

ISSUE 3 / MAY 2021

THE DOWNTOWN



INTERNATIONAL BUSINESS CELL



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Global Trade Data: A strong rebound in Q1 of 2021

-Ayush Singh

The UN conference for trade and development, UNCTAD recently came out with some positive news for the International community. Global trade witnessed a growth of 10%, Year on Year in the first quarter of 2021, with a 4 % growth compared to the previous quarter. Trade-in goods has fuelled this rebound with services lagging behind. As large populations of people have been vaccinated against the COVID-19 sars -2 virus, the governments have started lifting the restrictions. This has resulted in rising demand from these countries with manufacturing units in East Asia working round the clock to meet the demand.

The first quarter of 2021 shows that trade is higher than the pre-pandemic levels. Despite services making a slow recovery, the value of global trade in 2021's second quarter will be around \$6.6 trillion. The United States and China will lead the recovery with the allied countries in East Asia (Vietnam, South Korea, and Japan) and North America (Canada and Mexico benefitting). However, there is still uncertainty in global value chains. The pandemic has resulted in changes in production patterns and new free trade agreements like the RCEP (Regional comprehensive economic partnership) or the African Continental Free Trade Area (AfCFTA). There is a shift towards reshoring and nearshoring and shifting production as close to the customers as possible. There is also a probability of macroeconomic instability in certain countries around the world. To protect their economies from the pandemic induced economic recession, certain countries borrowed a lot of money increasing their respective debts. Increasing interest rates would put pressure on national and private borrowing. Consequently, trade and investment flow to developing

Countries with limited fiscal policies would be affected.

The pandemic has also resulted in changed consumer spending. Certain sectors like communication, digital services, Pharma and healthcare have seen robust growth while transportation, travel and hospitality continue to suffer. Experts predict with an increasing rate of vaccination worldwide and fading restrictions, growth will remain strong in the second half of the year. This would only be possible of course if countries avoid protectionist policies and ensure that there is a positive trend in commodity prices and an overall positive macroeconomic and fiscal environment.

***“Leaders Think and Talk about the Solutions.
Followers Think and Talk about the Problems.”—
Brian Tracy***

How banks are supporting SMEs and worldwide trade through their digital commercial centers

-Aditya Joshi

Lately, huge banks have encountered more rivalry from inventive fintech new companies, credit associations, and centers. These players take into account educated, values-driven millennials in addition to general SMEs (little and medium-sized ventures) who are optioning current, grass-pulls advanced choices for their conventional banking and business needs.

Notwithstanding, you may be astonished to discover that large banks give significant advantages to SMEs, particularly with regards to new advanced administrations in the field of worldwide exchange. By utilizing their extensive networks, international banks have made innovative digital stages that assist SMEs with executing a few conventional exchange undertakings, like finding and accessing foreign market data and using data analysis, algorithms, and blockchain for business matchmaking and payment solutions.

Much of the time, banks have chosen to combine powers and offer their services together, giving a simpler method to SMEs to oversee business internationally.



Interested in some of the more popular banking and trade solutions for SMEs in international business?

Here’s a useful list below.

1. we. Trade

At the point when individuals consider banks and trade, a name that promptly pops as a top priority is HSBC. Alongside other 15 banks, and an organization with IBM, the previous Hongkong and Shanghai Banking Corporation set up We.trade, the main international trade stage dependent on blockchain.

What Is we.Trade?

Essentially, by sharing credit data with all the other members, and being completely digitized, we. The exchange expects to settle the two primary issues in worldwide exchange:

- Finding a trusted partner
- Getting paid

When the parties carry out a transaction on the platform, one party will tick the box requesting a letter of credit. A network bank will pick up the call and authorize the credit.

By then, the dealer makes certain to get an installment by the approving bank, or another organization bank, with any documentation or regulatory prerequisite being done online.

We. Trade was launched only in 2019 and it is moderately new assistance. Member banks are: CaixaBank, Deutsche Bank, Erste Group, HSBC, KBC, Natixis, Nordea, Rabobank, Santander, Société Générale, UBS and UniCredit.

2. Opportunity Network

This financial commercial center, additionally approached, was initially established in 2014 predominantly upheld by Intesa SanPaolo, Italy’s biggest bank.

From that point forward, it has developed into an organization of 30,000 individuals, sponsored by a few worldwide banks, including Credit Suisse, UBS, Citizens Bank, YPO, Intesa Sanpaolo, Vietinbank, Sterling Bank, and ABN Amro.

Initially, ON acknowledged just medium-huge companies (the base acknowledgment rate used to be USD 1 million), and companies must be welcomed by a part bank.

These days, nonetheless, any company with an income above USD 2.5 million can join the stage in the wake of going through a sanction-free and anti-money laundering (AML) check. They likewise now offer a LITE enrolment for start-ups and little companies with over USD 250k in income or fluid resources.

ON is genuinely and exclusively a matchmaking stage: Members post what they need and the commercial center's calculation should coordinate with them with comparable organizations searching for the same thing.

Lastly, while facilitating hundreds and thousands of independent ventures and exchanging results of any sort enormous volumes, these stages work precisely like large business sectors, where purchasers and vendors trade a solitary thing

These new stages encourage firms to discover long-haul accomplices to build up strong organizations. You won't have the affirmation that a bank may give, however, the application and connection measure is substantially more smoothed out.