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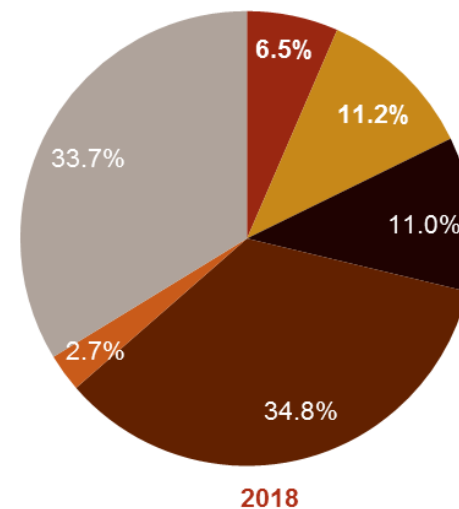
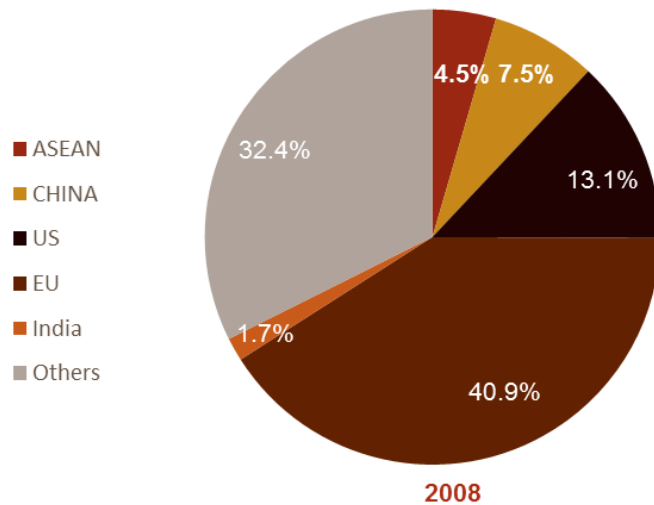
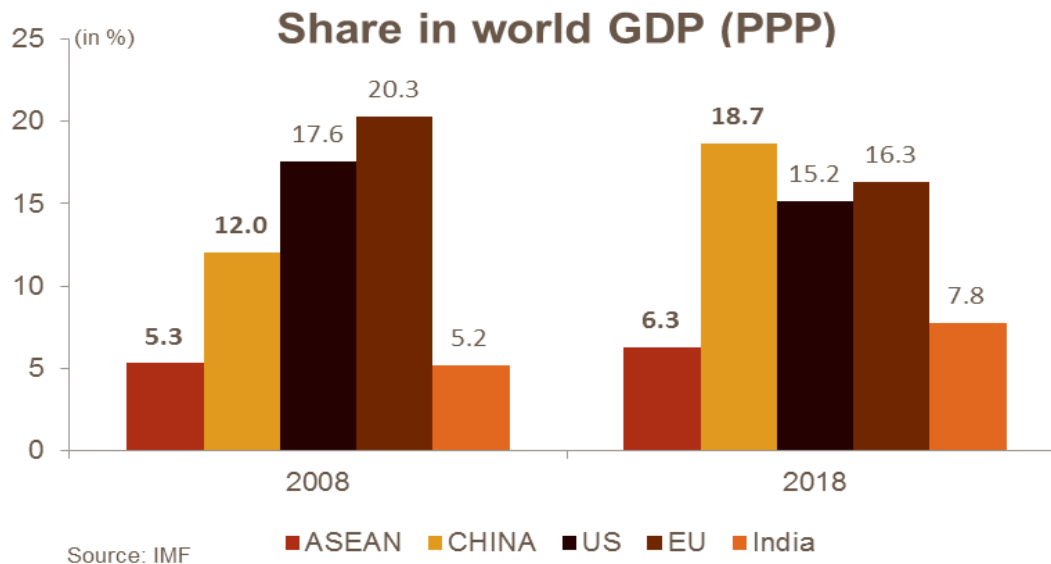
Doing business in China and South-East Asia

Seminar on International Business Opportunities

Nabil Jijakli, Group Deputy CEO

Brussels, 09 May 2019

A rising weight in world economy and trade

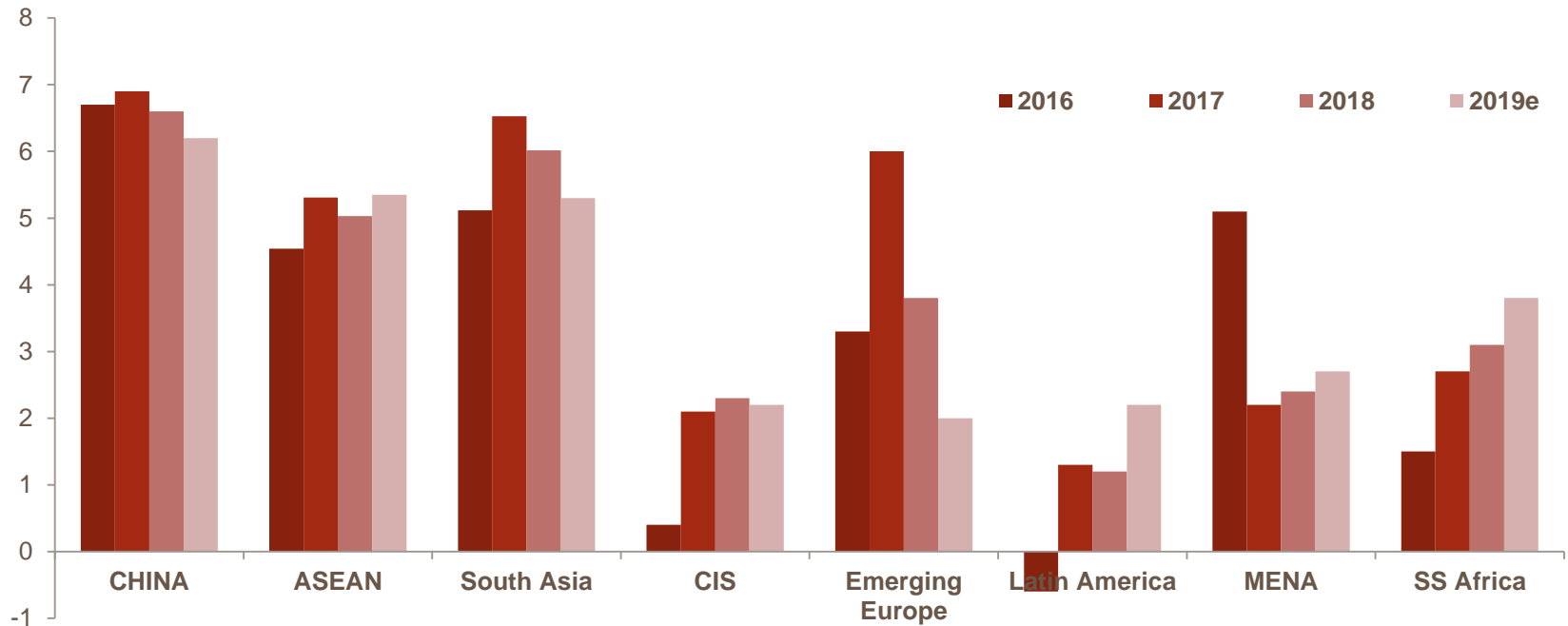


Share in world trade of goods and services

China & South-East Asia: economic trend

After a strong 2018, 2019 is more uncertain

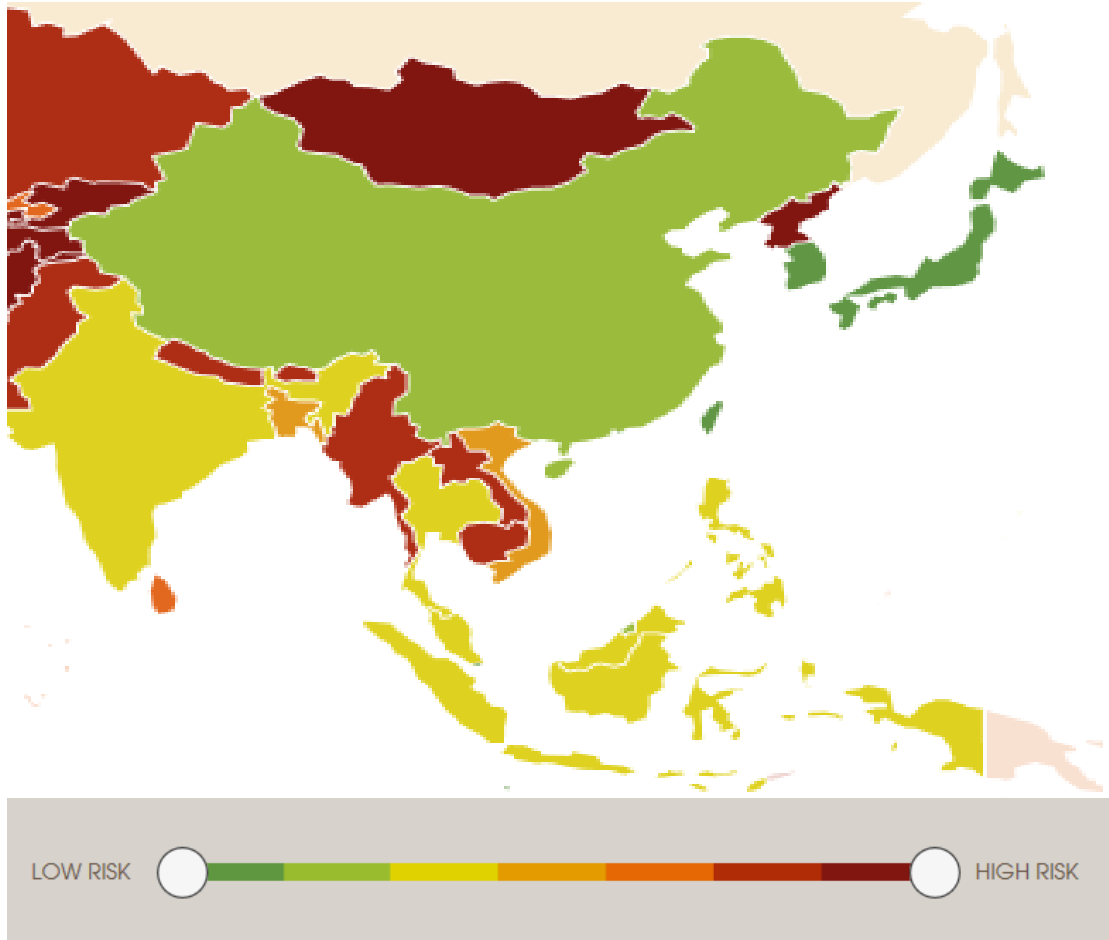
Asia, the fastest growing and most resilient region



Source: IMF WEO Apr'19

China & South-East Asia, stable and robust

Risk map: Medium/long term political risk



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MLT downside risks cloud the regional outlook

1. US import tariffs, rising protectionism

- > China & South-East Asia, the most exposed given high integration in global supply chains
- > Potential losers (Taiwan, Korea..) and winners (Vietnam, Cambodia, Myanmar...)
- > **Probable US-China trade deal** BUT tensions likely to remain

2. Deteriorating global economic conditions

- > Decelerating global trade growth and foreign demand
- > Higher US interest rates, strong USD
 - Capital outflows and currency pressures in most vulnerable countries
- > Higher oil price: most countries are net oil importers
 - widening current account deficit



MLT downside risks cloud the regional outlook

3. China's soft landing

> Structural deleveraging

> Exacerbated by trade war impact

=> Will harm South-East Asia's economic and trade performances

4. Geopolitical risks on the back of rising Chinese power

> Global order is reshaping around US-China rivalry

> South/East China Sea & Taiwan: main hotspots for future conflict

> North Korea: eased tensions... but precarious!





Country focus

CHINA: challenging MLT outlook



ST outlook

- > Debt reduction on hold, fiscal stimuli to prevent hard landing
- > Potential removal of US trade tariffs
- > Towards a more favourable investor framework, in theory

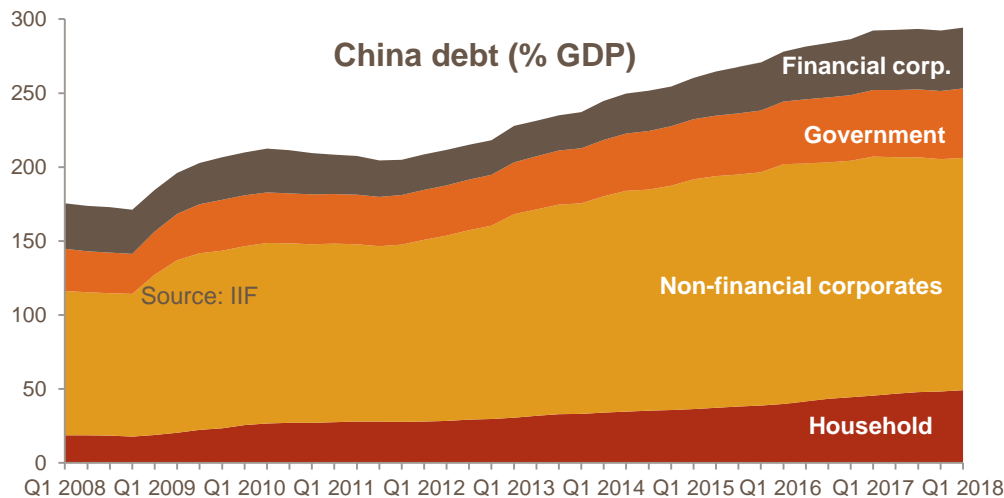
MLT outlook

> Top risks

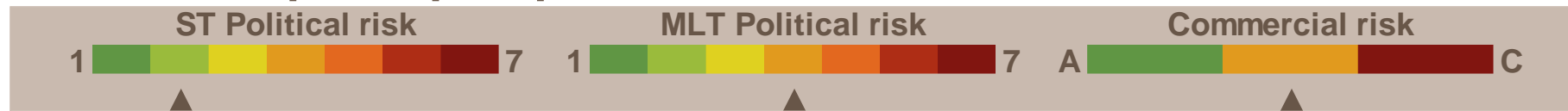
- Huge domestic debt => rising payment delays & defaults
- Trade and geopolitical tensions with the US

> Beijing's priorities

- Stability (soft landing) & sustainability (debt reduction)
- “Made in China 2025”
- Belt and Road Initiative (BRI)



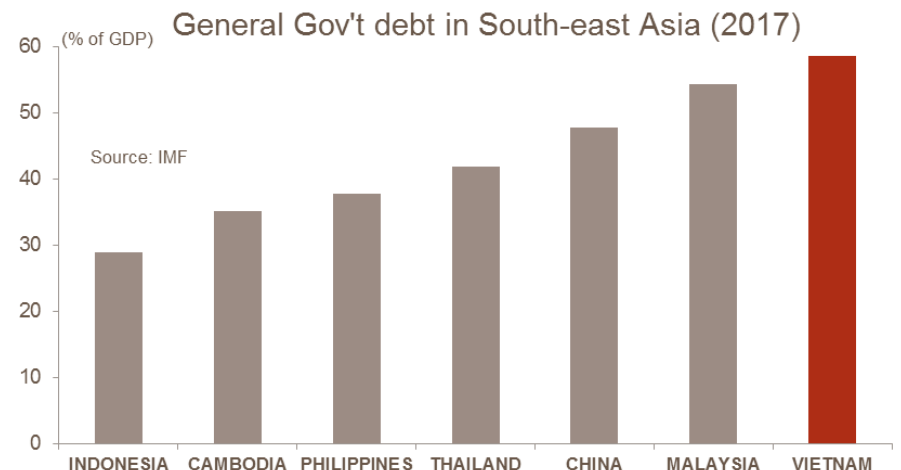
VIETNAM: upbeat prospects amid trade risks



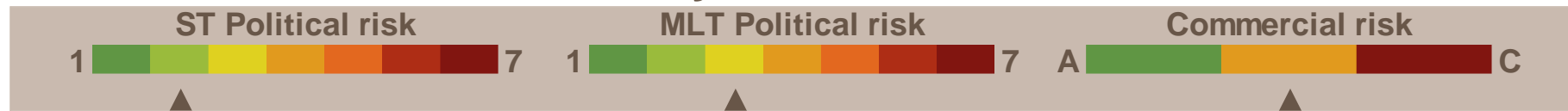
1. Booming highly open economy
2. Benefits from relocating Chinese manufacturing factories
3. FTAs negotiations and reforms underway
4. Political stability, corruption crackdown

Main risks

- **External shocks:** 1. Rising trade protectionism, weakening global trade
2. Changing global financial conditions
- High public debt
- Chronically low forex buffer, peg to USD
- High credit growth, moderately weak banking sector

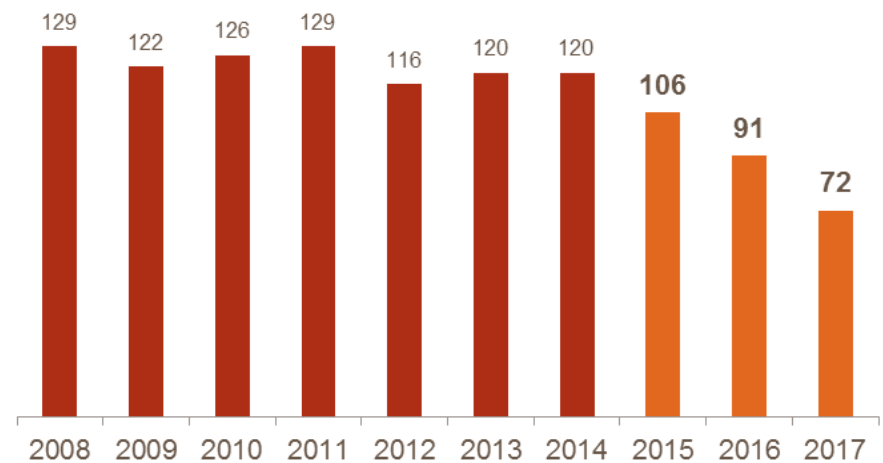


INDONESIA: resilient economy, stable risks



1. Broad-based economy, strong domestic demand
2. Political stability, Widodo just re-elected
3. Improved business environment
4. Ongoing large infrastructure projects

Steady progress in ease of doing business ranking



Source: World Bank

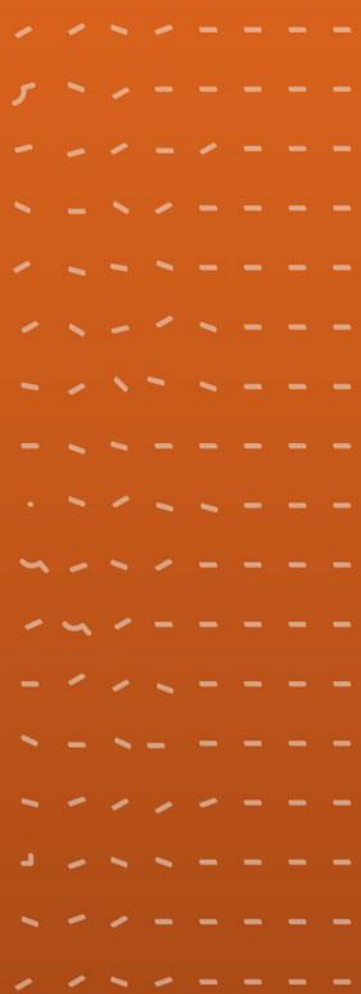
Main risks

- External shocks:

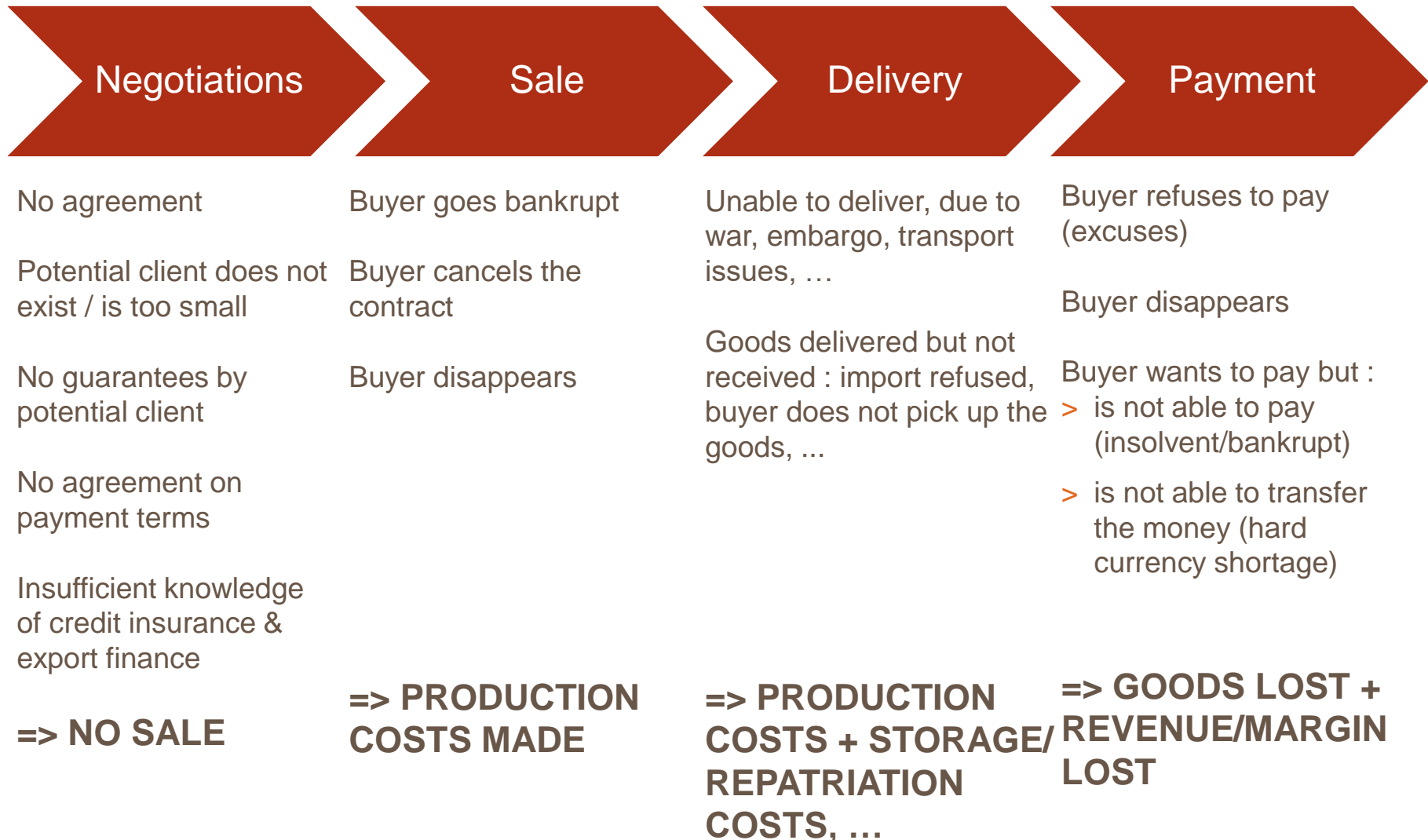
1. Pressures on rupiah given exposure to foreign capital outflows
2. Weaker commodity prices (higher oil prices), weakening Chinese demand
3. Protectionism spillover

- Moderate Islam shaken

How Credendo can support you?



What can go wrong in a trade transaction?



Our Mission

To support **Belgian** international economic relations by covering risks relating to **exports, imports and investments abroad** and by facilitating their **funding**.

Special focus on **SMEs**

Flexible approach towards
Belgian content

Also considering the
**Belgian interest, Belgian
added value**

Credendo :
Credit insurance solutions



Direct access to a whole suite
of
credit insurance **solutions**

From **tailor-made risk** cover
to
easier access to **trade financing**

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Credendo – Export Credit Agency

Solutions

Credendo ECA - Products

Summary of the products



1) Credit insurance

2) Financing

- Financing of the buyer (forfaiting / buyer credit)

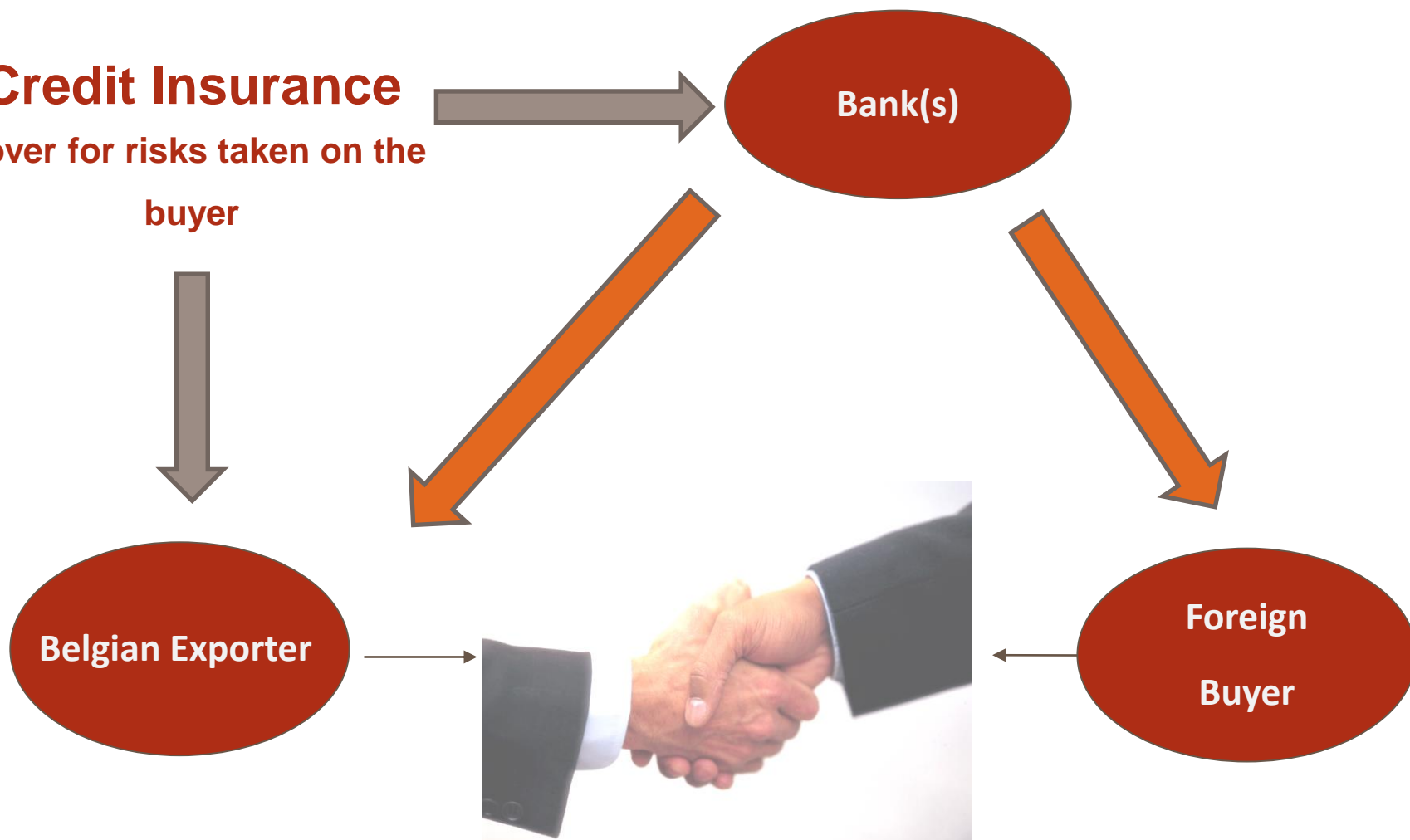
- Financing of the exporter (financial guarantee)

3) Investment insurance (PRI)

- ✓ Public institution
- ✓ Belgian State Guarantee
- ✓ OECD regulations
- ✓ Single risk (MLT)

Export transaction : **credit insurance**

Credit Insurance
Cover for risks taken on the
buyer



Funded Solutions

Export transactions financed by Credendo :

A) Forfaiting



Funded Solutions

Export transactions financed by Credendo :

B) Buyer Credit



Export transaction

Credit insurance

Cover risks taken on the buyer



Financial guarantee

Facilitate access to credit facilities

Forfaiting / Buyer credit

Offer credit to the buyer

Investment abroad

Investment insurance (PRI)

Cover the Political Risks



PRI – Political Risk Insurance for Investment

Cover of **investments** made by a
Belgian company
in an Foreign enterprise

Cover of **political risks** only
(commercial risks are excluded)

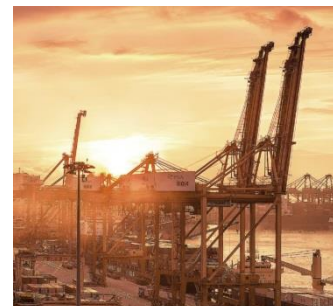
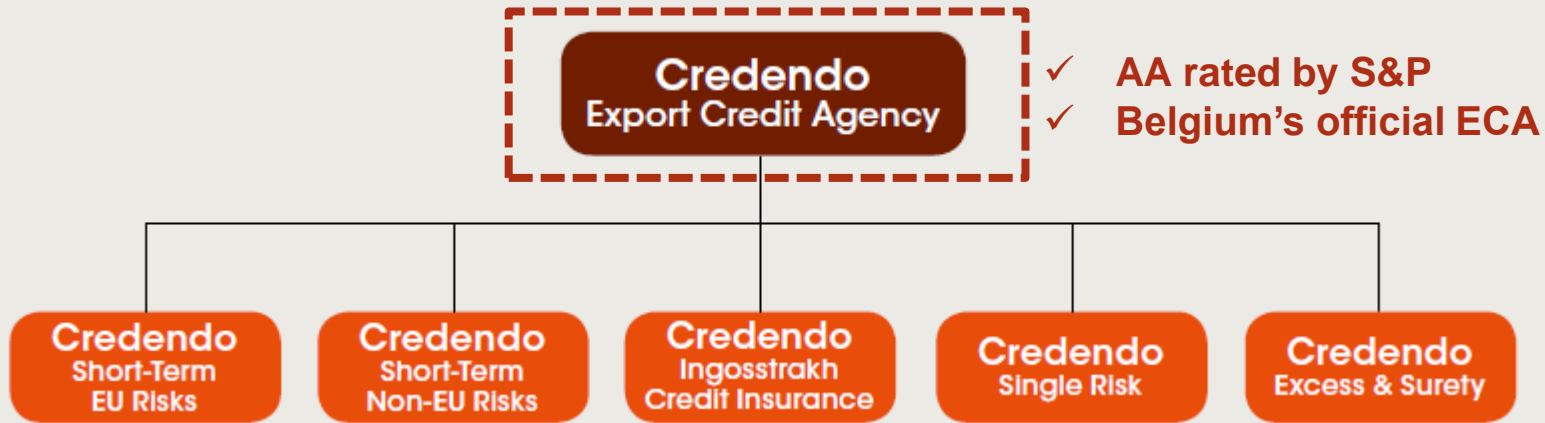
- **Equity Investment**
- **Structured Loans**
- **Quasi Equity**

6 **Covered Events** :

- Expropriation,
- Political Violence,
- Business Interruption (NEW),
- Currency Inconvertibility and Transfer Restriction,
- Award default,
- Embargo (NEW)

Credendo – Export Credit Agency

2018 Credendo - group structure



Credendo – Geographical presence



- Austria
- **Belgium**
- Czech republic
- France
- Germany
- Italy
- Luxemburg
- Netherlands
- Poland
- Russia
- Slovakia
- Spain
- Switzerland
- United Kingdom

Questions ? At your service !

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**Turning uncertainties
into opportunities**