Focus on regulatory consequences

24.03.2011

At a glance

The impact of stricter regulations on the financing of global trade is the focus of the spring meeting of the Banking Commission of the International Chamber of Commerce (ICC), which is being held in Switzerland for the first time. Global trade finance recovered significantly in 2010, albeit with considerable regional differences. New regulations can act as a brake. Nevertheless, economiesuisse accepts rules that go beyond the international level as part of the "too big to fail" proposal.

At the invitation of ICC Switzerland (founded by economiesuisse, see below), over 300 banking experts from all over the world are currently meeting in Zurich for their spring meeting. In addition to the further development of technical instruments such as letter of credit financing or commercial guarantees, the annual survey on the financing of global trade will be the focus of discussion. In particular, the effects of new regulations for equity capital as well as the consequences of additional rules to combat money laundering and corruption and to enforce sanctions will be discussed. At the same time, the Banking Commission will be celebrating its 80th anniversary.

This meeting coincides with the end of the consultation on the Swiss draft on capital adequacy requirements for systemically important banks. economiesuisse accepts regulations that go beyond the international requirements in line with the expert report, but is calling for an in-depth assessment of the explanatory report based on the findings of the expert commission. On the other hand, the consequences of restrictive regulations for the financing of global trade are also being warned of internationally. For the fourth time, the ICC, in cooperation with SWIFT and the WTO, conducted its "Trade Finance Global Survey" of over 200 banks in around 100 countries.

After declines in 2008 and 2009, this report shows a significant increase in the volume of trade finance in 2010 of 5.81 percent to 42.9 million transactions. However, low-income countries in particular still have problems obtaining favorable financing for their imports. On the other hand, the cost of letters of credit for larger emerging countries has fallen significantly. In the survey, the experts expressed concern about the possible negative consequences of the higher capital requirements of the Basel Committee on Banking Supervision ("Basel III") on trade financing in particular. They pointed out that according to a new ICC register for losses in trade finance, the default risk is low. The Chairman of the ICC Banking Commission, Tan Kah Chye from Singapore, called for an intensive dialog: "The regulators should intensify the exchange with the affected industry to ensure that the proposed objectives are achieved in the best possible way."

About ICC and ICC Switzerland
The International Chamber of Commerce (ICC) is the largest and most comprehensive business organization in the world. It was founded in 1919 and has national committees in over 120 countries. ICC is the voice of the

private sector to the UN, the WTO, the OECD, the G-20 and other international organizations. Its primary objective is to promote free trade and international investment. With independent institutions such as the International Court of Arbitration or the "Commercial Crime Service", with self-regulation (such as the Incoterms) and numerous publications on practical issues, ICC supports world trade and facilitates the international activities of companies.

ICC Switzerland was founded in 1922 as one of the first national committees of the ICC by economiesuisse (formerly Vorort), the Swiss Bankers Association and the Swiss Chamber of Commerce in France. As an independent association, ICC Switzerland is an organ of ICC and is managed by economiesuisse. Its members are internationally oriented companies, large or specialized law firms, chambers of commerce and important business organizations.