

# **Financial Services Industry Joint Communication on Kazakhstan Trade Finance Obligations**

October 20, 2009

His Excellency Nursultan Nazarbayev  
President of the Republic of Kazakhstan  
Government House  
010000 Astana, Kazakhstan

Sir:

The undersigned associations are trade groups whose memberships represent a broad range of international financial institutions and companies that provide important services throughout the global financial community. As industry representatives, we would like to express our collective concern about developments in the Kazakhstan banking sector regarding the honouring of trade obligations.

Many of our members have been very active in assisting Kazakhstan corporates and banks in their international development. Unfortunately, the recent news that trade finance could be subject to significant discounting in the restructuring of banks in the Kazakhstan banking sector is cause for concern. Such a decision would be unprecedented in the global markets for banks with overall systemic national importance.

We strongly believe that any decision should follow well-established international practices regarding the disposition of trade-related transactions. Discounting repayment of these obligations could have negative implications for future business in the Kazakhstan banking sector. The extension of short-term trade finance is an essential factor for engaging in international trade which, in turn, drives a country's economic growth. Given the recent news, a large number of international banks could cancel trade facilities, which could take many years to be reinstated. Restrictions on future types of trade structures that are made available may result. This could significantly increase the cost of any facilities that are eventually made available.

As has been noted in the past, countries and banks have continued to prioritise the repayment of short-term trade finance obligations as they fall due, even in the midst of stress situations. This has greatly assisted their ability to secure new facilities earlier in the cycle and at a lower cost. A failure by a bank to pay its trade obligations in full will lead to

His Excellency Nursultan Nazarbayev  
October 20, 2009  
Page 2

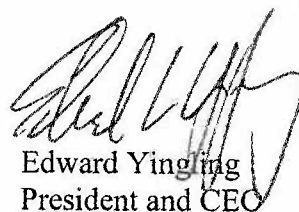
a reduced appetite for Kazakhstan risk by the international banking community, business disruption and an increased cost of trade for Kazakhstan's businesses.

We collectively continue to urge the government of Kazakhstan to ensure that prior international practice is followed and that all necessary measures are taken to ensure the full and timely repayment by Kazakhstan banks of trade finance obligations.

Very truly yours,



Donna K. Alexander  
President  
Bankers' Association for  
Finance and Trade



Edward Yingling  
President and CEO  
American Bankers Association



Irving Henry  
Director  
British Bankers' Association

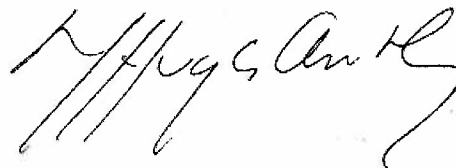


W.A.J. Mijs  
CEO  
Netherlands Bankers' Association

His Excellency Nursultan Nazarbayev  
October 20, 2009  
Page 3



Pat Farrell  
CEO  
Irish Banking Federation



Nancy Hughes Anthony  
President and CEO  
Canadian Bankers Association

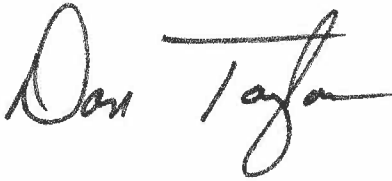


Giovanni Sabatini  
General Manager  
Italian Banking Association



Manfred Weber  
Chief Executive  
Association of German Banks

His Excellency Nursultan Nazarbayev  
October 20, 2009  
Page 4



Dan Taylor  
President and CEO  
International Financial Services Association



Thierry Senechal  
Policy Manager, Banking Commission  
International Chamber of Commerce



Sean Edwards  
Kazakhstan Working Group  
International Forfaiting Association



Bernd Sooth  
Kazakhstan Working Group  
International Forfaiting Association

His Excellency Nursultan Nazarbayev  
October 20, 2009  
Page 5



Sal Chiappinelli  
Chairman  
VEFI  
(Vereinigung von  
forfaitierenden Instituten  
in der Schweiz)  
The Association of Forfaiters  
in Switzerland



Steve Bartlett  
President and CEO  
Financial Services Roundtable



William Reinsch  
President  
National Foreign Trade Council

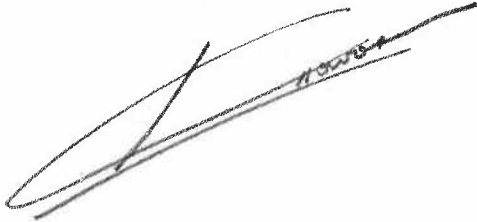


Nichole Westin  
Director of Government Relations  
Coalition for Employment Through Exports

His Excellency Nursultan Nazarbayev

October 20, 2009

Page 6

A handwritten signature in black ink, appearing to read 'G. Ravoet', is written over a horizontal line.

Guido Ravoet  
Secretary General  
European Banking Federation

### **Signatory Associations:**

#### **The Bankers' Association for Finance and Trade**

The Bankers' Association for Finance and Trade is a financial trade association whose membership represents a broad range of internationally active financial institutions and companies that provide important services to the global financial community. BAFT serves as a forum for analysis, discussion and action among international financial professionals on a wide range of topics affecting international trade and finance, including legislative/regulatory issues. Because of its global focus and broad membership, BAFT plays a unique role in expanding markets worldwide, shaping public policy, and promoting practices that preserve the safety and soundness of the international financial system.

#### **The American Bankers Association**

The American Bankers Association brings together banks of all sizes and charters into one association. ABA works to enhance the competitiveness of the nation's banking industry and strengthen America's economy and communities. Its members represent over 95 percent of the industry's \$13.3 trillion in assets and employ over 2 million people.

#### **The British Bankers' Association**

The British Bankers' Association is the leading association for the UK banking and financial services sector, speaking for 223 banking members from 60 countries on the full range of UK or international banking issues and engaging with 37 associated professional firms. Collectively providing the full range of services, its member banks make up the world's largest international banking centre, operating some 150 million accounts and contributing £50 billion annually to the UK economy.

### **The Netherlands Bankers' Association**

The Nederlandse Vereniging van Banken (NVB) (Netherlands Bankers' Association) was established in 1989 to represent the common interests of the Dutch banks. Since the merger with the Employers' Association for the Banking Industry (Werkgeversvereniging voor het Bankbedrijf, WGVB) in 2001, the NVB also represents socio-economic interests. Virtually all banks operating in the Netherlands, including foreign bank branches, are members of the NVB.

### **The Irish Banking Federation**

Irish Banking Federation (IBF) is the leading representative body for the banking and financial services sector in Ireland, representing over 80 member institutions and associates, including licensed domestic and international banks and credit institutions operating in the financial marketplace in Ireland.

### **The Canadian Bankers Association**

The Canadian Bankers Association works on behalf of 50 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 263,400 employees. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada's economy. The Association also promotes financial literacy to help Canadians make informed financial decisions.

### **Italian Banking Association**

The Italian Banking Association was founded in 1919 as a voluntary non-profit organization. Its purpose is to represent, defend and promote the interests of its member banks and financial intermediaries. ABI has 1,086 members (as of September 2009): 704 banks, 58 foreign bank subsidiaries, 236 other financial intermediaries, 13 associations of banks or financial intermediaries and 75 limited membership. ABI is the spokesman for a system with 34,100 branches, more than 338,000 employees, total assets of over € 3.5 trillion, funding (deposit and bonds) of over € 1.8 trillion and lending of almost € 1.5 trillion.

### **Association of German Banks**

The Association of German Banks represents the interests of the private banks in Germany over the full spectrum of economic and banking policy at national and international level. Its 220 member banks include four big banks, regional banks, private bankers, mortgage banks, banks with special functions and foreign banks.

### **The International Financial Services Association**

The International Financial Services Association (IFSA) is a world leader in representing the international operations areas of financial services providers, their customers, suppliers and partners. IFSA members include the largest and most influential financial services institutions operating around the globe. IFSA members handle over 98% of the letters of credit issued in the United States and over 98% of the U.S. funds transfer volume. The IFSA dedicates itself to meeting the specific needs of those who provide, use, and support trade and payments – with particular focus on documentary credits, funds transfer, treasury operations, compliance, and regulatory reporting.

His Excellency Nursultan Nazarbayev

October 20, 2009

Page 8

### **International Chamber of Commerce**

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. The ICC Banking Commission is a leading global rule-making body for the trade finance industry, as well as a worldwide forum for trade finance experts whose common aim is to facilitate international trade finance. The ICC Banking Commission has more than 500 members in 70 countries, many of them from emerging countries.

### **The International Forfaiting Association**

The International Forfaiting Association represents forfaiters and a wide variety of specialized trade finance houses with 150 members in over 40 countries

### **The Association of Forfaiters in Switzerland**

VEFI is the oldest association of forfaiters in the world and represents primarily the Swiss forfaiting community

### **The Financial Services Roundtable**

The Financial Services Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America's economic engine, accounting directly for \$84.7 trillion in managed assets, \$948 billion in revenue, and 2.3 million jobs.

### **The National Foreign Trade Council**

The National Foreign Trade Council (NFTC) is the premier business organization advocating a rules-based world economy. Founded in 1914 by a group of American companies that supported an open world trading system, the NFTC and its affiliates now serve more than 300 member companies through offices in Washington and New York.

### **Coalition for Employment Through Exports**

CEE is the only national organization that specializes exclusively in issues affecting the ability of U.S. exporters to obtain trade and investment finance, insurance and advocacy from the U.S. government, and to deal with any legislative or regulatory issue which would impede the ability of U.S. exporters to make full use of these programs (e.g. economic sanctions, export controls, etc.).

### **European Banking Federation**

The European Banking Federation was created in 1960 to represent the interests of the European banking sector. Since its founding, the Federation has always remained committed to its overall aim: creating an integrated single market for financial services throughout the EU. The EBF now represents 31 national banking Associations, from the EU and EFTA countries, totaling some 5000 banks and over 2.3 million employees. The EBF represents large cross-border banking groups as well as national or regional ones, who operate in both wholesale and retail financial services.



His Excellency Nursultan Nazarbayev  
October 20, 2009  
Page 9

cc:

Karim Massimov  
Prime Minister of the Republic of Kazakhstan  
Government House  
010000 Astana, Kazakhstan

Bolat Zhamishev - Minister of Finance  
Ministry of Finance  
Pobeda Avenue, 11  
Astana, Kazakhstan

Erlan A. Idrissov – Ambassador to the United States, Republic of Kazakhstan  
Embassy of the Republic of Kazakhstan  
1401 16th Street, NW  
Washington, D.C. 20036

Grigori Marchenko – Governor, National Bank of Kazakhstan  
Koktem 3, 21  
050040 Almaty, Kazakhstan

Anvar Saidenov – Chairman of Management Board, BTA Bank  
97 Zholdasbekov Str  
Samal 2 District 050051 Almaty, Kazakhstan

Arman Dunayev – Chairman of Board of Directors, BTA Bank  
97 Zholdasbekov Str  
Samal 2 District  
050051 Almaty, Kazakhstan

Timur Sabyrbayev – Managing Director, BTA Bank  
117/6 Dostyk Avenue  
Business Centre “Han-Tengri”  
050051 Almaty, Kazakhstan

Kairat Kelimbetov – Chairman of the Management Board, Welfare Fund “Samruk-Kazyna”  
23 Kabanbai Batyr Str  
010000 Astana, Kazakhstan