January - Macrh 2006

NEWS BULLETIN

A Quarterly Newsletter of ICC Bangladesh Vol : 9 No : 1

ICC Bangladesh

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Editor's Note

National budget needs transformation

The Ministry of Finance has already started the groundwork on the national Budget for the next fiscal (2006-07) in the backdrop of a not-so-satisfactory economic scenario. Some people think that the economy has entered a recessionary phase while others are claiming it to be on the right track except for a few aberrations.

Whatever may be the real situation, the preparation of the Budget, it seems, will not be an easy task this time because of some adverse external and domestic factors. The incumbent government will be presenting the last budget of its five-year tenure keeping in mind the next general election. Naturally, the ruling coalition would not like to include anything that could make people unhappy. Rather, it might try to keep the people in general and various interest groups in good humour by offering some fiscal and other concessions. It remains to be seen how best the finance minister does his balancing act in the next budget under the given circumstances.

On the external front, one particular problem--- the higher prices of petroleum and some other commodities in the international market--- that has been troubling the country's economy during most part of the current financial year, in all probability, will continue to be a sore point in the next fiscal so far as the economic management is concerned. The developments in Iran and Iraq do indicate such an eventuality. The mismatch between the cost of procurement of petroleum and the prices at the retail level has been causing substantial drain on the public exchequer. The multilateral donors have been pressing the government hard to make another upward adjustment in fuel prices as well power tariff. But considering the effect of another hike in fuel prices on the already soaring prices of essentials and costs of transportation, the government did not give-in to the donors' pressure.

Meanwhile, some business circles during their pre-budget interactions with the officials of the National Board of Revenue (NBR) have advised to impose a flat rate of duty on imported essentials to provide relief to the common men. Others have sought the facility to import duty-free raw materials and capital machineries for the industrial undertakings to help them become competitive in the global market. They have also proposed that the government, which has been compelled to go for large-scale bank and non-bank borrowings due to shortfall in tax revenue earnings and higher cost of fuel oil, should seriously consider adopting a more modern taxation and revenue collection system to ensure wider coverage.

The government, in the last year of its tenure, is unlikely to go for a major policy changes/reforms in the upcoming budget. But, certainly, some pledges relating to privatisation, adequate power generation, infrastructure development, eradication of corruption, improvement in the law and order situation etc., that the incumbent government made before coming to power would come under intensive review by its political rivals. In some areas it has done well and in some others its performance is not upto the target. The privatisation programme of the government had lost steam soon after the disinvestment of some public sector units during the first two-years of its current tenure because of stiff resistance from the vested interests both within and outside the government. There have been good improvements in certain infrastructure but a lot remains to be done. The people do not have much to complain about law and order because of remarkable improvement in this area over the last two years. The government has implemented its pledge so far as the formation of an independent anti-graft body is concerned but it seems it is yet to take-off the ground even after more than a year of its existence.

It is, therefore, advisable that for the rejuvenation of the economy the government should go for more pragmatic approach in its budgetary measures instead of presenting a populist budget.

International Chamber of Commerce-Bangladesh

The world business organisation

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ICC Bangladesh News

ICCB-EU Business Dialogue on New GSP

Suggests product diversification for increasing export to EU

ICCB President Mahbubur Rahman said that EU GSP (Generalised System of Preferences), now in application for decades, had helped developing countries in improving their market access to EEC, now known as EU (European Union). However, because of a very limited export basket and tough as well as complex rules of origin (RoO), it did not allow the least developed countries (LDCs) to take maximum advantage of the facility as much as the developing countries, he added.

President Rahman observed while moderating the roundtable on 'New GSP: Impact on EU-Bangladesh Trade' organised jointly by the International Chamber of Commerce-Bangladesh (ICCB) and the Delegation of the European Commission at DCCI Auditorium on February 23. "Hopefully, the new GSP, together with a simple and relaxed rule would usher new opportunities for LDCs like Bangladesh, ICCB President said."

He mentioned that over the years the dependence on readymade garments (RMG) export has increased. It is more stunning in EU with RMG share of total export reaching more than 90% in 2004, from about 70% a few years ago. This clearly manifested the fact that our call for diversification of export has remained as rhetoric only. This is also half of the story, as we know only about 4 to 5 items of RMG take about 90 percent of the total RMG export to EU. In this context the new EU GSP appears to open an important window of opportunity for us, he said.



ICCB President Mahbubur Rahman is seen (centre) speaking at the ICC Roundtable on "New GSP: Impact on EU - Bangladesh Trade" at the DCCI Auditorium on February 23. ICCB Vice President Latifur Rahman and FBCCI President Mir Nasir Hossain are seen on his left while Charge d' Affaires of the Delegation of European Commission Anthony Goodwin and DCCI President M. A. Momen are on his right.

Mahbubur Rahman suggested that an offer of market access is to be complemented by policy support from the Government as well as by fresh initiatives from the entrepreneurs, which of course, include also a pro-active role by the chamber of commerce and trade associations. In order to identify the potential new areas of export or vertical diversification, he opined that the Trade Bodies should come forward and help the entrepreneurs to build-up their capacity and the government should simultaneously provide necessary infrastructure, including modern port, uninterrupted power supply, improved communication systems, economic development oriented political atmosphere as well as appropriate tariff structures, so that Bangladesh's companies compete with the rest of the world, he said.

Mr. Rahman said " In recent years we have observed the policy confusion over the EU GSP, particularly on the issue of regional cumulation rules initially agreed by Bangladesh in 2000. The warring sub-sectors of the textile industry, in effect, blurred the potential advantage of the regional cumulation in other sectors. I hope that the GSP rules, when reformed, would be viewed more holistically than from a narrow sectarian interest."

Anthony Goodwin, Charge d' Affaires of the Delegation of European Commission in his address said the EU's everything but arms (EBA) scheme is not just a labyrinth of technical rules for governing the EU's trading relations, it is also a pivotal plank in their efforts to promote development and the integration of developing countries into the global marketplace. About relaxation of RoO, he said the EC is examining the RoO, governing its GSP with a view to

simplifying them and making them more development friendly. Commenting on the recent WTO Ministerial in Hong Kong, he said, "The EC pushed strongly at the ministerial conference for developed countries -- notably the US -- to extend the same duty- and quota-free market access for all the products from the LDCs, as has been granted by the EU under the EBA scheme since 2001."

"… We have consistently sought to use the GSP instrument as a means to encourage other trading players to pursue positive global policies," Goodwin said, citing the examples of the step to fight against drug production, trafficking, and environmental pollution. "More recently, the promotion of human rights has been incorporated as a pivotal aspect of the new GSP plus scheme," he noted.

Charles Whiteley, First Secretary and Zillul Hye Razi, Trade Officer of EU presented two key-note papers. Presenting the paper on 'EU Scheme of Generalised System of Preferences' Charles Whiteley said that the EBA scheme, an exclusive arrangement for LDCs, continues to apply for the world's 50 LDCs and all products except arms and ammunitions are covered and they can access the EU market duty- and quota-free for an indefinite period. He said the new EU GSP features maintaining the generous tariff rates, targeting the GSP in the countries that most need it, simplifying GSP with easier access, devising new incentives to encourage sustainable development and good governance and improving RoO.

Mr. Razi in his paper on 'New EU GSP: Bangladesh Perspective' said under EBA Bangladesh also continues to enjoy duty-free access for indefinite period while the old RoO remain valid and preference or duty exemption remains as before. With focusing on a simpler GSP, the new Generalised System of Preferences (GSP), as it is called, will give tariff preferences to vulnerable countries that meet the objective criteria for sustainable development and good governance. The new GSP plus, which came into force from January this year, will remain unchanged until 2008. He mentioned that Bangladesh shipped merchandise worth 4.0 billion euros to the EU market up to November of 2004 making it the country's one of the largest export destinations.

As the EU provides LDC products with duty- and quota-free access under 'everything but arms' scheme, diversification of export items is the only means of taking full advantage of the facility, speakers observed during the discussion. They also urged the European Commission (EC) to relax the rules of origin (RoO), which they believe would create new opportunities for the least developed countries (LDCs). They further called upon the government to take a positive decision on the regional cumulation to help the country's readymade garment sector become more competitive in the quota-free era.

It was further observed that Bangladesh is increasingly dependent on the exports of apparel products with its total share standing more than 90 per cent to the European Union (EU) last year. Against this backdrop,



A partial view of participants at the Roundtable

they underscored the need for expansion of the country's export basket to reap the benefit of the new trade preference scheme, already unveiled by the executive arm of the 25-member bloc.

President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Mir Nasir Hossain said: "Unless we diversify our export items, whatever facilities are given to us, we cannot change the scenario." He called upon the EU to relax the RoO under the new GSP, given the country's socio-economic condition.

ICC Bangladesh Vice President and President of the Metropolitan Chamber of Commerce and Industry (MCCI) Latifur Rahman said Bangladesh's apparel industry thrived, thanks mainly to the entry of a group of successful entrepreneurs in the sector that wins bread for 1.8 million workers. "We need to sustain and keep growing this industry," he opined.

President of the Dhaka Chamber of Commerce and Industry (DCCI) MA Momen voiced his concern over tagging conditions such as protection of human rights, corruption and good governance with the EU's new trade preference programme.

President of Bangladesh Knitwear Manufacturers and Exporters Association Fazlul Haque, however, said the knitwear exporters are in a dilemma whether they should go for the simplified RoO or not. "If we are satisfied with the current situation then why we should change the position?" he questioned. With the present RoO structure, which is favouring the knit sector of the country, 81 percent knit products get GSP facilities from the EU, he said. He, however, felt some sorts of relaxed RoO are needed for the woven sector, which is struggling to gear up its export to the EU market after the quota phaseout early last year.

Research Director of the Centre for Policy Dialogue Mustafizur Rahman said exports of apparel items, particularly the woven ones, registered a negative growth during the period and added "Although the country's overall export posted a nine per cent growth in the post-MFA period, it marked a negative growth as far as the EU market is concerned." He hoped that the EU's EBA would be included in the multilateral trading system.

Former President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Annisul Huq suggested that the government should take a decision whether it would go for regional cumulation in view of plummeting woven exports to the EU market. He set off the alarm bell that even the country's knitwear exports might decline after 2008.

Bangladesh would be affected as apparel items from some Andean and Central American countries would enjoy duty-free access to the EU market, Taslim, a former chairman of the Tariff Commission, said.

In his concluding remarks ICCB President Mahbubur Rahman hoped that the new GSP along with a simple and relaxed rule would usher in new opportunities for a poor country like Bangladesh. He thanked the EU for the continued support extended to Bangladesh in promotion of trade and investment between EU and Bangladesh.

Among others, former adviser to the caretaker government Rokia A Rahman, MH Rahman, former DCCI president, Alamgir Z Rahman, president of Dutch-Bangla Chamber of Commerce and Industry, and Minister of political and economic affairs of the Swedish Embassy Hans Nicklasson, officials of the Ministry of Commerce and business leaders were present at the meeting.

MoU Signed between ICC Bangladesh and Sri Lanka

A Memorandum of Understanding (MoU) was signed between ICC Bangladesh and ICC Sri Lanka on February 2 at the ICC Bangladesh Secretariat.

President of ICC Bangladesh Mahbubur Rahman and Chairman of ICC Sri Lanka Tissa Jayaweera signed the MoU on behalf of their respective organisations.

Under the MOU it has been agreed to establish cooperation among the two ICC National Committees (NCs) and co-operate for promotion of trade and investment in both the countries as well as take programmes for market development, skill development and product development undertaken by members of the two organisations.

ICCB Secretary Ataur Rahman was also present during the signing ceremony.



President of ICC Bangladesh Mahbubur Rahman and Chairman of ICC Sri Lanka Tissa Jayaweera are seen exchanging the MoU signed at ICC Bangladesh on February 2. ICCB Secretary Ataur Rahman is also seen in the picture.

ICCB Dialogue on UCP to keep abreast of int'l trade tools

Mahbubur Rahman, President, International Chamber of Commerce (ICC) - Bangladesh urged banking professionals to be equipped with up-to-date international trade tools to avoid disputes. He was addressing a roundtable on "Moving into the new UCP" organised by ICC Bangladesh with the support from Citigroup at DCCI Auditorium on January 4.

The roundtable was organised to help trade practitioners formulate a set of recommendations on the first complete UCP, or uniform customs and practices, draft to be forwarded to ICC Banking Commission, Paris for consideration.



ICCB President Mahbubur Rahman is seen (centre) speaking at the ICC Roundtable on "Moving into the New UCP" at the DCCI Auditorium on January 5. ICCB Vice President Latifur Rahman and Director of Bangladesh Institute of Bank Management Dr. Toufic A. Choudhury are seen on his right while ICCB President Samson H. Chowdhury and Chairman of ICCB Standing Committee on Banking Technique and Practices Mamun Rashid are on his left.

The ICCB president said bankers with sufficient knowledge and expertise can only help the buyers and sellers in advance before entering into an agreement based on UCP. Mahbubur Rahman warned the bankers and stakeholders that once the UCP 600 is finalised, it would remain in force at least for the next ten years. "It is very important that we take the opportunity to scrutinise the latest draft carefully and submit our suggestions for incorporation in the UCP 600," he added.

Toufic A Choudhury, professor and SM Ahsan Habib, associate professor of Bangladesh Institute of Bank Management (BIBM), presented the keynote paper highlighting the basic differences of UCP 500 and UCP 600.

Chairman of ICC Bangladesh Standing Committee on Banking Technique and Practices Mamun Rashid said that present day business are changing very fast and our professionals should be equipped with the momentum of theses changes to compete in this era of globalisation.

ICCB vice-presidents Latifur Rahman and Samson Chowdhury, Executive Board members Aftab-ul Islam and Nasir A Chowdhury also attended the roundtable. The Dialogue was also attended by senior officials from Bangladesh Bank and commercial banks.

ICCB President joins the Business Delegation with Bangladesh Prime Minister

Prime Minister Khaleda Zia made a state visit to India from March 20 to 22, 2006. During her visit a 40 member business delegation including Mahbubur Rahman, President of ICC Bangladesh accompanied her.

In this visit a number of long outstanding issues, in particular, increasing trade gap, preferential duty-free access of Bangladeshi products to Indian market, non-tariff barriers to export from Bangladesh, improvement of land port facilities on Indian side of border and water sharing issues were discussed.

In the meeting with Indian Prime Minister Dr. Manmohan Singh, among others, it was underpinned to strengthen and consolidate the existing friendly ties between Bangladesh and India based on their shared history and culture and wide-ranging people to people relations.

During the three day visit to India Prime Minister had a number of meetings with Prime Minister Dr. Manmohan Singh, Chairperson of India's United Progressive Alliance and Congress Party President Sonia Gandhi, Leader of the opposition in the Lok Sabha L. K. Advani. She also joined a meeting of Federation of Indian Chambers of Commerce and Industry.

Dhabi Group meets ICCB

A five-member delegation of Warid Telecom International (Dhabi Group) and other prominent business leaders of Abu Dhabi, UAE headed by Parvez A. Shahid, Advisor of the Board of Warid Telecom had a luncheon meeting with the Members of ICC Bangladesh on March 12, on Dhaka.

Parvez A Shahid informed that Warid Telecom already obtained an operating licence last December at a cost of US $ 50mn as the country's fifth cell phone operator. He further added that they will invest US$ 300 mn before starting its operations in the telecommunication sector from June next. He requested the business leaders to extend their cooperation in expansion of their business in Bangladesh.



ICCB President Mahbubur Rahman is seen making a hearty welcome to the visiting delegates of Dhabi Group to Bangladesh at a lunch organised in honour of them on March 12 in Dhaka. Among others ICCB Vice-President Latifur Rahman is seen on his left while Matiul Islam, Chairman, IIDFC and Parvez A Shahid, Leader of the visiting Dhabi delegation are on his right.

President of ICC Bangladesh Mahbubur Rahman assured Warid Telecom of extending all possible policy support and help for the expansion and growth. Earlier, President Rahman welcomed the delegation and expressed his thanks for their investment in Bangladesh.

Among others, President of Metropolitan Chamber of Commerce and Industry, Dhaka who is also a Vice-President of ICC Bangladesh Latifur Rahman, ICCB Vice President Samson H. Chowdhury, Executive Board Members A. S. M. Quasem, Aftab ul Islam, M. Aminuzzaman, R. Maksud Khan and Chairman of Bangladesh Bank Association Syed Manzur Elahi, President of Dhaka Chamber of Commerce and Industry M. A. Momen, former Deputy Prime Minister Jamal Uddin Ahmad, former Adviser to the care-taker government Ms. Rokeya A Rahman, Chairman of Industrial and Infrastructure Development Finance Matiul Islam were also present...

ICCB President chairs SEDF Workshop on Enhancing Economic Zones

President of ICC Bangladesh Mahbubur Rahman chaired the session on Enhancing Economic Zones for the New Millennium at the Workshop on Bangladesh Private Sector Development Support Project: Enhancing Economic Zones and Reducing Administrative Barriers to Investments organised jointly by Board of Investment (BOI), South Asia Enterprise Development Facility (SEDF) and Foreign Investment Advisory Service (FIAS) on February 7 at Hotel Dhaka Sheraton.

Quoting a recent report of the Asian Development Bank, in his opening remarks, President Rahman said, Bangladesh has netted FDI worth of US$ 800 million during 2005, which is still considered to be one of the lowest recipients of FDI in the region, despite the surge in inflows in recent years.

"We are seeing two of our big neighbours i,e, China and India are opening up their economy for more foreign investments", said. Mr. Rahman and therefore, urged all concerned to actively consider taking full advantage of opportunities available.

He said that it is disappointing that Korean Export Processing Zone (KEPZ) is yet to come into operation, even after lapse of almost ten years. He urged the Government to resolve the impasse of making the KEPZ operational without further loss of time for the sake of FDI, wealth and employment.

Three papers were presented at the session. Kishore Rao, Managing Director, Bearing Point presented a paper on A Strategy for Economic Zones in Bangladesh, Craig Wilson, Programme Manager, Investment Climate Assessment, SEDF spoke on PSD Core Group Efforts on Best Practices while Mamdood H Alamgir briefed about their experiences on Economic Zones Study Tours.

DCCI and JBCCI Seminar on Promotion of Trade and Investment

A seminar titled Promotion of Trade and Investment under Japan-Bangladesh initiatives was organised jointly by The Dhaka Chamber of Commerce and Industry and Japan-Bangladesh Chamber of Commerce and Industry on February 27 at the DCCI Auditorium. Chaired by ICC Bangladesh President Mahbubur Rahman, Minister for Commerce Air Vice Marshal (Retd.) Altaf Hossain Choudhury, MP was the Chief Guest while FBCCI President Mir Nasir Hossain was Special Guest.

In his opening remarks, ICC Bangladesh President said Bangladesh could not tap Japanese private investment in a big way, while greater cooperation between private sectors of the two countries remain elusive.

Recalling Japan's contribution to the development of infrastructure including Jamuna, Meghna and Daudkandi bridges, which not only made a big difference in the surface communication of the country but also helped in overall socio-economic development, ICCB President said, Japan's commitment for taking the Padma bridge project is definitely a great leap forward.

"Since independence, Japan has been Bangladesh's largest development partner, but private investment from Japan remain at low level in that sense," Rahman said.

He further added that Japan was not exploring Bangladesh as an investment destination, although other countries were doing the same.

Commenting KAFCO as the single largest Japanese investment, which is now seeking further investment is indicative of increasing Japanese investment, he added.

Japanese Ambassador to Bangladesh H.E. Matsushiro Horiguchi, DCCI President M. A. Momen, JBCCI President Matiur Rahman, JBCCI Vice-President Hideo Ueno and DCCI Vice-President Hossain Khaled also spoke at the seminar.



ICCB President Mahbubur Rahman is seen (2nd from right) speaking at the DCCI-JBCCI Seminar on "Promotion of Trade & Investment: Japan - Bangladesh Initiatives" at the DCCI Auditorium on February 27. JBCCI President Matiur Rahman, Japanese Ambassador to Bangladesh H.E. Matsushiro Horiguchi and DCCI President M. A. Momen are seen on his right while DCCI Vice-President Hossain Khaled is on his left.

DCCI Interaction with Fidel Valdez Ramos

ICCB requested for more Philippino investment

ICCB President Mahbubur Rahman urged former President of the Philippines Fidel Valdez Ramos to encourage prospective investors of the Philippines to invest in Bangladesh.

ICCB President made this plea while speaking at the interaction with business leaders organised by the Dhaka Chamber of Commerce and Industry at DCCI Auditorium on February 7.

President Rahman requested Mr. Ramos to be the Goodwill Ambassador of Bangladesh in the Philippines. He further said, Bangladesh is going to be the member of ARF which in due course could further help strengthening the bilateral relations between two countries.



On February 7 DCCI organised an interaction with Former President of the Philippines Fidel Valdez Ramos at the DCCI Auditorium. ICCB President Mahbubur Rahman (2nd from right) is seen speaking at the meeting. President Ramos and DCCI President M. A. Momen are seen on his right while former DCCI President R. Maksud Khan is on his left.

In his remarks, former Philippino President said the regional forums SAARC and ASEAN should be integrated for creating the top economic zone in the world.

'SAARC and ASEAN must get together as a regional bloc and that will be the world largest economic zone as 52 percent of global commerce takes place here', said Ramos.

He suggested to focus on sectors including small and medium enterprise, tourism and developments of ports and air linkage facilities for better economic growth of Bangladesh.

Presided by the President of DCCI, the meeting was also addressed by His Excellency Norberto R. Basilo, Ambassador of the Philippines to Bangladesh, past Presidents and Members of DCCI, among others.

ICC Bangladesh hosts farewell lunch for Palestinian Ambassador

Mahbubur Rahman, President, ICC Bangladesh hosted a farewell lunch for H.E. Shahta Zarab, Ambassador of Palestine to Bangladesh in Dhaka on January 3 which was attended by diplomats and members of the ICCB Executive Board. Mr. Rahman appreciated the role played by Ambassador Zarab during his tenure in Bangladesh in strengthening the relations between the two brotherly countries as well as for promoting the cause Bangladesh in different forum. He wished him a very healthy and prosperous life. The Ambassador thanked the ICCB President and members for hosting the Lunch and said that he would cherish memories of his long stay in Bangladesh, which he considered to be his second home. He said that he will always remember the support extended by the business community in carrying out his assignment in Bangladesh.

Among others, ICCB Vice-Presidents Latifur Rahman and Samson H. Chowdhury, Executive Board Members A. S. M. Quasem, Mamun Rashid, Masih Ul Karim, Waliur Rahman Bhuiyan and M. Aminuzzaman as well as Ambassador of Iran to Bangladesh H. E. Mohammad Beheshti Monfared attended the lunch.

Joint Press Statement on NCT Privatisation

Efficient Management of Container Terminal for Boosting Trade and Investment

Chittagong is situated at a strategic geographical location. Countries like India, China, Myanmar, Bhutan and Nepal are very close to Chittagong as such an efficient dynamic international seaport with modern container handling facilities will make a positive impact on the country's trade as well as attracting Foreign Direct Investment (FDI) for our much needed economic upswing.

The Chittagong Port is the 'gateway' to the outside world for Bangladesh. But unfortunately it could not harness its immense potentials due to inefficient administration, mismanagement as well as man made operational hazards. Lack of proper facilities and appropriate trained manpower are not only causing inordinate delays in releasing goods but also adding huge extra cost for doing business thereby increasingly contributing to the Bangladesh business becoming uncompetitive in a globalised world market. Chittagong Port is, therefore, considered as the most expensive port in the region.

The port authorities of a number of countries in the region have launched programmes, which aim to attract private capital into both existing and new facilities. In many instances, this has engendered the perception that organisational restructuring (including privatisation) is not only desirable but it is need of the hour.

A number of sea ports of the region, such as Port Quasem International Container Terminal of Pakistan, Chennai Container Terminal, Mundra Deep Water Container Port in Gujrat, Nhava Sheba International Container Terminal at Mumbai, India, Laem Chabana International Container Terminal of Thailand and Colombo Sea Port of Sri Lanka have already made substantial improvement of the existing facilities as well as planning huge investment for establishing additional facilities to meet the growing demand of their countries as well as of the regional traffic. For efficient, cost-effective and speedy handling of the container terminals, the management and operation of a number of these Terminals has been handed over to Private Sector on a long-term lease at a concessionary tariff while ownership and security remain with the state.

The efficient operation and management of the container terminals is of utmost importance for Bangladesh, considering its ever-increasing foreign trade and attracting investment.

The Trade Bodies, therefore, strongly urges the Government for taking immediate steps to privatise the operation and management of the under-construction New Mooring Container Terminal of Chittagong Port and appoint a competent Operator having proven track record in such management following the experience of our neighbouring countries for competitive facilitation of Bangladesh trade. The selection procedure should be open and transparent thru' international bidding. Criterion should be, among others, extensive use of IT infrastructure and use of most efficient and modern equipment such as Singapore Port and long-standing credibility of managing such facilities. Privatisation of New Mooring container terminal for efficient handling of cargo and quick clearance of customs will help optimum utilsation of its capacity; thereby achieve the full objective of this new facility.

Therefore, this important decision must be taken on an URGENT basis so that newly developed facility is not left un-utilised for indefinite period or under-utilised at a great cost to the nation.

Signatories to the statement included President of International Chamber of Commerce (ICC) Bangladesh Mahbubur Rahman, President of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI)Mir Nasir Hossain, President of Metropolitan Chamber of Commerce & Industry (MCCI), Dhaka Latifur Rahman, President of The Dhaka Chamber of Commerce & Industry M. A. Momen, President of Foreign Investors' Chamber of Commerce & Industry Masih Ul Karim, President of Chittagong Chamber of Commerce and Industry Saifuzzaman Chowdhury, Chairman of Bangladesh Employers' Federation and Bangladesh Association of Banks Syed Manzur Elahi, President of Bangladesh Chamber of Industries A. K.Azad and Bangladesh Knitwear Manufacturers & Exporters Association Md. Fazlul Hoque and President of Bangladesh Textile Mills Association M. A. Awal.

Bangladesh Economy

Remittance touches $3.4b in first three quarters of FY 2005-06

Remittance inflow during the first three quarters of the current fiscal year recorded $3.47 billion, posting 23.1 per cent growth over the same period of last fiscal.

The total inflow in July-March period of FY 2005-06 crossed the gross inflow worth $3.37 billion in the fiscal 2003-04, showed the central bank statistics.

In March, non-resident Bangladeshis sent home $478 million, which is the highest ever inflow in a single month and up by 19.5 per cent from March 2005 amount of $400 million.

The robust growth of remittance become the strongest component of the current account as well as continuously giving support the country's balance of payment to stay safe.

In the last fiscal year, expatriate workers sent home $3.85 billion, which was 14 per cent higher over the total earnings of the previous fiscal.

The UN Economic and Social Commission for Asia and the Pacific (ESCAP) urged governments in recipient countries to cut the costs of sending money home and help the workers' families channel the funds into more productive endeavours. It also urged banks in the workers' home countries to establish branches in host nations and allow micro-credit institutions and credit unions to transfer funds to rural households.

Inflation still concern for policy-makers

Inflation becomes the major concern of the country's policy makers. Although official statistics showed that inflation rate fell to 5.72 per cent on a point to point basis in February from 6.59 per cent in January, the market prices yet to reflect the downward trend.

According to Bangladesh Bureau of Statistics (BBS), the national inflation rate which was 7.98 per cent in last August, highest in a decade, came down to 7.07 per cent in December 2005. In January 2006, the rate further decreased to 6.59 per cent and 5.72 per cent in February.

The downward trend of the inflation has been interpreted as effectiveness of the tight monetary stance of the central bank to some extent. The Bangladesh Bank has kept a tight grip on money supply over the past few months by increasing interest rates for treasury bills and reverse repo, which has ultimately compelled commercial banks into continuous rate hike.

Interest rates on upward curve

Lending and deposit rates of the country's financial sector now moving towards the levels seen in 2003 on the back of steady rise in both rates for the last one year and a half. The weighted average lending rate soared at 10.95 per cent at the end of February 2006 which was 10.57 per cent end of July 2005, showed the central bank statistics.

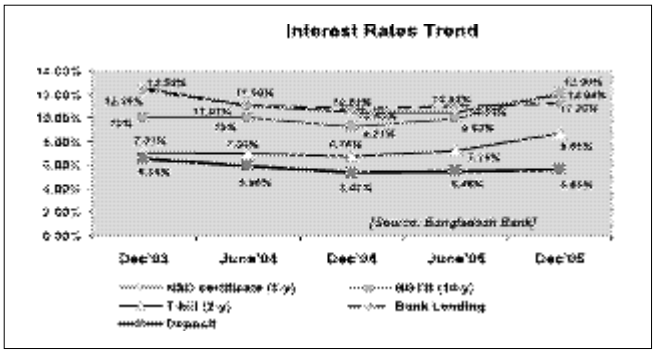
The weighted average lending rate was 13.02 per cent in fiscal year 2001-02, which came down to 12.24 per cent in fiscal 2003 and further went down to 11.16 per cent in fiscal 2004.

The interest rates of the savings instruments have already returned to two-year back level, reversing the International Monetary Fund's suggestion to lower the rates to the level of treasury-bill yields.

After the latest revision of the rate in December 2005, the 5-year Bangladesh Sanchaya Patra now offers 12 per cent interest after maturity, up from 11 per cent in March 2004 and seen heading towards 12.50 per cent of December 2003.

The interest rate for quarterly interest bearing 3-years savings certificate also surged to 11.5 per cent in the

same period that was 10.5 per cent in March 2004 and 12 per cent in December 2003.



The latest rate hike was prompted by the government's increased borrowing from the non-bank sources to meet the budgetary demand. Yield rates of the treasury bills and treasury bonds continued upward trend as part of the central bank's tight monetary stance for the last one year. The interest rates of both the 5-year and 10-year Bangladesh government treasury bond have already crossed the yearend level of 2003.

Bangladesh Bank statistics showed that weighted average yield rates of 5-year and 10-year t-bonds soared to 10.6 per cent and 12.09 per cent respectively in February 2006.

The bonds, introduced on December 28, 2003, offered 8.09 per cent and 10 per cent interests respectively and came down to 7.73 per cent and 8.95 per cent on March 2005.

The t-bill rates also increased significantly as weighted average yield rate for 2-year t-bill touched 8.75 per cent, highest among the exiting t-bills.

As the annual rate of interest for one-year fixed deposit is now 13 per cent in the leasing companies, private commercial banks are offering 12 per cent for the same period of deposit.

Monthly weighted average deposit rate stood at 5.65 per cent at the end of December 2005, which increased to 5.75 per cent at the end-February 2006, showed the central bank figure. T rates on fixed deposits above six-month period in most cases touched double digits, showed the central bank statistics.

Industrial credit posts 16 pc growth in first half

Disbursement of industrial credit during the first half of the fiscal 2005-06 increased by 16.8 per cent, reflecting stronger demand for fund in the private sector. The overall credit growth in the private sector was, however, lower than the same period of the last fiscal year due to tighter monetary policy of the central bank. Against the higher disbursement, recovery of industrial term loans decreased by 20 per cent to Tk 3367.96 crore compared to Tk 4211.90 crore of the year-ago period. But in the same period of previous fiscal, credit recovery rate jumped by 93 per cent showing vigorous drive by the banks to settle bad debts.

Central bank statistics showed that commercial banks disbursed about Tk 4946.15 crore as industrial term loans in July-December 2005, down from Tk 4234.58 crore of the year-ago period. The credit flow jumped significantly in the second quarter as about Tk 2912.44 crore was disbursed, against Tk 2033.71 crore of the first quarter of the current fiscal. Bangladesh Bank statistics also revealed that private sector credit increased by 7.65 per cent in July-December 2005 that was 9.6 per cent in the same period of 2004.

The overall net credit to the private sector amounted to Tk 8474.40 crore in July- December 2005 which was Tk 9085.70 crore in the same period of the last year. Even though, higher credit to the private sector pushed up the domestic credit in six months by 9.38 per cent to Tk 13,847 crore.

Credit to the public sector also increased by Tk 5372.60 crore or 14.59 per cent during the period under review of which net credit to the government increased by Tk 1432.10 crore or 5.59 per cent and credit to other public sector increased markedly by Tk 3940.50 crore or 35.22 per cent, showed the central bank statistics.

Overdue of industrial term loans at the end of last year stood lower at Tk 3445.25 crore compared to Tk 5535.50 crore at the end of December, 2004. The improvement was, however, lag effect of effort taken in the previous period. Overdue as percentage of outstanding industrial term loans, however, improved, as the ratio decreased to 14.04 per cent at the end of December, 2005 from 24.85 per cent at the same period of 2004.

News from ICC Hqs. in Paris

ICC to host conference on international tax disputes in Paris

Using arbitration to resolve international tax disputes is fast gaining ground, sparking many questions concerning the implementation of this dispute settlement technique.

An ICC-hosted conference in May 2006 aims to unravel some of the issues regarding the arbitral process by offering participants the chance to hear perspectives of prominent experts in the fields of international taxation and international arbitration.

"Time is ripe for arbitration," said Peter Baumgartner, Chairman of the ICC Commission on Taxation. "It took a long time to convince tax authorities that double taxation should be eliminated under tax treaties in all cases."

The one-day conference, entitled The Resolution of International Tax Disputes through Arbitration: Fundamental, practical and procedural issues, will focus on two areas.

A morning session - chaired by Mr Baumgartner - will address recent developments, current practice and envisaged changes in the field of tax dispute resolution. Presentations will be given by Mary Bennett, Head of Tax Treaty, Transfer Pricing & Financial Transactions Division, Centre for Tax Policy and Administration, OECD; Robert Couzin, incoming Chairman, ICC Commission on Taxation; member, Permanent Scientific Committee, IFA; Guy Gest, Professor, University Panthéon-Assas (Paris II), France; and Pierre Tercier, Professor of Law, University of Fribourg, Switzerland; Chairman, ICC International Court of Arbitration.

The session will be followed by a panel discussion moderated by David R. Tillinghast, former Chairman, Permanent Scientific Committee, IFA.

An afternoon panel discussion will be moderated by Professor of Law William W. Park, Boston University, US, who is recognized worldwide for his work in the field of international arbitration. "The afternoon panel will address the practical aspects of arbitrating tax treaty disputes, looking at the way international fiscal law intersects with arbitral procedure", he said. To demonstrate procedural and practical issues, a group of panellists will join Mr Park for a case study-based discussion.

This conference is of particular interest to anyone involved in the arbitration of international tax disputes - including advisors, tax directors of international groups, arbitrators and party representatives - and anyone in charge of designing and applying arbitration clauses.

The Resolution of International Tax Disputes through Arbitration: Fundamental, practical and procedural issues will take place at the International Chamber of Commerce headquarters in Paris on Wednesday May 3, 2006. Pierre Tercier, Chairman, ICC International Court of Arbitration will give a presentation on international arbitration

Business echoes Lamy; calls for agreement on Doha trade talks by year-end

The International Chamber of Commerce on March 29 gave its full support to the statements made yesterday by Pascal Lamy, director-general of the World Trade Organization, saying time was running out on the Doha Round of trade negotiations and stressing the critical need for WTO members to meet the end-April deadline for accords vital to an eventual global trade treaty by the end of the year.

Mr Lamy made the statements in his address to the trade negotiations committee, the steering body for

the WTO's Doha Round of multilateral trade negotiations, which met in Geneva.



ICC also supplied WTO members with detailed recommendations for an ambitious, balanced conclusion to the Doha Round by the end of the year.

"A successful outcome to the Doha negotiations is vital to help raise global living standards, create jobs, and boost world economic growth," said ICC Secretary General Guy Sebban. "An agreement will go a long way to reinforcing the rules-based multilateral trading system, keeping in check protectionist instincts and safeguarding non-discriminatory trade," he added.

In its seven-page statement, ICC said high-level involvement by WTO member governments was crucial to make compromises and difficult decisions on opening markets, recognizing the common interest in success and the collective cost of failure. "The challenge is more political than technical," the ICC statement said. ICC called on WTO members to remind themselves of their responsibility as custodians of the multilateral trading system that had served the world economy so well.

ICC stressed the negotiations on market access for non-agricultural products were of paramount importance, and must include a substantial reduction in applied tariffs for all products, which will result in increased trade opportunities for all WTO members.

Concerning the negotiations on agriculture, ICC called for substantial reductions in domestic support and improvement in market access for all products, even sensitive products, and for keeping particular treatment of such products to a minimum. The current barriers impose a heavy burden on consumers and taxpayers, especially in industrialized countries, and have a particularly injurious effect on the export opportunities of many developing countries.

ICC expressed concern over the slow pace of progress in negotiations to liberalize trade in services and urged WTO members to make binding commitments towards higher levels of liberalization on the broadest possible range of services, and to go beyond levels currently available through unilateral access. ICC noted the increasing need to move professional, technical and managerial personnel across national borders; an area of particular interest to developing countries.

ICC said it was encouraged by the progress made to date in the Doha Round on trade facilitation, noting that developing countries and small and medium-sized enterprises especially will reap significant gains from more efficient customs procedures.

To address the risk of fragmentation of the multilateral trading system resulting from the increase in preferential trade agreements, ICC said much progress was necessary on clarifying and improving WTO disciplines and procedures relating to such agreements.

"The most effective long-term solution to discriminatory trade preferences is to bring the current Doha Round to a successful conclusion by year-end, which will lead to a broad and substantial lowering of tariff and non-tariff barriers that will benefit all WTO members," Mr Sebban said.

2006 World Business Awards recipients chosen

Ten business-driven projects from countries as diverse as Mozambique, Turkey and Mexico have been selected to receive World Business Awards - the first worldwide business awards to recognize the significant role business can play in reducing poverty around the world, according to ICC news released on March 29.

ICC will announce the winners and present the awards in association with the United Nations

Development Programme (UNDP) and the Prince of Wales International Business Leaders Forum (IBLF) on 10 May 2006 in a special ceremony at the Grand Hyatt Hotel in New York City.

Selected from 73 nominations in 33 countries, the 10 projects - chosen by an independent international selection panel - have been recognized for their outstanding efforts to reduce poverty and stimulate development in support of the UN's Millennium Development Goals (MDGs).

The projects were drawn from business, labour, research and academic organizations, environmental groups and the United Nations. The judging panel was chaired by Mary Robinson, president of Realizing Rights: the Ethical Globalization Initiative and former president of Ireland. The panel included representatives of the International Chamber of Commerce, UNDP, IBLF and other leading international agencies, non-governmental and labour organizations.

The MDGs were established by world leaders at the UN Millennium Summit in September 2000. They consist of eight primary goals including: universal primary education, promotion of gender equality, the eradication of extreme hunger, improved maternal health, environmental sustainability, a global partnership for development and the reduction of child mortality. The challenge for business has been to translate these goals into practical, local projects with real impact whether through their core business activities, philanthropy, or advocacy work.

Business enterprises, large and small, are making a difference in all countries, often in partnership with governments, development aid organizations and relief workers. By deploying the innovative and productive skills of enterprises and entrepreneurs, all the projects recognized are striving to address the development challenge.

Nominations for the awards were sought from every kind of business entity, including business associations, confederations and individual companies of any size from any country.

UNIDROIT Principles: New Developments and Applications

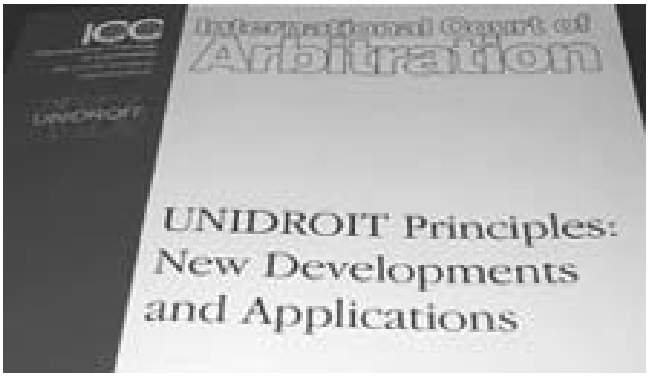
The importance of the UNIDROIT Principles of International Commercial Contracts has long been understood by the ICC International Court of Arbitration.

UNIDROIT is also known as the International Institute for the Unification of Private Law.

The UNIDROIT Principles of International Commercial Contracts, initially adopted in 1994, were enlarged in 2004 to cover a number of additional topics of interest to the international legal and business communities.

ICC's product during March, UNIDROIT Principles: New Developments and Applications, contains articles by international contract specialists analyzing and assessing several of these new topics:

Authority of agents Set-off Assignment Limitation periods Changes made to the Principles to adapt them to the increasing importance of electronic contracting are also examined in the publication.



In a foreword, Chairman of the International Court of Arbitration Robert Briner said: "The close relations that have been forged over the years between ICC and UNIDROIT owe much to the nature of their respective activities, for both organizations are involved in the development of international law by offering new legal instruments to government and business."

Destination Asia Pacific for 2009 World Chambers Congress

Chambers from across the Asia Pacific region are finalizing their bids to host the 6th World Chambers Congress when it returns to the region in 2009.

The Federation of Malaysian Manufacturers has already submitted its letter tabling Kuala Lumpur as the ideal location for the Congress. The World Chambers Federation (WCF) is also in contact with chambers in India, China, Japan and Australia, all wishing to know more about how their country could be a potential candidate to host this event.

Chambers interested in hosting the congress in 2009 need to submit their letter of intent to bid for the congress by May 2006.

The last WCF congress in the area was the 2nd World Chambers Congress held in June 2001 in Seoul, Korea.

The World Chambers Congress is the only event of its scale and scope to bring together chambers of commerce of all sizes from around the globe. It provides a forum for chambers to share best-practice experience, develop networks and learn about new areas of innovation from other chambers as they face the challenge of remaining relevant to companies in their region. A special feature of the congress is the World Chambers Competition.

The 4th World Chambers Congress was held last June in Durban, South Africa, and the 5th World Chambers Congress will be held in Istanbul from 4-6 July 2007.

Business opposes airline ticket tax

The International Chamber of Commerce on February 24 condemned proposals for a tax on airline tickets to raise funds for development aid and said there are better ways for business and government to help lift people out of poverty.

Speaking on behalf of business people around the world, ICC Secretary General Guy Sebban said: "New economic opportunities are needed, not a new tax. Removing barriers to trade, investment and entrepreneurship in an open market should remain the preferred means of achieving long-term development."

A three-page statement elaborating ICC's views said that the protection of agriculture in many developed countries increases the need for aid in the developing world and directly counteracts the effects of official and other development aid.

"In particular, reducing export support to agriculture in developed countries and improving market access for agricultural imports from the developing world will diminish the need for development aid and free funds that might be used for Official Development Assistance," the statement said.

French President Jacques Chirac, who proposed the air ticket tax, convened a ministerial conference in Paris on 28 February to encourage more countries to implement the proposed tax.

France has announced it will begin levying the tax on 1 July 2006 and is pushing for other countries to follow suit. When the plan is introduced, flight tickets originating in France will be subject to a tax of between 1 to 40 euros per passenger depending on the flight class and destination.

The ICC statement, drafted by its Corporate Economists' Advisory Group, also said such a tax,



The proposed airline ticket tax would impose new competitive distortions between businesses, countries and regions, and would have highly uncertain results for development

exclusively targeted at the aviation industry and airline travellers, would be arbitrary, detrimental to that particular industry, and would cause serious economic distortions. It would impose new competitive challenges on a sector already suffering from heavy losses as a result of cyclical and external difficulties, despite recovering growth rates.

ICC said: "The rationale for taxing airline tickets is likely based on the premise that air transport is a good enjoyed by the well-off. However, in practice such a tax would be particularly painful for low-income households who represent a growing segment of air transport users and are already very sensitive to ticket prices."

Rising oil prices spur greater energy efficiency in companies

Rising oil prices, along with terrorism and the huge US account deficit, are the greatest threats to the global economy according to the findings of the International Chamber of Commerce /Ifo World Economic Survey released on February 21.

A special section of the survey asked participating experts whether rising oil prices had had a significant impact on the operations of companies in their country and whether as a result those companies had taken any steps to improve their contribution to energy efficiency.



According to the survey many companies have reacted to rising oil prices with improvements in energy efficiency

According to approximately 870 economists in over 80 countries who participated in the survey, companies in most Western European countries have reacted to rising oil prices with improvements in energy efficiency. This was particularly true in Germany, Sweden, the Netherlands, Finland and Belgium. The survey also concluded that the same was true to a lesser degree in Canada, the United States, New Zealand and Latin America. A positive trend to higher energy efficiency was also reported for the majority of Asian countries; in particular Japan, Thailand, China, Taiwan, Sri Lanka, Indonesia and South Korea.

Both South Africa and Australia have been able to offset the negative impact of increased oil prices with increased gas and coal exports, the survey found, yet companies in South Africa have still recently invested in improving their energy efficiency while most companies in Australia have not.

The survey also revealed that contributions to improved energy efficiency were so far low for the non-oil sector in CIS countries. The survey suggests that this may be due to the fact that few companies in this region have the financial resources for such investment at this time.

Business faces energy challenge

ICC has urged environment ministers from more than 100 countries to develop long-term energy policy that involves business in finding solutions to problems such as climate change and the lack of access to affordable energy.

ICC's views were expressed at the UN Environment Programme's (UNEP) 9th Special Session of the Governing Council/Global Ministerial Environment Forum on February 9.

Wendy Poulton, General Manager, Corporate Sustainability, at Eskom of South Africa, spoke on behalf of an ICC-led business delegation attending the talks:

"Business is actively committed to contributing to reliable access to energy at affordable prices with acceptable impacts. Engaging business and its significant operational, technological and financial capacity in energy policy development and implementation is essential for sustainable delivery and consumption of energy."



Meetings held during the day included tense negotiations on the international management of chemicals, a frank dialogue on the risks posed by a lack of access to affordable energy, and talks on the environmental impacts related to a continued reliance on carbon-intensive energy sources.

The ICC statement laid out the realities confronting the energy industry as it enters a new era of higher oil costs and tackles a renewed push for alternative sources of energy. It stated that energy policy must work in concert with other internationally-agreed goals for sustainable development.

In her statement to the UNEP plenary, Ms Poulton said a longer-term energy policy approach should:

Take into account the experiences, impacts and effectiveness of implementation of energy policies in different countries and regions;

Engage broad international participation to address all risks effectively;

Push the fact that open, free markets provide the best conditions for investment in and provision of energy;

Encourage utilization of the full range of energy options;

Address adaptation needs, particularly in developing countries;

Stimulate the broader use of existing efficient technologies, and support research, development and global deployment of new technologies in all sectors.

Iraq declared new piracy hotspot

Iraq has been cited as a new world piracy hotspot in the 2005 Annual Report on Piracy and Armed Robbery released by the International Chamber of Commerce's International Maritime Bureau (IMB) on January 31.

According to the report, 10 attacks were reported in Iraqi waters in 2005 compared to none in 2004. IMB says most of the attacks were perpetrated by opportunists who use extreme violence towards crew and whose main motivation is robbery and financial gain. Attacking from small boats, pirates work quickly, mostly attacking vessels at anchor in the vicinity of Basrah oil terminal and Umm Qasr. In one example a tanker, at anchor, was boarded by three robbers wielding machine guns. They held the Master and Second Officer at gunpoint and fired a shot that narrowly missed the Master before forcing him to open the ship's safe. In other cases, several crewmembers were seriously assaulted and injured. The 2005 report also reveals an increase of pirate activity in other areas - most notably Somalia - and calls on regional law enforcement agencies to increase their efforts to combat the problem.

Somalia recorded 35 reported attacks in 2005 compared with just two attacks in 2004. Due to the increase, Somalia now ranks number two after Indonesia in the table of world piracy risk prone areas, and Somali waters are considered the most dangerous in Africa.

With attacks taking place further off the north east and eastern coasts of Somalia in 2005 than in 2004, the IMB Piracy Reporting Centre (PRC) in Kuala Lumpur began to issue daily warnings to ships to stay at least 200 nautical miles offshore. Pirates in the area are believed to work from 'mother ships' and regularly use guns and rocket propelled grenade launchers to

capture vessels which are subsequently taken into Somali waters and held for ransom. With no central government and no national law enforcement infrastructure in the country, no local assistance is available to captured ships. The report does however note that the frequency of attacks began to decrease towards the end of 2005, when, following international pressure, the presence of foreign naval vessels in the area was stepped up.

According to the report, 23 vessels were hijacked in 2005, the highest in four years. A total of 440 crewmembers were taken hostage in 2005, the highest number since IMB started compiling statistics in 1992. The hostages were taken in incidents in Somalia, Indonesia and Nigeria.



Despite the good news IMB warns against any let up of anti-piracy enforcement

Despite a rise in attacks in some areas, the number of reported piracy attacks for 2005 fell from 329 in 2004 to 276 in 2005, the lowest recorded figure in six years. According to the report, no crewmembers were killed in acts of piracy last year - though 12 remain missing.

Although the 2005 report welcomes the downturn, it warns that any let-up in anti-piracy enforcement at this time would quickly see the number of attacks rise again.

Despite accounting for nearly 30% of all reported attacks, figures for Indonesia show a drop from 94 reported attacks in 2004 to 79 attacks in 2005. Attacks in the Malacca Straits fell from 38 in 2004 to 12 attacks in 2005. Malaysia, Thailand, Brazil, Venezuela, Colombia, Haiti, Nigeria and Guinea also recorded a fall in the number of reported piracy and armed robbery attacks.

The report says positive action taken by agencies - notably in Indonesia and the Malacca Straits - has proven to be effective. Operation Gurita - resulting in gangs of pirates being caught and at least six small vessels being recovered - was one such example of positive action highlighted in the report.

The report congratulates Indonesian authorities in particular for their increased efforts to fight piracy.

Chambers diversify export documentation services

Thousands of trade documents are received daily by chambers of commerce around the world from companies preparing their international trade shipments as stated in the ICC News released on January 19.

In addition to the ATA Carnet, an international customs document that permits duty-free and tax-free temporary import of goods, managed by ICC World Chambers Federation (WCF), chambers issue non-preferential Certificates of Origin which certify the country of origin of a particular product as part of their documentation service. Recently there has been an increasing trend for national governments to allow the chamber community to also deliver preferential Certificates of Origin, which enable products to enjoy tariff reduction or exemption when they are exported to countries extending these privileges.

In the United Kingdom, with the reduction of UK Customs service offices and the belief that the role of UK Customs should be more trade facilitation than document stamping, the British Chamber of Commerce and other organizations were asked to take over the job of authenticating preferential Certificate of Origin documents like the EUR1 form and the ATR certificate for Turkey. The arrangement was approved by the EU in Brussels earlier this year. The delivery of the EUR-1 document is now also being performed by chambers of commerce in Ghana, Nigeria, South Africa and Georgia.

One of the benefits to business, according to Pers Anders Lorentzon from the Chamber of Commerce and Industry of Southern Sweden, is better customer service. "In Sweden, both customs and chambers of commerce issue Certificates of Origin. Like the UK, Sweden has 15 customs offices plus a network of 30 chambers of commerce delivering this service." In the UK, only 30 to 40 customs offices provided this service, but now exporters have over 100 chambers through which they can obtain their EUR-1.

Another advantage for the customer is that they can now bring their EUR1 and ATR forms to the chamber along with their other Certificates of Origin, said John Dunsmure, Managing Director of the British Chambers of Commerce.

Chambers are also issuing other forms of Preferential Certificates of Origin such as Form A in countries like Macedonia, Bulgaria, China, Syria and Mongolia.

WCF's Certificates of Origin Task Force is currently concluding a worldwide study into which countries' chambers are issuing preferential Certificates of Origin. The survey will help WCF assist chambers working with their governments to expand this documentation area, which, in turn, will contribute to improvement in the efficiency of customs administrations.

WCF says that the role of chambers in the delivery of preferential Certificates of Origin could be expanded to other forms such as the ATR form for Turkey, which both the chambers in the UK and Sweden are actively pursuing.

ICC documentary credits newsletter celebrates 12th anniversary

DC Insight, ICC's authoritative quarterly newsletter on documentary credits, marked its 12th anniversary on January 30 with a 24-page issue devoted largely to the revision of UCP 500, ICC's universally used rules on letters of credit.



The winter edition of the newsletter, which has readers in more than 70 countries, features five articles written by members of the UCP consulting group, the body charged with reviewing drafts of the new UCP. A small drafting group of nine members provides the drafts. The articles, including a provocative interview by John Turnbull, co-chair of the consulting group, deal with issues ranging from the vexed question of what constitutes "negotiation" and availability of a credit to the appropriate manner of signing bills of lading.

The focus on the UCP revision is part of a continuing effort by the editors of Insight to deal with hot issues of current interest to letter of credit practitioners.

"Clearly, DCInsight is the place to go to prepare yourself for the revised UCP," said King Tak Fung, a banking partner at the Hong Kong Office of DLA Piper Rudnick Gray Cary.

The new UCP revision, which will impact thousands of bankers, transporters and insurers worldwide, is expected to be approved by the ICC Banking Commission this October.

Since its beginnings in 1995, DCInsight has offered a wide range of features designed to appeal to bankers and other practitioners in trade finance. The current issue, no exception, contains articles on preventing the copying of electronic documents, the rush by banks to capitalize on Middle East letters of credit business and a critique of a controversial US manual aimed at stopping money launderers from using documentary credits.

Ron Katz, editor of DCInsight, attributes the newsletter's success to its willingness to be provocative. "The masthead of this newsletter bears the name 'ICC'", Mr Katz said, "but that doesn't mean our writers will always take the ICC point of view. Our job is to strike the right balance of opinion; then it's up to the reader to decide."

Greater collaboration key to fighting counterfeiting and piracy says ICC Secretary General

ICC Secretary General Guy Sebban underscored the need for consistent, private sector engagement with both local and international law enforcement agencies in the fight against product counterfeiting and piracy.

Addressing participants of the European Networking Group's Senior Executive Summit on Protecting Intellectual Property in Amsterdam on January 25, Mr Sebban said working effectively with law enforcement agencies across the globe was the key to success in tackling this menacing, cross-border problem. "In order to have any chance of long-term success, it is imperative that governments and business work together," he said.

During his presentation, Mr Sebban stated that product counterfeiting and piracy also required strong, international tools of engagement, such as BASCAP (Business Action to Stop Counterfeiting and Piracy), ICC's initiative launched in response to such wide industry concern about the spreading scourge of piracy and counterfeiting of goods.

Last year a quarterly, global economic survey - conducted by the International Chamber of Commerce and the Munich-based Ifo economic research institute - revealed counterfeiting and theft of intellectual property to be among the most pressing problems facing business today.

"With the formation of BASCAP, we are better prepared to tackle the substantial economic and safety concerns posed by mass piracy and counterfeiting of intellectual property," Mr Sebban said.

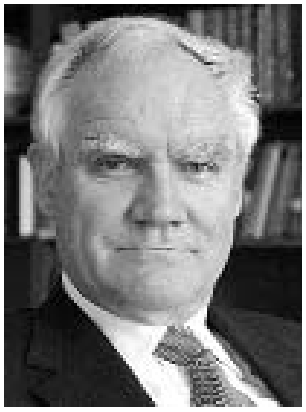
"Many companies involved in ICC and BASCAP have already established close working relationships with local law enforcement and custom authorities and we are committed to ensuring that law enforcement officials continue to have access to business expertise and information." Mr Sebban took part in the two day summit, held at the NH Hotel in Amsterdam, alongside a host of international experts.

ICC Court begins new term

On 1 January 2006, the newly appointed members of the ICC International Court of Arbitration took office for a three-year term that will run until 31 December 2008.

The Court now has a membership of 122, comprising a Chairman, nine Vice-Chairmen, eighty-six members and twenty-five alternate members. The Vice-Chairmen, members and alternate members were appointed by the ICC World Council at its meeting in Paris on 2 December 2005.

Eighty-six countries are represented within the Court. They cover all regions of the world and include for the first time the Dominican Republic and Guatemala. The Court's wide geographical representation is reflected in its Vice-Chairmen, who come from Australia, Austria, Egypt, France, Japan, Mexico, Singapore, the United Kingdom and the United States.



Chairman

The truly international composition of the Court is matched by its members' breadth of experience in law and business, acquired from their practice as attorneys, professors or members of the judiciary in their respective countries.

The ICC Court meets weekly throughout the year. At these sessions, which take place in Paris, the Court monitors the cases submitted to ICC arbitration and carries out its administrative functions. These include appointing and confirming arbitrators, deciding on challenges of arbitrators, fixing arbitration costs and scrutinizing draft awards submitted by arbitral tribunals.

WTO News

WTO COTTON SUB-COMMITTEE

Mixed reception for 'Cotton Four' domestic support proposal

A number of members supported the latest proposal by four African countries on domestic support for cotton, when the sub-committee held its first in-depth discussion on the paper on 27 March, but one - the United States - said it would not put the talks on the path to success.

Trade issues

The proposal deals with "modalities", in this case how domestic support would be cut. It features a formula that implies cuts in cotton subsidies that are larger than for agriculture as a whole - much larger if the agriculture cuts are modest, the difference narrowing if the agriculture cuts are more ambitious. The period for making the cuts would be one third the time for agriculture as a whole. Both of those objectives were agreed at the Hong Kong Ministerial Conference in December 2005 (see background explanation). The four also propose additional disciplines on Blue Box subsidies on cotton.

The paper from Benin, Burkina Faso, Chad and Mali, TN/AG/SCC/GEN/4 was distributed just before the previous meeting on 2 March 2006 and only discussed briefly at the time.

By this 27 March meeting, delegations had more time to study it. Speaking for the "Cotton Four", Chad said that the objective was to put into practice members' agreement in the 2004 framework to treat cotton "ambitiously, expeditiously and specifically".

Colombia supported the proposal and presented information on difficulties faced by its domestic cotton sector. It also called for developing countries to be given special treatment to allow them to support their farmers. China and Paraguay agreed.

The United States said that the treatment for cotton should be discussed after the agriculture "modalities" are agreed, arguing that this proposal prejudges the outcome for farm subsidies as a whole, and diverts attention from them. It said negotiators cannot address the issue of "how much more ambitious" cotton will be before the overall cuts are agreed.

The US objected to the way lower ambition in general would lead to a wider gap between the cuts in agriculture and cotton. This would not lead to success, because an ambitious results in cotton can only be achieved as part of ambitious results for the agriculture negotiations as a whole, the US said.

It also proposed a discussion on which developing countries are ready to join the duty-free, quota-free offer made in Hong Kong.

Development issues

The Secretariat reported three new issues on the development aspects of cotton, which came up after the sub-committee's last meeting: information on Burkina Faso's extensive reform of its cotton sector; Côte d'Ivoire's request for assistance for four cotton projects; and an effort to get updated information on implementation of specific programmes by assistance providers. At the request of Benin, an earlier communication dealing with 12 projects for assistance will be circulated again.

Development is on a separate, parallel track from the negotiations, and the Secretariat reported that consultations on this track continue. They are chaired by Stuart Harbinson, special advisor to the director-general.

Members mull new details in 'Cotton Four' proposal

The Cotton-Four have clarified their proposal for cutting and eventually eliminating trade-distorting domestic support in a new paper discussed in the Cotton Sub-Committee on 2 March 2006.

A number of countries supported the direction of the proposal, which was in a document TN/AG/SCC/GEN/4, submitted the day before the meeting - meaning it was only available in French at

the meeting. However, all speakers said they needed more time to look at it, several saying they needed to see the English version first.

Trade issues

The formula (spelt out below) is designed so that the cut in Amber Box (or AMS) subsidies for cotton are deeper than those for agriculture as a whole, an objective agreed at the Hong Kong Ministerial Conference in December 2005.

The four proposing countries - Benin, Burkina Faso, Chad and Mali - have also designed the formula so that the additional cut for cotton would be greater if the general cut for agriculture is more modest; the additional cut would not need to be large if the general reduction for agriculture is already ambitious. These cuts would take place over a period that is one third of the general implementation period for AMS cuts.

Some countries, such as the EU, China and Australia, welcomed the new paper for clarifying an issue. The Cotton Four's previous document (TN/ AG/ SCC/ GEN/ 3) had called for Amber Box cuts on cotton that are three times the cuts for agriculture as a whole. This had suggested that if the general cuts were over 33%, the cuts for cotton would be over 100%, they said, whereas the new formula has clarified this.

Development issues

The Secretariat reported on consultations on the development aspects on 16 February, when several members reported new developments in the assistance they are providing and recipient countries strongly supported the reported implementation of these programmes. Some called for the assistance to the extended to other African countries in similar circumstances, the Secretariat reported.

The consultations on the development side are chaired by Stuart Harbinson, special advisor to the director-general.

The formula

If
Rg = the AMS cut for agriculture in general, and
Rc = the AMS cut for cotton
Then
Rc = Rg + [(100 - Rg) x 100] / 3 x Rg
(The cut for cotton equals the general cut plus an adjustment term that gets smaller if the general cut is bigger)
The Cotton Four's paper gives some example calculations:
A 60% general cut would produce an 82.2% cut for cotton (a difference of 22.2 percentage points)
A 70% general cut would produce an 84.3% cut for cotton (a difference of 14.3 percentage points)
An 80% general cut would produce an 88.3% cut for cotton (a difference of 8.3 percentage points)
A 90% general cut would produce a 93.7% cut for cotton (a difference of 3.7 percentage points)
A 100% general cut would produce a 100% cut for cotton (a difference of 0 percentage points)

Composition of Aid for Trade Task Force announced

The chairman of the Trade Negotiations Committee, Director-General Pascal Lamy, announced on February 8 at the meeting of the General Council the composition of the Aid for Trade Task Force that he was asked to set up by the Hong Kong Ministerial Conference.

The Task Force will be composed of these 13 members in alphabetical order: Barbados, Brazil, Canada, China, Colombia, the European Union, Japan, India, Thailand, the United States and the coordinators of the ACP, the African Group and the LDC Group. The Permanent Representative of Sweden, ambassador Mia Horn Af Rantzien, will chair this Task Force ad personam.

The establishment of this Task Force follows a mandate given to the Director General by Ministers at the Hong Kong Conference. The Task Force will provide recommendations to the General Council by July 2006 on how to operationalize Aid for Trade and how Aid for Trade might contribute most effectively to the development dimensions of the Doha Development Agenda.

Lamy: "The WTO is open to dialogue"

Director-General Pascal Lamy, in a speech at the Graduate Institute of International Studies, Geneva (HEI) on 14 March said that the WTO is an organization in the archipelago of global governance that is open to dialogue and sensitive to development concerns and other international issues. He cited WTO's efforts in helping poorer countries obtain cheaper generic versions of patented medicines, and noted that the WTO Secretariat maintains working relations with almost 200 international organizations.

WTO chairpersons for 2006

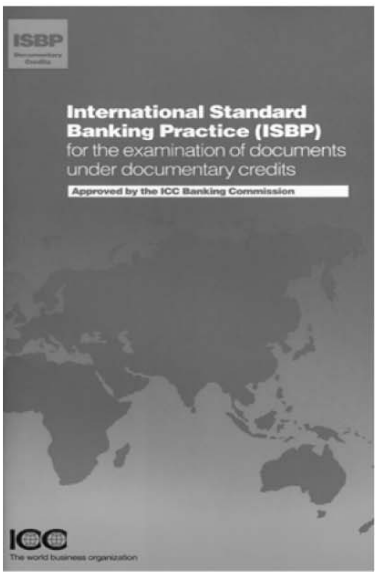
The WTO General Council on February 8 noted the consensus on the following slate of names of chairpersons for WTO Bodies:

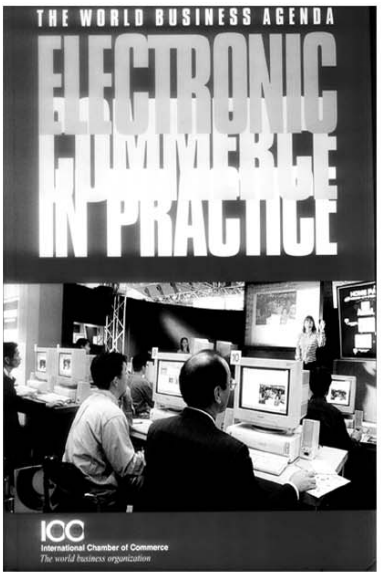
Chairpersons of WTO Bodies - 2006

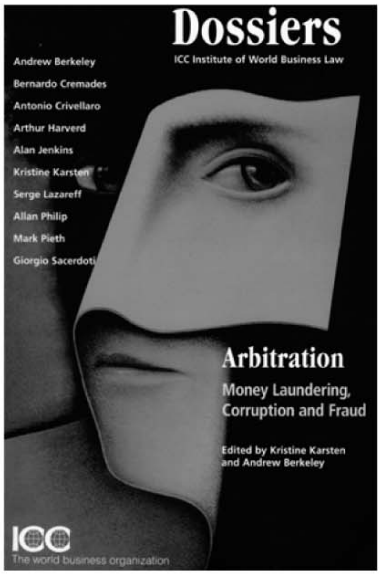
Body	Name
General Council	Amb. Eirik GLENNE (Norway)
Dispute Settlement Body	Amb. Muhamad Noor YACOB (Malaysia)
Trade Policy Review Body	Amb. Claudia URIBE (Colombia)
Council for Trade in Goods	Amb. Yonov Frederick AGAH (Nigeria)
Council for Trade in Services	Amb. François ROUX (Belgium)
Council for TRIPS	Amb. C. Trevor CLARKE (Barbados)
Committee on Trade and Environment	Amb. Shree Baboo Chekitan SERVANSING (Mauritius)
Committee on Trade and Development	Mr. Faizel ISMAIL (South Africa)
Committee on Balance-of- Payments Restrictions	Mr. Takehiro KAGAWA (Japan)
Committee on Regional Trade Agreements	Amb. Ousmane CAMARA (Senegal)
Committee on Budget, Finance and Administration	Amb. Juan Antonio MARCH PUJOL (Spain)
Working Group on Trade and Transfer of Technology	Amb. Manuel A.J. TEEHANKEE (Philippines)
Working Group on Trade, Debt and Finance	Amb. Peter BRNO (Slovak Republic)
Chairpersons of Bodies established under the Negotiations Committee - 2006	***(To serve until the next Session of the Trade Ministerial Conference)***
Negotiating Group on Market Access	Amb. Don STEPHENSON (Canada)
Negotiating Group on Rules	Amb. Guillermo VALLES GALMÉS (Uruguay)
Negotiating Group on Trade Facilitation	Mr. Tony MILLER (Hong Kong, China)
Special Session of the Council for Trade in Services	Amb. Fernando DE MATEO Y VENTURINI (Mexico)
Special Session of the Council for TRIPS	Amb. Manzoor AHMAD (Pakistan)
Special Session of the Dispute Settlement Body	Amb. Ronald SABORÍO SOTO (Costa Rica)
Special Session of the Committee on Agriculture	Amb. Crawford FALCONER (New Zealand)
Special Session of the Committee on Trade and Environment	Amb. Toufiq ALI (Bangladesh)
Special Session of the Committee on Trade and Development	Amb. Burhan GAFOOR (Singapore)

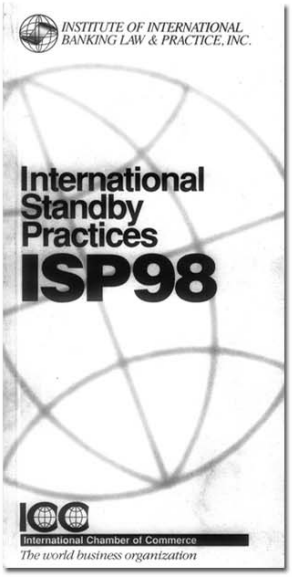
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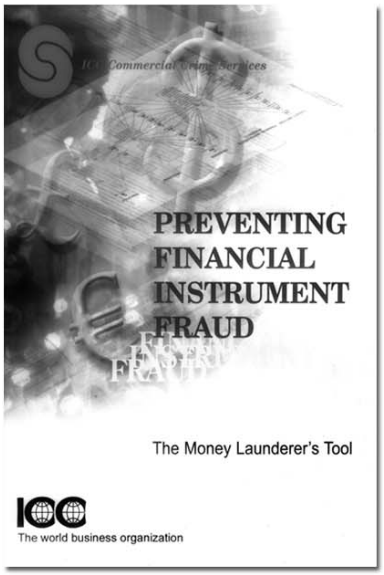












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Published by the Secretary, ICC Bangladesh and Printed from M/S. Bikash Mudran, 56/5, Fakirerpool Bazar (Primary School Lane), Motijheel, Dhaka-1000.