

TRADE FINANCE MAGAZINE

March 2009 -

Trade Finance Deals of the Year 2008

Last year was a truly remarkable year for trade finance! Selected here are 56 of what we consider to be the best deals of 2008. They represent deals in 25 different countries. Of these deals, some 30 of them relate to capital equipment and/or ECA/export finance supply, another 15 are structured commodity deals, seven can be considered to be hybrids or combination financings and four supply-chain financings.



TRADE FINANCE

Deal of the Year

Last year was a truly remarkable year for trade finance. The first half of the year was characterised by rapid activity on the deal making and closing front, only for this to slow down in the second half and come to an almost grinding halt towards year-end as the credit crunch, economic downturn and banking fallout took its toll. What a year!

Nevertheless, 2008 had an astonishing number of exceptional deals. There was record activity in the metals and raw materials sector in particular, with Russia playing a major part. But the year also saw the rise of the ECA-backed export credit market on a large scale in emerging and developed markets. In addition, DFIs and MFIs also took a bigger role in trade finance and projects. By year-end, it was largely only ECA-backed export financings that were moving. Putting deals together in such a climate presents many new challenges and many banks have risen to the task.

A feature of deal structuring has also been the increase in hybrid facilities, with combinations of products being used to develop appropriate solutions.

As regular readers of Trade Finance will know, we do not have regional or sector categories as we feel this would be completely restrictive on the DoY process.

Selected here are 56 of what we consider to be the best deals of 2008. They represent deals in 25 different countries, with Russia claiming the biggest share with 11 deals, and Brazil next with five. Of these deals, some 30 of them relate to capital equipment and/or ECA/export finance supply, another 15 are structured commodity deals, seven can be considered to be hybrids or combination financings and four supply-chain financings.

Trade Finance Magazine would like to thank all those institutions that submitted transactions and cooperated with us through the evaluation and write-up periods. Congratulations to all the Deal of the Year winners!

For a full list of the winning Deals of the Year 2008 [click here](#).

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Peninsula International – hybrid financing

Keeping the wheels of trade well oiled

Peninsula International – hybrid financing

MLA: WestLB

Borrower: Peninsula International, Curitiba, Brazil

Amount: \$10 million – revolving

ECA: Euler Hermes

Lawyers: Ramos e Zuanon Advogados, Sao Paulo, (for lender);

Renzenbrink /Raschke /von Knobelsdorff /Heiser, Hamburg (for exporter)

Exporter: CCC Machinery, Hamburg

In early 2008, Germany's Euler Hermes introduced the Revolving Buyer's Credit Cover scheme. This framework and initial transaction arranged by WestLB for Hamburg-based CCC Machinery (CCCM) involving exports to Brazil, was the first ECA-covered short-term revolving buyer's credit under that policy – a deal which effectively opened a new chapter in the history of trade and export finance in the country. What emanates from this is a hybrid financing structure carrying trade and export finance characteristics. With the deal involving a full set of completely new documents and procedures, the scheme can serve as a template for further transactions in different jurisdictions, thus providing importers with much needed financing sources.

The financing eventually arranged for CCCM was an ECA-covered revolving buyer's credit up to \$10 million, up to a maximum of 360 days. The purpose of the financing is to fund the purchase of goods on a regular basis by Peninsula International in Brazil from CCCM. The products being purchased are mainly, but not limited to, fertilisers; and possibly also including deliveries of agricultural pesticides, chemicals, agricultural products, small machinery, machine components and spare parts. The first utilisation under the framework agreement amounted to \$8.7 million and involved fertiliser being purchased from Russia and sold to Peninsula. The deal was signed in November 2008.

Commenting on the deal, Barbara Caspary-Pitzer within corporate finance/trade and export finance at WestLB in Dusseldorf, says: "Euler Hermes introduced a new cover instrument, the short-term revolving supplier credit cover. Our challenge was to develop a workable banking product on the basis of this innovation. At the same time CCC Machinery of Hamburg, a German exporting corporate, had clients with demand for such a financing product and we joined forces with them developing this solution for our joint customers. We are pleased to have concluded the very first deal of this kind. And we are now prepared to offer this new financing opportunity to a broader market."

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