Malaysia), Petroleum (Singapore), Shipping (Singapore), Mining (Indonesia), Manufacturing/ capital goods (Myanmar) Textiles and garments (Indonesia) and Spices (Vietnam)*

Exim Bank's Export Promotional Activities

□ Export Marketing Services (EMS) and Grass Roots Initiative

- ★ To assist Indian companies in locating overseas distributors/buyers and partners for their products or services; To assist and facilitate identification of opportunities overseas for setting up plants and projects or for acquisition of companies overseas
- ★ Unique service to help companies, esp. MSMEs, in their globalisation efforts
- ★ Concept of MSMEs expanded to cover rural grassroots enterprises with a view to making their products export worthy through financial support as also skill and capacity development, which include:
 - ★ **Traditional Auyush Cluster of Tamil Nadu** (propagating traditional Indian medicine viz. Ayurveda, Yoga, Unani, Siddha, Homeopathy)
 - ★ **Child and Social Welfare Society-** producing bamboo and natural fibre based handcrafts
 - ★ Workshop for Quality control, branding & packaging to train **artisans from Jharcraft, Ranchi** to improve quality of their handicrafts & silk-based garments
 - ★ **Ecotasar Silk Pvt Ltd-** manufacturing off-the loom tasar silk products

Research and Advisory Services

Supporting through Research, Business Advisory & Consultancy Services

☐ **Research Capabilities -**

- ★ To identify potential trade partners/regions
- ★ Sector studies – potential export items/sectors
- ★ Policy recommendations & strategies
- ★ Recent study on *“Potential for Enhancing India’s Trade with Myanmar: A Brief Analysis”*

☐ **Value based business advisory services –**

- ★ *overseas investment opportunities*
- ★ Consultancy services
- ★ Joint venture facilitation; Identification of Partners
- ★ Obtention of quality certifications

☐ **Information –**

- ★ Countries profiles; sector profiles; trade & investment rules and regulations

Exim Bank: Partner for Indian Companies in Endeavours in Myanmar

- Technology
- Capital
(Foreign Investment)
- Raw Materials
- Capital Goods



- Final Products*
- Capital Goods*
- Capital*
(Overseas Ventures)
- Product Development*
- Production*
- Marketing*
- Pre shipment*
- Post shipment*



THANK YOU

Website

www.eximbankindia.in