

60 second interview

TFR talks to Claudio Camozzo at the IFC global trade partners meeting in Milan about underlying contract support for clients in challenging geographies



As a European bank based here in Milan, how are you developing your wider European reach?

Last year we began extending our international network. We operate in Asia, the US, and Europe and we are considering opening new branches in the near future. The focus for us is becoming the European trade finance power house. We already have a very good position in Italy, we are also number one in Austria and increasing our position in Germany. Helping trade for us is about helping our country, helping Europe and helping our clients expand their activities and I would like to tell you what we are doing in practice for corporates.

The starting point is talking with our clients and understanding where in the world they are expanding their activities. The customer sees you as a business adviser and not just a bank selling a service. We are doing this in a practical way by establishing what they are looking for in advance before they sign the contract. And often we go with the client to meet their counterparty, along with their foreign bank, and sort out which is the most suitable service for them and address the overall value chain.

Can you share an example of accompanying clients to challenging geographies?

We had a client that won an important contract in Algeria and had to set up a steel plant there and the contract was really important. The client asked us to go there to discuss the contract with the importer and importer's bank and we went together several times to fix the overall terms of the contract

before we discussed how it was financed. Our colleague accompanying the customer spoke Arabic and knew the region well. We suggested the best conditions to get into an agreement with the importer and decided together how to manage the payments, the guarantees, and the financing part of the contract that was crucial in closing the deal.

So, we went over the letter of credit issuance and the distribution of the risk to third parties.

How are your relationships with multilaterals and ECAs?

The corporate clients are indifferent. They want a good bank that can cover the risk with a good network of correspondent banks. It is up to us to have the right relationships and agreements with the ECA to cover the risk. What is important is that we need to understand where our clients are exporting to, or importing from, to cover the risk and finance the transactions. For the client it is not important whether we are going to take the risk 100% or share it. For us, a partner such as IFC is crucial as this opens the door for geographies such as Africa where we feel less comfortable on our own.

At the Global Trade Partners meeting of the IFC, we signed a US\$500m agreement to promote international trade in emerging markets through IFC's Global Trade Liquidity Program. This is an initiative aimed at giving impetus to commercial trade, especially in markets where our clients' exposure is still relatively small and, therefore, offers significant opportunities.

We spend a lot of time providing vocational and professional education services to clients and when we see there is a need for more information about a particular working capital management solution, we organise dedicated seminars for them and stream these online. We have experts explaining specific aspects of the transaction structure so that we can increase the knowledge and activities of the small and medium corporate clients.

With Bocconi University we have organised courses for our relationship managers at three levels and students receive a diploma when they pass all three levels. It's an international exam. It's important that everyone talking to clients has the right knowledge to support their clients.

Where are you and where do you want to finance trade?

In Central and Eastern Europe business is increasing. In general at the moment there are interesting corridors that look set to increase such as in Africa. Others such as Russia and China are slowing down. While markets such as Libya and Syria are now closed there might be new opportunities in emerging markets such as Cuba. We are considering these as our clients are asking about all of this and we need to support them in the right way. Right now an American tractor company has a subsidiary in Cuba assembling machinery there. And commercial flights have opened from the US to Cuba after 40 years!

Claudio Camozzo is co-head of global transaction banking at UniCredit