January - March 2008

NEWS BULLETIN

A Quartly Newsletter of ICC Bangladesh Vol : 11 No : 1

ICC Bangladesh

The Executive Board

President :
Mahbubur Rahman

Vice Presidents :
Latifur Rahman
Samson H. Chowdhury

Members :
A.K.M. Rafiqul Islam, FCA
A S M Quasem
Aftab ul Islam
Annisul Huq
Kutubuddin Ahmed
Mahbub Jamil
Mamun Rashid
Masih Ul Karim
Md. Fazlul Hoque
Muhammad A (Rumee) Ali
R. Maksud Khan
Rokanuddin Mahmud, Bar-at-law
Saifuzzaman Chowdhury
Syed Manzur Elahi
Waliur Rahman Bhuiyan, OBE

Secretariat

Secretary :
Ataur Rahaman

Editor's Note

Become self-sufficient in food should be top agenda

Bangladesh over the past few decades has successfully been meeting the staple food demand of its growing population with minimum imports. Even, there was a span of time, when country was able to export rice. The situation became critical as three natural calamities that hit the country last year damaging farm output coupled with global food shortage have adversely affected Bangladesh along with other countries. It is clear for all of us to understand that in the changed situation, the strategy to replenish food shortages through import is not only hazardous but also exceptionally costly.

Meanwhile, the heads of three most leading world bodies have cautioned and projected a very bleak picture regarding world food situation. IMF Managing Director said rising food prices could have terrible consequences for the world, including the risk of war. He cautioned that due to spike in prices development gains made in the past five or ten years could be 'totally destroyed.' Echoing the IMF chief the World Bank President warned that 100 million people in poor countries could be pushed deeper into poverty by spiraling prices and called for a "new deal" to help ward off a food crisis. The Director General of FAO said that world cereal stocks would now be down to 405 million tonnes, or only 8-12 weeks worth of supplies for the world's population.

The global food stocks came down to its lowest level in 25 years mainly due to increased food demand from China and India as well as use of millions of hectares of corn, wheat and other crops for production of biofuel since 2006. Besides, other factors that contributed to price hike are adverse weather conditions, such as an unexpectedly severe cold spell in China, floods in Bangladesh and India as well as droughts in Australia one of the world's largest grain producers, where wheat harvest fell by 60 percent.

According to FAO, the rising food costs in recent months have led to social unrest in several African countries, including Indonesia, the Philippines and Haiti. It has been reported that Bangladesh and 36 other countries are currently facing food crisis.

The Centre for Policy Dialogue (CPD) in its latest report mentioned that the total rice production till 2010 across the world has already been booked in advance. Moreover, India and Thailand have now raised the rice price and banned export of rice to meet internal food shortage. Similar is the case with Vietnam, Myanmar and Cambodia. Kazakhstan, one of the richest wheat producers, has reduced its wheat export to ensure own food security.

Against this backdrop, Bangladesh has no option but to become self-sufficient in food. The expected bumper "Boro" harvest due to hard works of the farmers and agricultural extension workers show that Bangladesh as the 4th largest rice producing country of the world has all the capabilities and potentials to meet its own requirement.

One should, however, keep in mind a note of caution while suggesting revitalization of agriculture through huge investment especially prompted by the International Financial Institutions. The World Bank has already initiated a project for reviving the country's agriculture that needs careful review before implementation. Most importantly, state intervention and public investment should be streamlined to restore agriculture as well as food security.

Bangladesh, therefore, must draw up a Master Plan having sufficient investment in agricultural research, provision of appropriate incentives to farmers to go for cereal production as well as ensuring proper management and modernization of the sector. We hope that through an articulated and coordinated effort of the government and the private sector Bangladesh can achieve its target production to feed the millions in the years to come.

International Chamber of Commerce - Bangladesh

The world business organization

National Secretariat :
Suvastu Tower (6th floor), 69/1, Pantha Path
Dhaka-1205, Bangladesh, Fax : 880-2-8621027
Tel : +880-2-8621942, 9676698
E-mail : iccb@bdmail.net, Website : www.icc-bd.org

International Headquarters :
38, Cours Albert 1 er, 75008 Paris, France
Tel : +33 1 49 53 28 28 Fax : +33 1 49 53 29 42
Internet: www.iccwbo.org

ICCB News

BOI Executive Chairman interacts with ICCB Members

Business want BOI to be dynamic, transparent and vibrant

ICCB President Mahbubur Rahman said that investment in Bangladesh in monetary terms went down by 50 percent during January-September 2007 and during the same period the number of projects registered with BOI was less than that of the same period in 2006. The situation was no better in case of Foreign Direct Investment (FDI).

While welcoming Mr.Kamaluddin Ahmed, Executive Chairman of the Board of Investment (BOI) at a meeting with the ICCB members at ICC Bangladesh Secretariat on January 23, Mr.Rahman said: "we often notice BOI informing about receiving billions of dollars worth of investment proposals, but in reality we do not know how many of those are genuine as well as beneficial for the country in the long run for having a solid industrial and export base. We understand that prospective foreign investors come and register with BOI but there is practically no knowledge in the public domain as to how many of those investments have actually taken off the ground!!"

ICCB President drew the attention of the Executive Chairman to the latest World Bank and IFC publication on "Doing Business 2008: Bangladesh", which is the fifth in a series of annual reports investigating the regulations that enhance world over business activity and those that constrain it. Bangladesh has ranked 107 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business. The report also mentioned that it requires eight procedures, take 74 days, and cost 46.20% GNI per capita to start a business in Bangladesh." In the light of this scenario, we shall have to take some concrete measures to ease our various procedural complexities for investment as well as improve our image for creating a business and investor friendly environment' said ICCB President. He also suggested for taking necessary steps for changing this negative image into a positive one.

ICCB President expresed the hope that under the guidance of its new Executive Chairman, the BOI would have the most modern and effective facilities for providing ONE-STOP services, in real sense, to both local and foreign investors.

With regard to Tax Holiday in Bangladesh, Mr.Rahman said that at present Tax Holiday is provided for 5-10 years depending on the location and one is not sure about the continuity of the same even at the fag end of its expiry. Present Tax Holiday expiry is reportedly due in June, 2008. But there is no decision as yet whether it would be extended any further. Therefore, it is necessary for the government to take a decision in this regard soon so that the investors could make their long-term plan accordingly, he added.



ICCB President Mahbubur Rahman (center)is addressing a meeting between ICCB members and BoI Executive Chairman Kamaluddin Ahmed (on his left) at National Secretariat in Dhaka on January 23. ICCB Vice President Latifur Rahman (on his right) and other ICCB members & executive members of BoI are also seen in the picture.

The members present at the meeting suggested that BOI should be transformed into a more responsive, transparent, efficient and a good communicator in order

to promote investment by both local and foreign investors. It was also suggested that the foreign companies operating in Bangladesh should commit to offload at least 10-20 percent of shares in the Bangladesh capital market. For better understanding of the investment climate in the country it was suggested that both Bangladesh Bank and BOI should work together and provide one single statistics on both foreign and local investments. BOI should be able to collect and disseminate data with regard to import, export and investment of countries like India, China and other major economies for the benefit of the investors. There was also a suggestion to merge BEPZA and BOI into one single body to provide effective services to investors.

It was mentioned that present system of extending visa to expatriates should be reviewed and made less cumbersome. The companies employing technical foreign experts should take initiative to train local people for development of in-house human resources.

BOI Executive Chairman Kamaluddin Ahmed thanked the ICCB President for inviting him to ICCB and exchange views with the distinguished members. The Chairman appreciated the suggestions made by the members and assured them of taking steps to make BOI a dynamic entity to provide effective "One-Stop Service" to investors.

BOI Chairman said "I will look into problems relating to BOI immediately and pursue with the conerned ministries/agencies on other issues including Tax Holiday". He expresed the hope that the business leaders would extend all possible support to BOI and work together to create a better investment scenario.

The major suggestions made during the meeting included the following:

- BOI should be made into a more dynamic, responsive, transparent, efficient and a good communicator in order to promote investment by both local and foreign investors.
- For better understanding of the investment climate in the country, Bangladesh Bank and BOI to work together and provide one single statistics on both foreign and local investments.
- To have public-private partnership and continuous dialogue for taking comprehensive steps and to improve business climate .
- Take some concrete measures to ease various procedural complexities for investment as well as improve country's image for creating a business and investor friendly environment.
- BOI should take appropriate actions to "service sector" investment specifically freight forwarding, visa processing companies, shipping agencies, buying houses, beauty parlours, restaurants and shops where foreigners are engaging themselves either independently or jointly with local partners. In some cases they do not even obtain required permission from BOI and necessary visa for doing business. In this respect it was mentioned that such kind of activities and clandestine operations does hardly contribute anything in the economy; rather it helps drainage of foreign currency and helps encourage money laundering as well as taking away available opportunities from local entrepreneurs
- For better coordination among various government institutions involved in providing investment promotion and facilitation to bring all such agencies under one roof similar to the Malaysian Investment Development Authority (MIDA) or other such institutions of other countries to provide 'ONE STOP' service to the investors in real sense.

Among others ICCB Vice President Latifur Rahman, ICCB Executive Board members, namely, A. S. M. Quasem, Aftab ul Islam, Annisul Huq, Masih Ul Karim, Md. Fazlul Hoque, R. Maksud Khan, Waliur Rahman Bhuiyan, OBE, DCCI Presdient Hossain Khaled, BGMEA President Anwar-Ul-Alam Chowdhury (Parvez), BTMA President Abdul Hai Sarker, Managing Director of A. K. Khan Ltd. Salahuddin Kasem Khan, CEO of Warid Mr. Muneer Farooqui, CEO of TM Intl Dato' Yousof Annuar Bin Yaacob, CFO of KAFCO David Bunn, DMD of Abdul Monem Ltd; A.S.M. Mainuddin Monem, GM of Warid Ashraf H. Chowdhury, GM (Finance) of TM Intl Hefzur Rahman and GM of Unilever Bangladesh Pervez Ahmed were also present and took part in the discussion.

Workshop on International Trade Payment Practices in Chittagong

ICCB President emphasizes use of appropriate trade tools

International Chamber of Commerce (ICC) has played a critical role in helping commercial parties avoid getting bogged down in national credit regulations in dealing with international trade payment practices said ICCB President Mahbubur Rahman while inaugurating a day-long workshop on "International Trade Payment Practices" in Chittagong on March 3. Through ICC's Uniform Customs and Practice for Documentary Credits (UCP), banks across the world can voluntarily subscribe to a common set of rules. This introduces uniformity and predictability, and therefore lowers costs.

The Workshop at Chittatgong the commercial capital of the country aimed at raising the skills of commercial executives of RMGs thereby making business easier for the country's exporters was organized by ICC Bangladesh in collaboration with German Technical Co-operation (GTZ), Germany.

ICCB President mentioned that out of various methods for settling international trade transactions, the most common and important method is the Documentary Credit, which has been in place since 1933. The latest available version of which is known as UCP 600; came into effect from 1 July of 2007 and will remain in force for the next ten years. Within the South and Southeast Asia as well as Middle East, Documentary Credits have been very popular, having recorded double digit growth in usage annually over the last few years. These region issues more than 25% of the worlds Documentary Credits, ICCB president said.

The International Standard Baking Practices (ISBP) is an important guideline for implementation of rules provided in UCP. Participants in ICC seminars and workshops world over have indicated that rejection rates have dropped due to the application of the practices that are detailed in ISBP. With the approval of UCP 600 in October 2006, it became necessary to provide an updated version of the ISBP. Accordingly, ICC Banking Commission approved the ISBP 2007 in April last year. Rahman told.

While emphasizing the importance of capacity building of the professionals, he said that the workshop would provide participants with a solid understanding of the various international trade and finance instruments, procedures and rules. Participants will also learn about international contracts and payment terms and get an insight into the best method to structure secure trade transactions in order to optimize payment security and secure finance for trade from banks. The means of dealing with payment problems will also be reviewed be observed.

Mr. M. A. Salam, First Vice President of BGMEA also spoke at the inaugural session. Mr. Salam emphasized the need for conducting such type of workshop and thanked ICCB and GTZ for their support. He mentioned that RMG accounts for more than 75% of country's export. It is threfore of utmost importance that the exporters and concerned professionals have good knowledge on all trade related issues. Senior business leaders of Chittagong and ICC Bangladesh Secretary Ataur Rahman also attended the inaugural session. About 69 participants from RMGs and Banks attended the workshop.



ICCB President Mahbubur Rahman (Centre) is seen at the inaugural session of a daylong workshop on 'International Trade Payment Practices' in Chittagong on March 3. BGMEA First Vice President M. A. Salam ((on his left) and ICCB Secretary Ataur Rahman (on his right) are also seen in the picture.

Workshop on International Trade Payment Practices held in Dhaka

ICCB Vice President for capacity building of professionals

"While living in the era of Globalization, economic activity of people is expanding beyond the national horizon. Present day businesses are more international than in the past. We, the people of Bangladesh are also within the momentum of these changes and getting more and more involved in international trade day by day", ICCB Vice President Latifur Rahman mentioned while inaugurating the Workshop on International Trade Payment Practices in Dhaka on March 4.

The day-long Workshop was the second one organized for the commercial executives of RMG sector in collaboration with GTZ, Germany.

While emphasizing the importance of capacity building of our professionals, Latifur Rahman said that to safeguard our interest in the international trade, banks and financial institutions, stakeholders like RMGs, other export oriented industries as well as everyone involved in import and export trade, there is no alternative to training both in the product knowledge, contract and documentation.

Praising the Bangladesh Bank initiative to pursue the commercial banks to reduce interest rate margin between deposit and lending, Latifur Rahman expressed the hope that such a move will help businesses to invest more in setting up basic industries in the country that are very crucial for any sustained development.

ICCB Vice President said problems between importers and exporters often arise when they involve in any business deal with a foreign counterpart and do not use appropriate wordings in their contract for avoidance of any potential dispute. "If a dispute arises, neither the concerned bank nor we at ICC could help them because of inappropriate provisions in the contract. Bankers with sufficient knowledge and expertise can help the buyers and sellers in advance before entering into an agreement", he mentioned.

ICC's Documentary Credit as a means of making and securing payment is an effective instrument for conducting international trade, for many countries including ours, but it becomes an effective instrument provided the conditions regulating its use are stated in clear, unambiguous terms and understood by the users, observed ICCB Vice President.

President of BGMEA Anwar-ul-Alam Chowdhury (Parvez) said that though the Banks have lowered the interest rate by a meager one percent only, but it is still much higher than the interest rates of 3-5% given by the neighboring countries, in particular to export oriented industries to be competitive. He emphasized the need for further lowering of interest rates and also encourage commercial banks to practice more open account systems in the international trade, especially for garments and other main export industries. Even though Bangladesh has very successfully overcome the post MFA era despite all odds, we could do better if only the financial institutions also come forward and provide the latest techniques for trade transaction, he added.

President of BKMEA Md. Fazlul Hoque requested ICCB to formulate a body that can settle the



ICCB Vice President Latifur Rahman is seen delivering his inaugural address at the ICCB Workshop on International Trade Payment Practices held in Dhaka on March 4. Also seen in the picture are BGMEA President Anwar-ul-Alam Chowdhury (Parvez)--2nd from left; BKMEA President Fazlul Hoqqe (2nd from right), Mamun Rashid (extreme right) and Workshop Resource person Vincent O' Brien (extreme left).

disputes in the International Trade Payment System. He also emphasized the need to take initiative to convince the Bangladesh Bank and other commercial banks for further lowering interest rates in comparison with neighboring countries.

ICCB Banking Commission Chairman and Citi Bank N.A. Managing Director Mamun Rashid said that going forward is one of the major challenges for our country and we will be facing the growing demand for open account transactions, which is still missing in the current import policy order. In Bangladesh scenario, open account transactions are still restricted to Type-A industry in EPZ, which should be gradually and selectively liberalized specially for RMGS in the face of growing demands from their buyers observed Mamun Rashid. "Nowadays documentary collection and open account procedures are dominating the cross border trade settlements. Although documentary collection is allowed in Bangladesh but it is still restricted to importing capital machineries, industrial raw materials and perishable food items. This list also needs an expansion but immediately it should cover at least the spare parts and accessories of the capital machinery to support the growing industrialization of the country" Mamun mentioned.

ICC expert on UCP Vincent O'Brien also spoke at the inaugural session. Business leaders including A. S. M. Quasem, GTZ Progress Senior Business Advisor Ameena Chowdhury, BGMEA Secretary Muhammad Fasihur Rahman and ICCB Secretary Ataur Rahman also attended the inaugural session. Some 107 participants from apparel and knitwear attended the workshop.

ICCB President Launches IFC, "Finance of International Trade" initiative

Programme to help skill development of professionals

The 'FIT Initiative' will provide advanced skills in the 'Finance of International Trade' (FIT) to the professionals and those involved in international trade. Successful participants will receive valuable certification in the Finance of International Trade from the Institute of Export in the United Kingdom as well as a certificate of achievement in Documentary Credits and UCP 600 from the International Chamber of Commerce (ICC) Paris, said ICCB President Mahbubur Rahman while launching 'FIT' Initiative on March 5 in Dhaka.

Rahman expressed his hope that this launching will prove to be the start of a very productive and positive relationship among the countries joining the International Finance Corporation (IFC) 'FIT Initiative' to facilitate international trade and development which can only bring benefit to all countries and participants involved.

The 'FIT Initiative' will provide structured e-learning in the full range of Finance of International Trade products including Documentary Collections, Factoring, Invoice Discounting, Forfaiting, Export Credit Insurance and other form of 'open account' financing, ICCB President said.

Mentioned may be made that the 'FIT Initiative' has been developed jointly by eBusiness School of Ireland (eBSI) and ICC Bangladesh with support of the 'IFC Global Trade Finance Program' which itself, in a short period of time has proven to be highly successful global trade finance support programme for banks and their customers in emerging markets, including Bangladesh. ICCB President said that ICC Bangladesh is pleased to act as the local partner for the establishment of the IFC 'FIT Initiative' in Bangladesh, which has been chosen as the first country for the launch of such an important initiative.

Some 43 professionals consisting of bankers, insurance and garment officials enrolled for the FIT Initiative Programme, which will commence on April



ICCB President Mahbubur Rahman is launching IFC 'FIT Initiative' Programme in Dhaka on March 5. Mr. A. S. M. Quasem (2nd from right), Workshop Resource Person Vincent O' Brien (2nd from left) and ICCB Secretary Ataur Rahman are also seen on the dias.

15. This is a continuous progarmme and the professionals are encouraged to avail this opportunity of upgrading their skills through 'FIT' Initiative Programme.

After launching of the 'FIT Initiative', ICCB President Mahbubur Rahman, ICCB Executive Board Member A.S.M.Quasem and Workshop Resource Person Vincent O'Brien distributed certificates among the 82 participants from banking sector during the closing ceremony of the Workshop on ISBP 2007 and UCP 600 workshop organized by ICCB in Dhaka on March 5.

It may be mentioned here during March 3-5, ICCB organized two workshops on "International Trade Payment Practices" for executives of RMG sector in collaboration with GTZ and one on ISBP 2007 & UCP 600 for bankers and other professionals. A total of 258 participants attended the workshops.



ICCB Executive Board Member A. S. M. Quasem is seen distributing certificates to the participants while ICCB President Mahbubur Rahman is seen on his right. Workshop Resource Person Vincent O' Brien on his left and ICCB Secretary Ataur Rahman (extreme left) are also seen among others.

Business Leaders meeting with World Bank Team

Discusses on Regional Trade Issues and Challenges of Bangladesh

ICC Bangladesh arranged jointly with the World Bank Country Office an interactive session on Regional Trade Issues between the business leaders and World Bank Vice President Praful Patel in Dhaka on January 29. ICCB President Mahbubur Rahman, MCCI President Latifur Rahman, DCCI President Hossain Khaled, FICCI President Waliur Rahman Bhuiyan, OBE, BRAC Enterprises Managing Director Muhammad A. (Rumee) Ali, BGMEA President Anwar-UI-Alam Chowdhury (Parvez), BKMEA President Md. Fazlul Hoque, CCCI President Saifuzzaman Chowdhury, BTMA President Abdul Hai Sarker, BFWE President Rokeya Afzal Rahman, Pran RFL Group Chief Executive Officer Maj. Gen. Amjad Khan Chowdhury (Retd.), Managing Director and Citigroup Country Officer, Bangladesh Mamun Rashid and Incontrad Limited Chairman Yussuf Abdullah Harun attended the meeting.

The World Bank Country Director arranged another roundtable discussion in Dhaka on March 17 for the business leaders on "Challenges for Bangladesh in becoming a Middle-income Country" with Mrs.Ngozi Okonjo-Iweala, Managing Director, Operations, World Bank Group. The major issues that were discussed included (a) key incentives and constraints faced by the private sector in deepening industrialization, (b) potential benefits from globalization, (c) infrastructure availability, (d) current and long-term economic governance and (e) human skill-mix. Among others, ICCB Executive Board Member Aftab ul Islam attended the roundtable.

Business Leaders interaction with ADB Executive Director for US

Discusses on Transport Networking Issues

President of ICC Bangladesh Mahbubur Rahman attended the luncheon meeting with Executive Director for United States to the Asian Development Bank (ADB) Ambassador Curtis S. Chin, at ADB Resident Mission in Dhaka on January 20. The meeting was held to share ADB's strategic focus in Bangladesh and recommendations of the private sector on strengthening of the Transport Network, Socio-economic Impact and Major Challenges. Mentioned may be made that the sub-continents major rivers-the Padma, Jamuna (Brahmaputra), Ganges and Meghna geographically divide Bangladesh into four principal zones : north-central (Dhaka Division), east (Chittagong and Sylhet

divisions), northwest (Rajshahi Division), and southwest (Khulna and Barisal divisions). The road network now provides good links connecting the northwest, north-central, and east zones, encompassing the national capital, Dhaka.

Transport infrastructure is fundamental to the growth of trade and investment in Bangladesh and for integration with its neighbors. The southwest region will experience the greatest impact on economic development from bridge construction. The Padma Bridge will generate significant impacts on promoting trade among Bhutan, India, Myanmar, and Nepal. Bangladesh is strategically located to provide international links among the landlocked countries. The railway component of the Padma bridge project is expected to provide several benefits for intra regional economic cooperation.

During the meeting it was disclosed that for connecting the economically improving South Asia's Transport Network, Japan and ADB are helping in preparing an investment project that will ease the flow of goods, services and people across Bangladesh, Bhutan, India and Nepal to promote economic cooperation and integration among the four member-countries of the South Asia Sub regional Economic Cooperation (SASEC).

It was informed that the Japan Special Fund is extending a US$1 million grant to draw up the design for the SASEC Transport Logistics and Trade Facilitation Project. ADB will manage the grant. The technical assistance consists of three components- a road corridor that passes from Kakarvitta in Nepal, through Panitanki-Fulbari in India to Banglabandha in Bangladesh; a rail link from Akhaura in Bangladesh to Agartala in India; and a modernized cross-border regime at key cross-border points.

Across the mainland of South Asia, the original transport infrastructure is already in place but has fallen into disuse and needs upgrading in many areas. Apart from the inconvenience to travelers, these barriers have raised the cost of travel and trade.

Among others the meeting was also attended by MCCI President Latifur Rahman, DCCI President Hossain Khaled, BGMEA President Anwar-Ul-Alam Chowdhury (Parvez), BKMEA President Md. Fazlul Hoque, Women Chamber President Selima Ahmed, Bangladesh Women Federation President Rokeya A. Rahman, former DCCI President Saiful Islam, former DCCI President R. Maksud Khan, President Canada-Bangladesh Chamber of Commerce and Industry Masudur Rahman, Chairman Aktel Chairman Salahuddin Kashem Khan and ADB Country Director Hua Du.

Another meeting was arranged by ADB on March 24 for the private sector representatives with Mr. Kunio Senga, Director General, South Asia Department of ADB and ADB Country Director Hua Du to exchange views on operations of ADB in Bangladesh. During the meeting private sector representatives reiterated their suggestions for investments in infrastructure development of Bangladesh as well as for promotion of regional cooperation for overall growth of the Region. Among others, the meeting was attended by Women Federation President Rokeya A. Rahman, former DCCI President Saiful Islam, former DCCI President R. Maksud Khan, Chairman Aktel Salahuddin Kashem Khan, ICCB Secretary Ataur Rahman, FICCI Secretary General M.A.Matin, American Chamber of Commerce President Syed Ershad Ahmed, American Chamber of Commerce Executive Director A.Gafur, BGMEA Director M.A.Basset, BGMEA Additional Secretary Salahuddin Ahmed, Bangladesh Women Chamber of Commerce & Industry(BWCCI) Director Sabina Alam and ADB officials.

Evian Group meeting with ICCB Leaders

Discusses on SME Developement issues

A two member Evian Group headed by Prof. Jean-Pierre Lehman visited Bangladesh during March 1-8. The "theme group" in which the Evian Group is involved concentrates on entrepreneurship and trade facilitation unleashing the power of SMEs in a regional context. The first meeting was held at CPD on March 3 which was attended by ICCB Executive Board member A.S.M. Quasem. The Evian Group also visited ICCB and discussed with ICCB President on the subject. ICCB Executive Board Members, A.S.M.Quasem and R.M.Khan also attended the meeting.

This group considered that SMEs are perceived as being the leading growth vehicle of the Bangladesh



ICCB President Mahbubur Rahman (centre) exchanging views with Evian Group Members. ICCB Board Members A. S. M. Quasem and R. Maksud Khan are also seen.

economy, encompassing a multiplier effect on employment, GDP growth as well as having a significant and positive impact on poverty reduction. Favoring SME developments in an LDC context is therefore seen as a way to attain inclusive growth conditions while building the local capacity.

The project team believes that SME developments should focus on different key elements which might ensure integration in the regional and global market economy; this would assume a horizontal approach irrespective of sectors and using a selection of concrete case studies to illustrate and develop its action plan.

CPD Dialogue on New Market Access Initiatives of US Congress

ICCB President finds some provisions of Bill discriminatory

The Centre for Policy Dialogue (CPD) organized a dialogue on "New Market Access Initiatives of US Congress" in Dhaka on February 11.

ICCB President Mahbubur Rahman in his address as special guest said that Bangladesh should not be punished for its remarkable success in the apparel sector due to discriminatory provisions in the bill. He said that the bill has proposed 35 per cent rules of origin for Bangladesh and Cambodia, while that has been capped at 25 per cent for African countries.

Referring to subjective implementation and avoidance of human rights and labour standards Mahbubur Rahman said these matters should be kept in perspective. 'With increasing free trade, least developed countries have gradually been losing their share of the global trade,' said ICCB President pointing out that free trade was not at all free. He observed that there were a number of provisions that required review and modification. 'In today's world one does not get what one deserves, but only what one negotiates', he commented.

The Commerce Adviser, Dr. Hossain Zillur Rahman, speaking as chief guest, said a unified position would help the government to move with this agenda. 'We must speak in one voice when we go outside to lobby others'. He observed that the Bill was not prepared on "moral grounds," rather political concerns were inserted into it.

The CPD Chairman, Rehman Sobhan, presiding over the session, said the bill discriminated against Cambodia and Bangladesh, giving more preference to African countries. 'If you consider the number of people that are being subjected to more stringent rules of origin, the perverse nature of the global trade rules would become clearer.' He said it was not merely a technical economic negotiation, but more a political negotiationwhat was behind the bill.

Presenting the keynote paper, CPD's executive director Mustafizur Rahman said non-trade issues and delisting eight categories of apparel items from the preferences would harm Bangladesh's interests. Among others the dialogue was also attended by President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Anwar-Ul-Alam Chowdhury (Parvez), Bangladesh Enterprise Institute (BEI) President Farooq Sobhan and President of Karmojibi Nari Shirin Akhter

The participants at the dialogue mostly agreed that the bill, New Partnership and Development Act (NPDA) 2007, allowing duty and quota free market access of



ICCB President Mahbubur Rahman (center) is addressing a CPD doalogue on New Market Access Initiatives of US Congress. CPD Chairman Rehman Sobhan (on his left) and CPD Executive Director Mustafizur Rahman (on his right) are also seen in the picture

all LDC products to the United States, offered a great opportunity, but was not acceptable in its current form and would need to be modified and changed to appropriately accommodate the interest of the poor developing countries. They agreed regardless of bill's stipulations, labour rights and standards must be ensured for a long-term sustainability of the industrial sector.

It may be mentioned that the NPDA, introduced on October 18, 2007 by Congressman James Mc Dermott, is designed to provide duty-free access of products originating from the least-developed countries (LDCs) to the market of the world's biggest economy. The US remains a major destination for Bangladesh's apparel products, accounting for one-third of the country's such exports. In fiscal 2007, the country shipped around $3.4 billion worth merchandise to the US market, with the share of ready-made garments being $3.0 billion. The bill, which appears to have favoured African countries and linked to human rights, labour standards and other non-trade issues, still awaits passage by the US House of Representatives.

Meetings of Business Entry & Operations Group of BBBF

ICCB President Mahbubur Rahman was appointed as co-chair with Commerce Secretary Firoz Ahmed of the Business Entry Group of Bangladesh Better Business Forum (BBBF). He attended a number of meetings of the Group held at Commerce Ministry as well as at ICCB Board Room. In addition he also attended meeting of all the groups held at Chief Adviser's Office with the Principal Secretary to the Chief Adviser.

Mentioned may be made that the Government constituted four Working Groups to submit various recommendations to the Caretaker Government for developing investment friendly climate in the country. The five Working Groups are: Business Finance, Business Entry & Operations, Infrastructure, Skill Development and Macro-Economic Policy. The government has appointed two co-chairs for each group as shown below:

Group	Co-chair	Co-chair
Business Finance	Mr. Latifur Rahman President, MCCI, Dhaka	Mr.Nazrul Huda Dy. Governor Bangladesh Bank
Business Entry & Operations	Mr. Mahbubur Rahman President, ICC Bangladesh	Mr. Firoz Ahmed Secretary Ministry of Commerce
Infrastructure	Mr. Hossain Khaled President, DCCI	Mr.A.M.M.Nasir Uddin Member Planning Commission
Skill Development	Mr.Salahuddin Kashem Khan Chairman Aktel	Mr.Md.Momtazul Islam Secretray Ministry of Education
Macro-Economic Policy	Dr. Mohammad Ali Taslim Professor Economics Department University of Dhaka	Dr.Mohammad Tareque Secretary Finance Division Ministry of Finance

Special Assistant to Chief Adviser meets Business leaders at MCCI

Announced Biman's listing in stock market

The State-owned Biman Bangladesh Limited plans to go for direct listing on the stock market by this year, offloading 49 per cent of its shares to the public. Hon'ble Mr. Mahbub Jamil, Special Assistant to the Chief Adviser In-charge of Civil Aviation and Tourism Ministry, disclosed this on March 31 during a meeting with the business leaders held at the Metropolitan Chamber of Commerce and Industry (MCCI),Dhaka.

The Special Assistant referred to the signing of a Memorandum of Understanding (MOU) by Biman Bangladesh Airlines on March 15 with the US Boeing Company for buying eight new aircrafts, which was a major step towards turning the sick airlines around.

Mahbub Jamil also said the Zia International Airport, which was using only 40 per cent of its capacity, would be turned into a world-class airport like Singapore in terms of service quality. An initiative has already been taken to bring 22 agencies working at the airport under one umbrella to bring harmony in their relationship and dynamism in their performance, he added. The government is also going to launch a National Tourism Authority for country branding and promotion of tourism instead of doing business.

The Special Assistant said the government is also going to ratify the Cape Town Convention to obtain rebate on interest rates charged by global lenders. "The interest rate on US Exim bank's loans is nearly 6.0 per cent, repayable in 12 years. But the interest rate may come down to 5.0 per cent once we sign the deal," he said, adding the move will help save around $82 million from the purchase of the new aircraft.

President of MCCI Latifur Rahman called the decision 'groundbreaking,' saying Biman's decision can be a lesson for other state agencies hit by chronic losses. Among others ICCB President Mahbubur Rahman attended the meeting.



Mahbub Jamil (3rd from right), special assistant to the chief adviser in-charge of the Ministries of Industries, Civil Aviation, Tourism, Youth and Sports, attending a meetting with members of MCCI, Dhaka on March 31. ICCB President Mahbubur Rahman is seen on his right while MCCI President Latifur Rahman is also seen on his left among others.

Prothom-Alo round table on'Election, Democracy and Future Bangladesh'

Democracy sinequanon for good governance : ICCB President

Dialogues between political parties and the government are imperative to resolve the present political crisis in the country and to pave the way towards holding a free, fair and credible election, said speakers at a roundtable on January 5.

Former advisers to caretaker governments, the military secretary to the president, leaders of Awami League (AL) and BNP, and civil society leaders were among the speakers. They said failure of the present caretaker government will jeopardize the countries future. The speakers also urged the government to dispel all doubts in the public mind about the next election. Criticising the government for its lack of dynamism in running the country, they said it has failed in some aspects of running the country.

ICCB President Mahbubur Rahman in his comments gave emphasis on the need for elected



The daily Prothom Alo organised a roundtable titled 'Election, Democracy and Future Bangladesh' in its office on January 5. From left are Mahbubur Rahman, Sultana Kamal, Maj (retd) Hafizuddin Ahmed, M Hafizuddin Khan, Dr Akbar Ali Khan, Prof Muzaffer Ahmad, Dr Wahiduddin Mahmud, Syed Ashraful Islam, AF Hasan Arif, Maj Gen Aminul Karim and Dr Ali Riaz are also seen.

government. He mentioned that to boost up economy it is mandatory to arrange national election as per scheduled time-frame announced by the caretaker government. Otherwise, country's investment will be affected seriously both in local and foreign direct investment. He stressed that good governance is impossible without democracy.

After the 1/11 change over we have seen that a number of businesses almost shut down their operation without assessing the situation and some of them even cancelled their import of essential items. They have, however, restarted their operation subsequently but could not attain the same pace as before, he observed.

Rahman said that, the present government took office with a strong popular support to hold a credible national election, improve law and order situation, fight against corruption and strengthen governance. Almost 100% public acceptance of this government with full respect at the beginning is now perceived to be on the decline in the public mind mostly due to spiraling prices of food and essential commodities even though the government has no option to intervene in a free market economy, except fiscal intervention and law and order situation, which of course it is doing.

However, he praised the bold steps initiated by the Caretaker Government for reconstitution of the much talked about Election Commission, Anti-Corruption Commission (ACC), Public Service Commission and separation of judiciary from Executive Branch of Administration etc.

Moderated by Prothom Alo Editor Matiur Rahman, the meeting was addressed by former advisers to caretaker governments Dr Akbar Ali Khan, Sultana Kamal, Dr Wahiduddin Mahmud and M Hafizuddin Khan, Military Secretary to the President Maj Gen Aminul Karim, Prof Muzaffer Ahmad, AL Acting General Secretary Syed Ashraful Islam, BNP Acting Secretary General Maj (retd) Hafizuddin Ahmed, former attorney general AF Hasan Arif, ICCB President Mahbubur Rahman and Chairperson of the Department of Politics & Government at Illinois State University Dr Ali Riaz.

Workshop on Strategic Plan for BOI

Re-organization of BOI suggested

The BOI arranged a day long Workshop in Dhaka on February 26 on Strategic Plan for BOI. During the workshop a number of recommendations were made including re-organization of BOI to make it more effective, transparent and vibrant institution to provide better services to the investors, strategy for image building, construction of BOI Complex etc.

The Workshop was attended among others by MCCI President Latifur Rahman, Aktel Chairman Salahuddin Kashem Khan, Bangladesh Enterprise Institute (BEI) President Farooq Sobhan, ICCB Secretary Ataur Rahman, BGMEA Secretary Fashiur Rahman and FICCI Secretary General M.A.Matin

Australian High Commissioner called on ICCB President

The High Commissioner of Australia to Bangladesh H.E. Mr. Douglas Richard Foskett called on ICCB President at ICCB on January 15. Mr. Latifur Rahman, ICCB Vice President was also present. Mahbubur Rahman briefed the High Commissioner on the ICC global activities as well as on the activities of ICC Bangladesh. They discussed on issues related to promotion of trade between the two countries. ICCB President said that there are ample opportunities for Australian investors to invest in Bangladesh and offered all possible help in this regard. ICCB President thanked the High Commissioner for visiting ICCB. The High Commissioner appriciated the role played by ICC Bangladesh and thanked President Rahman for presiting him a copy of the ICCB Business Direcotory. He also assured extending all support for expansion of trade and investment between the two countries



ICCB President Mahbubur Rahman is presenting ICCB Business Directory to the Australian High Commissioner H. E. Mr. Douglas Richard Foskett at the ICCB Secretariat on January 15. ICCB Vice President Latifur Rahman is also seen in the picture.

The Netherlands Ambassador called on ICCB President

H.E. Mrs. Bea Ten, Ambassador of the Netherlands to Bangladesh called on ICCB President at ICCB Secretariat on February 5. Mr. Latifur Rahman, ICCB Vice President was also present. Mr. Mahbubur Rahman briefed the Ambassador on global activities of ICC as well as the activities of ICC Bangladesh, the National Committee of ICC, Paris. They discussed on issues related to promotion of trade between the two countries. ICCB President thanked the Ambassador for the continuous support extended by her government for over all development of Bangladesh including investment in export of apparels, marine infrastructure, shipbuilding as well as for social development activities in Bangladesh. The Ambassador assured continuous support by her country for development of Bangladesh as well as furtherance of trade promotion between Bangladesh and the Netherlands.



ICCB President Mahbubur Rahman is presenting ICCB Business Directory to the Netherlands Ambassador H. E. Ms.Bea Ten at the ICCB Secretariat on February 5. ICCB Vice President Latifur Rahman is also seen in the picture.

ICC Member's News

Mahbub Jamil appointed Special Assistant to the Chief Adviser



ICCB Executive Board Member and Chairman & CEO of Singer Bangladesh Ltd. Mahbub Jamil has been appointed as Special Assistant to the Chief Adviser with the rank and status of a Minister. Mr.Mahbub Jamil has given the portfolios of Civil Aviation, Tourism and Sports. It may be mentioned that Mr.Jamil was a former President of the Foreign Investors' Chamber of Commerce and Industry (FICCI)

Annisul Huq elected FBCCI President



Former BGMEA President and Member of the ICCB Executive Board Annisul Huq was unanimously elected as the President of the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) for 2008-2009. Mr.Huq is a leading industrialist of the country as well as one of the biggest manufacturer and exporter of readymade garments.

Abu Alam Chowdhury elected FBCCI Vice President



Abu Alam Chowdhury, Managing Director of Conexpo Ltd. and a member of ICC Bangladesh was elected as the Vice President of FBCCI for a two-year term. Mr.Chowhdury is also the President of the Bangladesh Giftware and Craft Manufacturers Association.

ICCB Members to attend World Business Summit, Stockholm. June 11-13

ICC is organizing World Business Summit (WBS) in Stockholm on June 11-13 at a time of economic uncertainty. ICC will assemble a select group of business and government leaders at the Summit to address two of the most urgent issues for international business today: growing trade and investment protectionism and the rampant counterfeit and piracy of goods and intellectual property. WBS will organize a series of meetings and networking activities leading up to the ICC World Council Meeting on Friday 13 June.

Fredrik Reinfeldt, Prime Minister of Sweden, will deliver the opening address. Moderated by Nik Gowing of BBC World under the banner "World Economy at a Crossroad", the Summit Forum on Thursday 12 June will bring together key decision makers in business and government.

ICCB President Mahbubur Rahman, ICCB Vice Presidents Latifur Rahman and Samson H.Chowdhury ICCB Executive Board Member A.S.M.Quasem and ICCB Member Syed Manzur Elahi accompanied by their spouse are expected to attend the Summit.

ICCB President will attend UNESCAP BAC Meeting

The 7th UNESCAP Business Advisory Council (BAC) Meeting and the Asia-Pacific Business Forum (APBF) 2008 will be held on April 26-27 at UNESCAP, Bangkok. ICCB President as a permanent member of BAC is expected to attend both the BAC Meeting and APBF 2008. The agenda for BAC and APBF include (a) Regional Trade Agreements and its Implications for the Business Sector, (b) Climate Change: Bali Conference and beyond, (c) Energy Security in the context of Sustainable Development in Asia and the Pacific and (d) Regional Cooperation and the Role of Private Sector Investment.

36th ICCB Executive Board Meeting held

The 36th Meeting of ICC Bangladesh Executive Board was held on March 31 in the Board Room of the National Secretariat. Presided over by ICCB President Mahbubur Rahman. Vice President Latifur Rahman and distinguished Board Members, namely, A. S. M. Quasem, Aftab ul Islam, Kutubuddin Ahmed, Mamun Rashid, Masih ul Karim, Md.Fazlul Hoque and R.Maksud Khan attended the Meeting. The Board reviewed the activities of the National Committee during January-March and accepted membership application of two companies under corporate category.



36th ICCB Board meeting is in progress

New Members of ICCB

The ICCB Executive Board during its 36th Meeting held on March 31 welcomed two new members M/S. BASF Bangladesh Ltd. and M/S. Incepta Pharmaceuticals Ltd. who submitted their membership applications on January 1 and February 1, 2008 respectively. With this, the total member of ICCB stood at 111.

ANNOUNCEEMNT

ICC Bangladesh
International Chamber of Commerce
The world business organization

IFC 'FIT' Initiative
Finance of International Trade
Certification Program by elearning

eBSI

THE INSTITUTE OF EXPORT

The IFC 'FIT' Initiative is an e-learning certification programme for International Trade Finance personnel working either in banks or in international trading Companies.

The 'FIT' Initiative has been developed by eBusiness School of Ireland (eBSI) and ICC Bangladesh with supprot from the International Finance Corporation (IFC).

The IFC 'FIT Initiative' will provide advanced skills in the 'Finance of International Trade' (FIT) to participants of the programme. Successful participants will receive valuable certification in the Finance of International Trade from the Institute of Export in the United Kingdom as well as a certificate of achievement in Documentary Credits and UCP 600 from the International Chamber of Commerce, Paris.

Through the support of the Emerging Markets Grant Scheme (EMGS) this important training and certification programme is available to professionals at a cost of EUR390.00. This represents a reduction of approximately 60% of the commercial cost of this programme in other markets.

Online classes for the first batch will commence from 15th April and will continue 26 May 2008 Initially with further rollouts announced on www.ifcfitinitiative.net.
For further information please contact :

Secretary ICC Bangladesh
Suvastu Tower (6th Floor)
69/1, Pantha Path, Dhaka 1205, Bangladesh
Tel : +880-2-967-6698, 880-2-862-1942
Fax : +880-2-862-1027
E-mail : iccb@bdmail.net
web : www.ifcfitinitiative.net

Bangladesh Economy

Bangladesh Aviation Industry to get much-needed boost: Biman and private carriers to procure new Boeings

The, Biman Bangladesh Airlines Limited, for the first time in its 36-year history a new era with possibility of having a fleet of new aircrafts in adequate numbers. Based on the decision of the Board of Directors on March 9, Biman Bangladesh Airlines Ltd. signed a Memorandum of Understanding (MoU) on March 15 with the Boeing to buy eight new-generation aircraft worth US$1.265 billion (equivalent to Tk. 87.3 billion). Biman's Managing Director (MD) Dr M A Momen and Regional Director of Boeing Glen A Green signed the MoU in Dhaka.

Meanwhile GMG Airlines the country's first private carrier has also announced on March 16 its plan to buy six new generation aircraft from Boeing at $900 million (Tk 62 billion) in a bid to expand routes and capture the growing market share. They are going to buy six new planes--three Boeing 777-300ER with 463 seats and the rest Boeing 787-9s. They have almost finalised the deal with Boeing. With the new aircraft they will expand their international routes to Singapore, Hong Kong, Kuwait, Saudi Arabia, Mascot, Doha, Bahrain, Rome and London.Launched in 1998, GMG had operated only domestic flights for six years and got the permission to operate on international routes in 2004.

Aviation industry in Bangladesh is attracting lot of investors. Already three more private airlines in the last eight months have started operation and another is set to start commercial flights soon.The industry is growing by 7.5 to 8 percent every year, while the market size of passengers is worth around Tk 3.5 billion. The growth in the industry will facilitate better as well as competitive services and create new job opportunities. Besides, it would also help save foreign exchange by providing services to expatriate Bangladeshis working abroad.

It may be mentioned that the Biman Board for the first time took the decision for purchasing aircraft independently and in a transparent manner. Earlier, planes were procured through third-party negotiations, while route planning was even guided by political considerations Re-branding of the airline also is in the card. This definitly is a revolutionary decision for Biman. With the efforts to revitalize the ailing Biman Bangladesh Airlines through procurement of new aircraft, the government has also decided to offload 49 per cent of its shares through the stock market by this year, declared by Mr. Mahbub Jamil, the newly appointed Special Assistance to the Chief Adviser in-charge of Civil Aviation and Tourism Ministry and Chairman of Biman Board. It may be mentioned that a new Board of Directors of Biman has been appointed by the caretaker government after joining of the Special Assistant.

The national carrier started in 1972 with a vintage Dakota DC-3 aircraft, less than a month after the independence of Bangladesh from Pakistan. Its current fleet includes five 20-year-old DC-10 planes which must be replaced within a few years. It may be mentioned that Biman has been running at a loss. It posted a record loss of more than USD100 million in FY 07 and USD 120-million in FY 06 on soaring global fuel prices and higher-than-expected maintenance costs.

The final agreement between Biman and Boeing is scheduled to be signed on April 15. Under the accord, the first consignment of four Boeing B777-300ER planes, with 463-passenger capacity, will be delivered between July and December, 2013, while the four 394-seater Boeing B787-8s will be delivered in July-November, 2017.

Besides, an inter-ministerial committee reported to have strongly recommended opening of Zia International Airport (ZIA) Dhaka for Low Cost Carriers (LCC). It may be mentioned that in all the major countries in America, Europe and Asia where LCCs have become integral part of the aviation market, they do not and are not allowed to use primary airports for their operation. In almost all the countries LCCs are operating from secondary airports, mainly because it is cheap.

According aviation analysts, the best option now is to open only Shah Amanat International Airport (SAIA), Chittagong and Osmany International Airport (OIA), Sylhet to LCCs. SAIA and OIA in general and SAIA in

particular are highly under utilised. The revenue that SAIA generates is far below the amount needed to run it. So, it is better to fully open up these two airports. Zia International Airport, Dhaka-the country's gateway, should be off-limits to LCCs, at least for the time being. Air Arabia is currently the only LCC operating five flights a week from Chittagong to Sharjah. The exparts siggested that the Civil Aviation Authority of Bangladesh (CAAB) should examine the performance of the airline, from the view point of customer benefits

Bangladesh attracts Dutch investment as next destination for shipbuilding

Bangladesh could be a major market player in global shipbuilding industry as the country has a near ready-made infrastructure and in-built expertise to make ocean-going vessels, a major Dutch shipping company said on March 15 after signing a memorandum of understanding (MOU) with a local shipbuilding & engineering company, to build eight ice-class ocean-going ships. Under the MOU signed between the two companies for nearly US$ 90 million, the local shipbuilder would deliver the ship by 2012. The Dutch company mentioned that Riverine Bangladesh has the infrastructure almost ready for ocean-going vessel construction. All it needs is to up-grade the infrastructure.

Earlier, another local company entered the global shipbuilding market with US$350 million orders from Denmark, Germany and Mozambique. The company will now have to upgrade its infrastructure and add modern facilities to its facility at Fatullah, Narayanganj by December this year before starting the shipbuilding. This local shipbuilding company will invest around Tk 1 billion for expanding its facility. Some 1000 new jobs will be created when they will start building the ships.

It may be mentioned here that cost of production in Bangladesh is highly competitive compared to other foreign shipyards. So, foreign buyers are now placing orders in Bangladesh shipyards. European shipbuilding companies are all booked with orders till 2010, while the Asian shipbuilders in Korea, Japan, China, Singapore, Malaysia and Vietnam have adequate export orders. This vacuum has created great opportunity for the country's booming shipbuilding industry to grab a chunk of $300 billion worth global export market. Bangladesh has a competitive edge over its Asian rivals because its cheap and naturally expert workforce

GDP growth projection for FY'08:

The Finance Ministry has estimated that the gross domestic product (GDP) growth would be one per cent lesser than it expected mainly due to three consecutive natural disasters and massive anti-graft campaign by the government, according to reports released on February 27. The Ministry has now estimated that GDP will grow by six per cent, down from earlier projection of seven per cent.

With all major economic indicators remaining in a slump, the country's economy would require two more years to see a seven percent growth; the report said quoting the latest internal estimate of the finance ministry. It has been projected by the Finance Ministry that GDP growth would be 6.7 per cent for FY 2008-09, seven per cent for FY 2009-10 and 7.2 per cent for 2010-11 fiscal year. The GDP growth in the 2006-07 fiscal was 6.5 per cent.

On the other hand the Bangladesh Bank on January 10 has projected a GDP growth of 6.0-6.2 percent in FY08, less than the central bank's independent Policy Analysis Unit (PAU) projection of 6.5 percent, but half a percentage point more than that of World Bank's 5.5 percent. The target for GDP growth in current budget has been set at 7 percent.

International Monetary Fund (IMF), in October said the country's economic growth might slow down to 5.5 per cent in the current fiscal year due to impacts of anti-corruption drive and July-September flooding. The Asian Development Bank forecast growth below 6 per cent, while ESCAP and Economist Intelligence Unit (EIU) revised the growth for 2008 at 6.5 percent and 5.7 percent respectively.

The sluggish economic trend has been reflected in the external trade figures as import growth largely outpaced export increment in first five months of the

current fiscal year. Components of import also add to the worries as food import bills alone accounted for one-fourth of the country's total trade deficit of over US 2 billion.

Against the above estimated GDP growth of Bangladesh by various agencies, The Economist has projected GDP growth ranging from 6.5 per cent in 2007 to 6.4 percent in 2012 as shown below:

Key Indicators of Bangladesh Economy

Key Indicators	2007	2008	2009	2010	2011	2012
Real GDP growth (%)	6.5	5.7	6.2	6.3	6.3	6.4
Consumer price inflation (av, %)	9.1	8.7	5.1	5.6	5.5	5.7
Budget balance (% of GDP)	-4.4	-5.0	-4.3	-4.3	-4.3	-4.5
Current account balance (% of GDP)	1.1	0.2	0.2	0.2	-0.3	-0.3
Exchange rate Tk.: US$ (av)	68.87	68.90	69.73	70.96	72.25	74.92
Exchange rate Tk. : C (av)	94.27	100.42	92.56	90.65	91.04	93.65

Source : Economist Intelligence Unit, The Economist

The Padma Bridge to bring significant impact on promoting regional trade : ADB

The Asian Development Bank (ADB) in its Quarterly Economic Update December 2007 reported the socioeconomic impact of Padma Bridge. It may be mentioned that ADB provided Technical Assistance (TA) to complement JICA's feasibility study, particularly to establish the financial viability of the Project and to develop a public-private partnership scheme for financing with commercial and revenue risks transferred to the private sector. The final TA report issued in May 2007, confirmed the technical and economic viability of the Padma bridge project with a modified project cost of $ 1.48 billion at 2006 prices. Meanwhile, in November 2007, ADB approved a TA loan to the Government to develop the detailed engineering design of the bridge including river-training works and approach roads, and to assist the Jamuna Multipurpose Bridge Authority (recently renamed Bangladesh Bridge Authority-BBA) in procuring the services of civil works contracts. The highlights of the initial study are as follows:

Transport infrastructure is fundamental to the growth of trade and investment in Bangladesh and for integration with its neighbors. Connecting the economically depressed southwest zone to the more advanced eastern zone will yield widespread benefits to the national and regional economies. The proposed Padma bridge (5.6 kilometers [km] long and 25 meters wide) at Mawa-Janjira over the Padma River has the potential to play a vital role in integrating and upgrading transport networks in the country and in South Asia. The bridge construction and operation will result in significant positive impacts on national and intraregional growth. It will create a supportive environment for orderly facilitation of economic cooperation including trade, energy, investment, tourism, and transport corridors among neighboring countries, and distribution of benefits to the poor and vulnerable.

The subcontinent's major rivers-the Padma, Jamuna (Brahmaputra), Ganges, and Meghna-geographically divide Bangladesh into four principal zones: north-central (Dhaka Division), east (Chittagong and Sylhet divisions), northwest (Rajahahi Division), and southwest (Khulna and Barisal divisions). The Padma River separates the southwest zone from other parts of the country, especially the north-central zone. Although the road network of the southwest zone has been improved, links with the rest of the country across the Padma River are still only by ferry. The transport capacity of ferry services is limited, and waiting time at ferry ghats is about 1 hour for buses and light vehicles and 2 hours for trucks.

The social, economic, and industrial underdevelopment of the southwest zone-which encompasses Bangladesh's second major port, Mongla; its third main city, Khulna; and the inland port at Benapole-is due in part to difficult access across the Padma River to the rest of the country. A bridge across the river will strengthen links between the southwest and northcentral zones. A highway bridge in particular will enhance freight and passenger transportation between Dhaka and major points in the southwest zone, thereby contributing substantially to development of the southwest zone as well as to national economic growth.

Asian Highway Route A-1 will pass through Bangladesh. The United Nations Economic and

Social Commission for Asia and the Pacific is planning the highway to connect Asia to Europe (Tokyo, Japan, to Kapikule, Turkey, via Pusan, Beijing, Delhi, and Istanbul). One section will connect Kolkata in India to Dhaka through Mawa and Bhanga in the area near the Padma River. It will become an important highway for trading between Bangladesh and India.

Although the southwest region will benefit the most, the whole country will benefit from bridge construction and integration of the southwest region with other parts of the country. The multiplier effects of investment in the Padma bridge show new demand/output in related economic sectors, generation of additional factor income in the value-added chain, and creation of new jobs. Bridge construction is estimated to raise GDP growth by 1.2% through multiplier effects. Induced employment estimates indicate 0.7 million person-years of additional employment opportunities through demand increases in the transport sector.

The southwest region will experience the greatest impact on economic development from bridge construction. Multiplier effects are estimated to increase the gross product in the southwest region by 35%. The bridge will provide a smooth, permanent, and all-weather road link over the Padma River to connect Dhaka. The road distance from Dhaka to nearly all major destinations in the southwest region will be reduced by 100 km or more, which will bring tremendous savings in passenger and commodity movement time and costs, as well as vehicle operation and maintenance costs, while lengthening the useful life of vehicles and reducing the import bill for fuels.

The Padma bridge will generate significant impacts on promoting trade among Bhutan, India, Myanmar, and Nepal. Bangladesh is strategically located to provide international links among the landlocked countries. But the impacts on international traffic or cross-border traffic will not be easily or automatically realized simply by constructing the bridge. Institutional and technical constraints have to be eliminated to allow expansion of international trade with surrounding countries.

India, Bangladesh's major trading partner in South Asia, is connected by road and rail networks. Benapole is the busiest land port, and Darsana is the main gate for railway traffic to/from India. Imports through Darsana declined from 90% in 2000 to 55% in 2004 because of capacity and other constraints. Benapole started railway services in 2001 and it now handles about 17% of import cargo to the four land ports. Imports from India through Benapole have been growing at 23% a year in recent years. Cross-border traffic demand statistics show that the corridor of Benapole-Jessore-Mawa-Dhaka has the highest potential. Thus the corridor is most important from the aspect of trade cooperation between India and Bangladesh.

The railway component of the Padma bridge project is expected to provide several benefits for intraregional economic cooperation. A new railway link that connects Dhaka-Padma bridge-Jessore-Benapole will shorten the distance between Dhaka and Kolkata through Benapole and Bongaon (nearest railway station across the border) interchange routes.

Revenues from cross-border railway traffic between India and Bangladesh through Benapole will greatly contribute to improved financial condition of Bangladesh Railway once the Padma bridge route (Trans-Padma corridor by railway) proposed by Bangladesh Railway is constructed. Traders on the Indian side will also gain because of lower transport costs and time savings.

The southwest region has one of the highest poverty rates in the country. The poor in the project area will reap immediate benefits from the bridge construction in the form of employment during construction, additional employment in relocation-related activities, subsistence allowances and other benefits from resettlement, and increased trading income during construction. In the long-term, the impact of the bridge on poverty reduction will be even more significant, as the economic benefits generated and accruing to the poor will be greater than their share of GDP.

ADB Quarterly Highlights : December 2007

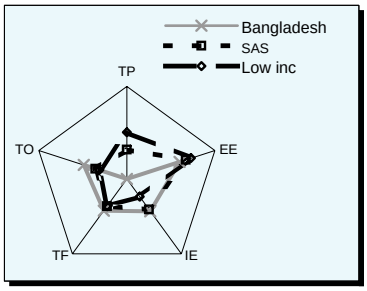
- Gross domestic product (GDP) growth is estimated to be below 6% in FY2008.
- Severe floods, a cyclone, and low business confidence affected the economy.
- Underpricing of energy products poses a major fiscal risk.
- Exports are gradually increasing with an uptrend in knitwear exports.
- Despite pressures on the current account, foreign exchange reserves remain comfortable.
- Containing high inflation remains a major challenge.

Bangladesh: Trade At-A-Glance : December 2007

GNI	GNI	Trade Share	Trade (g+s)	Membership		No. of RTAs/ EIAs	
(millions)	per capita	in the World	per capita	GATT	WTO	goods	services
$69,921	$480	0.11%	$168	1972	1995	4	0

TRADE PERFORMANCE ǂ

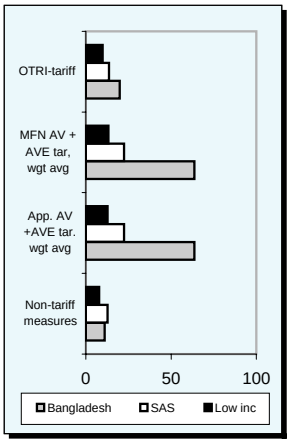
	ranking	decile
TRADE POLICY (TP) (out of 95) 95		**10**
EXTERNAL ENVIRONMENT (EE) (out of 95) 92		**10**
INSTITUTIONAL ENVIRONMENT (IE) (out of 178) 102		**6**
TRADE FACILITATION (TF) (out of 150) 87		**6**
TRADE OUTCOME (TO) (out of 152) 13		**1**

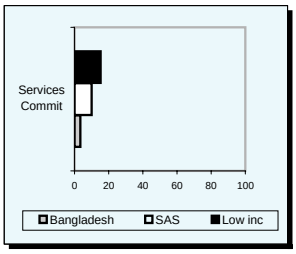


ǂ Rankings are based on the "representative" indicators (in bold) in each group below for the latest year or average over 2005~06

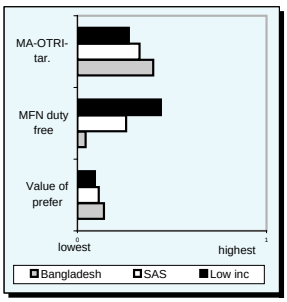
Outer bound represents best value in 2005-06

TRADE POLICY (TP) 1995-99 average	**2000-04 average**	**2005/06 latest**	
Overall Trade Restrictiveness Index (OTRI, MFN tariff only)	**.. 20.1**	**19.9**	
Manufacture OTRI (tariff only, 0 to 100) ..	21.2	22.7	
Agriculture OTRI (tariff only, 0 to100) ..	14.7	8.6	
Other trade policy indicators			
MFN applied AV tariff (simple avg, %) 21.8	20.1	16.2	
Specific tariffs frequency ratio (%) ..	..	0.1	*
MFN applied AV+AVE tariff (simple avg, %) 21.8	20.1	16.2	*
Standard deviation 14.6	12.0	47.7	*
Maximum rate (%) 300.0	34.4	3500.0	*
MFN applied AV+AVE tariff (trade weighted avg, %) 18.2	17.8	63.7	*
Applied AV+AVE tariff (trade weighted avg, %) 18.2	17.8	63.7	*
Applied AV+AVE tariff (production weighted avg, %) ..	..	16.3	*
Import duties (% of imports) ..	15.7	..	*
MFN duty free imports (% in total imports) ..	15.9	..	
Tariff escalation in agric (% change from raw to finished gds) ..	7.6	5.6	*
Tariff escalation in manuf (% change from raw to fully proc) ..	11.7	1.7	*
Bound tariff frequency ratio (% of total lines) 14.9	15.0	15.8	
Tariff overhang (MFN bound minus MFN applied rate, in %) 140.8	142.8	144.9	
Non-tariff measures frequency ratio (%) ..	11.0	..	
Overall Trade Restrictiveness Index (OTRI, MFN tariff + NTM) ..	27.7	27.5	
Manufacture OTRI (MFN tariff + NTM, 0 to 100) ..	25.3	26.9	
Agriculture OTRI (MFN tariff + NTM, 0 to 100) ..	39.2	30.2	
Service trade GATS commitments index (0 to 100) ..	..	3.4	
ITU competition index in telecom (1 to 3) ..	2.0	2.3	*





EXTERNAL ENVIRONMENT (EE) 1995-99 average	**2000-04 average**	**2005/06 latest**		
Market Access Overall Trade Restrictiveness Index (tariff only)	..		**11.2**	
Manufacture MA-OTRI (applied tariff only, 0 to 100) ..	..	11.4		
Agriculture MA-OTRI (applied tariff only, 0 to 100)	.. ..	7.8		
Other External Environment Indicators				
MA-OTRI (applied tariff + NTM) ..	..	44.2		
MFN duty free exports (% of total exports) 6.6	5.0	5.1	*	
Preferences (EU+US) utilization rate (%, actual/potential value) ..	..	64.5	*	
Preferences (EU+US) actual value (% of exports) ..	..	4.6	*	
Real effective exchange rate change (%, + = appreciation) 2.3	-2.4	-4.3		†



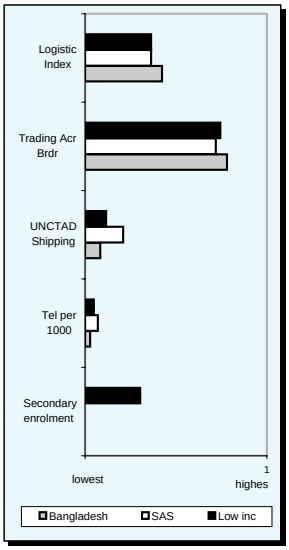
*AV:ad valorem tariff; AVE: ad valorem equivalent of specific tariff; MFN:most favored nation; NTM:non-tariff measures; * indi cates latest year is 2005, otherwise it is 2006; † indicates average over 2005~06*
For EU member countries, OTRI and MA-OTRI are computed excluding intra-EU trade.

SOURCE : WORLD BANK

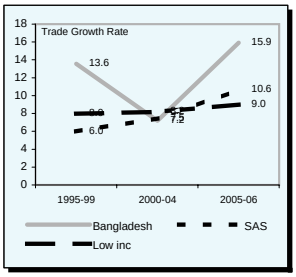
Bangladesh: Trade At-A-Glance : December 2007

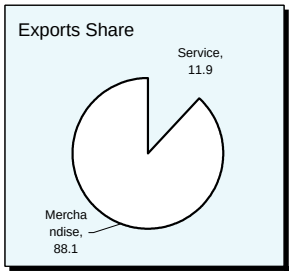
INSTITUTIONAL ENVIRONMENT (IE) 2006		SAS region	Low inc
Ease of Doing Business Overall Rank (out of 175, 2007 release)#		**106**	**136**
Starting a business rank (out of 178) 75		57	118
Enforcing contracts rank (out of 178) 175		132	112
Closing a business rank (out of 178) 93		110	125
Other IE indicators : Governance Survey Overall Rank (out of 203, 2007 release) #	*167*	*127*	*158*

TRADE FACILITATION (TF)	1995-99 average	2000-04 average	2005/06 latest	
Logistics Performance Index (LPI, 1 to 5) # ..	***..***	***2.5***		
Efficiency of customs and other border procedures ..	..	2.0		
Quality of transport and IT infrastructures ..	..	2.3		
International transportation costs ..	..	2.5		
Logistics competence ..	..	2.3		
Trackability of Shipments ..	..	2.5		
Domestic transportation costs ..	..	3.1		
Timeliness of Shipment ..	..	3.3		
Other Trade Facilitation Indicators				
Ease of Doing Business- Trading Across Borders Rank (out of 175) #		139		
No. of documents required for exports ..	..	7		
No. of days process required for exports ..	..	35		
Cost to export ($ per container) ..	..	902		
No. of documents required for imports ..	..	13		
No. of days process required for imports ..	..	57		
Cost to import ($ per container) ..	..	1,287		
UNCTAD liner shipping connectivity index (0 to 100, better) ..	..	9.6	*	
Telephones and mobiles per 1000 people 3	14	71	*	
Average costs of 3-minute call to US ($) 5.2	2.6	..		
Internet users per 1000 people 0.1	1.5	2.6	*	
Secondary school enrollment (%) 45.8	47.2	..	*	



TRADE OUTCOME (TO) ##	1995-99 average	2000-04 average	2005-06 average	
Real growth in trade of goods and services (in %) 13.6	***7.2***	***15.9***		
Real growth in exports of goods and services (in %) 14.0	9.3	15.8		
Real growth in imports of goods and services (in %) 13.5	5.6	16.1		
Other trade outcome indicators				
Trade(g+s) share in GDP (in %) 30.3	34.8	41.3		
Export(g+s) share in GDP (in %) 12.1	14.7	17.6		
Import(g+s) share in GDP (in %) 18.2	20.1	23.7		
FDI inflow as % of GDP (in %) 0.2	0.4	1.3		
Market share growth in total trade (in %) 7.3	-1.6	-2.5		
Market share growth in exports (in %) 8.5	-1.1	-2.0		
Market share growth in imports (in %) 6.6	-2.0	-2.9		
Merchandise share in total exports(g+s) (%) 86.6	88.2	88.1		
Agriculture share in total exports (%) 9.8	7.3	..	*	
Manufacture share in total exports (%) 76.2	80.6	..	*	
Mining & fuel share in total exports (%) 0.3	0.3	..	*	
Service share in total exports(g+s) (%) 13.2	11.8	11.9		
of which tourism share in total exports (%) ..	0.8	0.7	*	
Export concentration index (0 to 100) 39.6	40.4	37.8	*	
Top 5 products in merchandise export share (in %) 50.9	55.2	63.8	*	
List of top 5 products exported *	Under garments(17%), jerseys(16%), trousers(12%), outer garments(10%), shirts(8%)			





 # Indicators for Doing Business (2007), Governance (2007), and LPI (2007) are based on surveys in 2006. For more info., please see User's Guide at http://www.worldbank.org/wti2007

The recently released Doing Business 2008 rankings (assessing the year 2007) will be reflected in the 2008 WTI database and TAA Gs, together with other trade-related indicators through 2007.

*## Outcome indicators are based on data through 2006 from the World Bank, Prospects Group; indicators with * are based on data through 2005 from WDI, UNCTAD or COMTRADE.*

SOURCE : WORLD BANK

Highlights of Bangladesh Bank Monetary Policy Statement (July 2007-June 2008)

Introduction: The present MPS provides the monetary policy stance that BB intends to follow during the second half: January to June (H2) of FY08. The prime objective of the policy stance is to ensure the use of the financial instruments towards promoting real sector growth at its targeted level along with ensuring reasonable price stability. The policy stance takes into account recent developments in real, external, fiscal, and monetary sectors of the economy and the near term macroeconomic outlook for the remaining period of FY08.

Recent Global Developments: After achieving a robust growth of 5.4 percent in 2006, the global economy is projected to grow by 5.2 percent in 2007 and 4.8 percent in 2008. On the other hand, the developing world is likely to grow by 8.1 percent in 2007 and 7.4 percent in 2008.

Recent Macroeconomic Developments: In view of recent domestic and external developments, BB has revised the GDP growth rate to lie in the range of 6.0 percent to 6.2 percent in FY08. During FY07, the average CPI inflation was 7.2 percent; while BB projects that the average CPI inflation is likely to be in the range of 8.0 percent and 8.2 percent in FY08. Given the present comfortable foreign exchange reserve position, BB would make the best possible judgments regarding the extent to which the recent developments in the external sector are likely to affect economic activities during the rest of the period of FY08. BB has introduced the required flexibility in implementation of its policies to meet the short term exigencies especially after the floods and the cyclone, such as ensuring the flow of adequate credit to productive sector like agriculture, SMEs, low cost housing, and other priority sectors and to women entrepreneurs.

Monetary Policy Stance for H2 FY08 (January-June, 2008):

The monetary policy stance for H2 FY08 aims at bringing about a qualitative change and a perceptible strategic shift in monetary policy formulation and its conduct to allow greater scope for supporting growth enhancing policies in line with emerging developments and requirements of the economy. The efforts would be directed at gearing up economic activities by encouraging adequate credit flows to all productive sectors especially for recouping the losses due to floods and cyclone and improving the domestic supply situation. A prime target would be the agriculture sector and the rural economy. The policies would also facilitate the import of essential commodities to ease the shortages in the domestic market. At present, the excess liquidity existing with the DMBs does not indicate any significant demand side pressure on the economy. However, with expected increase in economic activities in the coming months, the demand for credit may go up and if such a situation arises the policy stance would be to contain the demand side pressures without hurting the investment demand in the economy.

In the past, BB has urged the banks to reduce their lending rates and improve the situation so that the cost of borrowing does not put undue pressure on investors. BB would continue its efforts to lower lending rates, increase competition among the financial intermediaries, and also urge the banks to use the excess liquidity to expand their credit operations. BB would continue to pursue strong monitoring and supervision measures so that financial institutions reduce administrative cost by improving managerial efficiency and reducing the burden of non performing loans.

For successful implementation of the policy stance during H2 FY08, it would be critical to achieve greater fiscal and monetary coordination such that the imperatives of the monetary policy stance are clearly recognized within the policy framework and the relevant policy parameters are aligned with their projected values ensuring macroeconomic stability and rapid growth. BB, on its part, would remain vigilant regarding the above and any other unexpected developments and unfolding situations. The availability of new data and information may necessitate the revision and adaptation of some of the monetary instruments presented in this MPS using the flexible framework of the monetary policy stance for the period H2 of FY08 with the aim to promote rapid growth with price stability and support accelerated pace of employment creation and income generation for the people of Bangladesh.

Monetary Policy Stance for H1 FY08 (July-December, 2007):

The policy stance was designed around a projected real GDP growth rate of 7.0 percent and an annual average CPI inflation within a range of 6.5 percent to 7.0 percent during FY08. However, the policy stance was moderated in the wake of several unexpected domestic shocks and unfavourable international developments. In particular, the policy stance faced several key challenges: (i) strong inflationary pressure emanating from both domestic and external sources that led the CPI inflation to overshoot the targeted range of 6.5 percent to 7.0 percent for FY08; (ii) low level of investment and overall economic activity resulting from natural disasters and shaken business confidence; (iii) lagged effects of higher than programmed monetary expansion during FY07 and earlier years; (iv) excess liquidity and relatively high spread between deposit and lending rates in the banking sector; (v) emergence of current account deficit resulting from widened trade deficit despite a healthy growth in workers' remittances; and (vi) disruption in normal economic activity, especially in the agriculture sector and the rural economy, due to two consecutive floods and a devastating cyclone and the urgent need to undertake relief and rehabilitation efforts.

Regional News

Developing Asia to post solid growth in 2008 says ADB Outlook 2008

Most of the Asian economies will register solid growth in 2008 despite a coincident slowdown in major industrial economies, surging inflation - food and fuel price surges - and a simmering credit crisis in the United States, the Asian Development Bank (ADB) says in its outlook report.

The Asian Development Outlook 2008 (ADO) forecasts that developing Asian economies to expand at 7.6% in 2008 and 7.8% in 2009. The region posted its highest growth in almost two decades in 2007 - averaging 8.7%.

ADO warns that the risk of an inflation spiral in Asia is palpable and urges policymakers to keep a close watch on it. Despite a slew of administrative measures and subsidies that are reining in price rises, inflation is likely expected to spike in 2008 and could hit a decade-long regional high, the report says. Inflation is expected to rise to 5.1% in 2008 and gradually slide to 4.6% in 2009. Price increases will be highest in Central Asia where it will remain in double digits. Inflation is running at an 11-year high in China, and is a threat to other countries, like Viet Nam.

The Report urges policymakers to tackle the problem at its root. For some economies, this may mean a more flexible exchange rate, while in others it may need a scrutiny of fiscal spending and priorities and, in some cases, targeted measures may be warranted to ease supply pressures that are piling on to cost pressures. Growth in the region's main economic powerhouses, China and India, is expected to moderate as authorities tighten policies to rein in blistering demand and ease inflationary pressures.

China is expected to grow by a solid 10% in 2008 and the Indian economy is forecast to expand by 8%. The slowdown in the economies of the US, European Union and Japan will have a more pronounced impact on China, which is more open to trade than India.

Growth in East Asia is expected to decelerate in 2008 to 8.1% from 9.3% in 2007. Southeast Asia will slow to 5.7% in 2008, from 6.5% in 2007, as its export prospects are likely to be pinched by a slowdown in the global economy. In Southeast Asia, only Thailand is expected to post higher growth after a return to normalcy in politics. Viet Nam's economic expansion will moderate as it grapples to keep a lid on inflation.

South Asia is also expected to lose some steam in 2008 mainly on moderation of growth in India. Pakistan, Bangladesh and Sri Lanka will also be affected by economic deceleration in major markets as garment exports are expected to suffer.

Growth in Central Asia is expected to decelerate sharply to 7.5% in 2008 from double digit levels in recent years on the back of weaker expansion in the region's largest economy, Kazakhstan. A sudden halt of capital flows to Kazakh banks has triggered a reduction in lending and downturn in non-oil economy.

Economic expansion in the Pacific Islands is expected to pick up in 2008 with the region's biggest economy Papua New Guinea benefiting from high global commodity prices and Fiji Islands forecast to grow after contracting in 2007.

According to ADB Outlook Asia's long-term growth prospects will depend on how successfully countries tackle a range of structural constraints facing them. These include maintaining macro economic stability, integrating into the global economy, getting prices to send the right signals, creating a conducive business and investment climate and above all, ensuring that the benefits of growth are shared by all.

Grose Domestic Produced (GDP) of South, Southeast and East Asian Countries (2003-2009)

	Year						
Country	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
South Asia	7.8	7.3	9.0	9.0	8.4	7.6	8.1
Afghanistan	15.1	9.4	16.4	6.1	13.9	9.0	9.0
Bangladesh	5.3	6.3	6.0	6.6	6.5	6.0	6.5
Bhutan	9.0	7.0	6.9	7.8	17.0	14.4	7.2
India	8.5	7.5	9.4	9.6	8.7	8.0	8.5
Maldives	8.5	9.5	-4.6	9.1	6.6	8.0	7.0
Nepal	3.8	4.4	2.9	3.1	2.3	3.8	4.3
Pakistan	4.7	7.5	9.0	6.6	7.0	6.3	6.5
Sri Lanka	5.9	5.4	6.2	7.7	6.7	6.0	6.0
Southeast Asia	5.4	6.5	5.7	6.0	6.5	5.7	6.0
Cambodia	8.5	10.0	13.5	10.8	9.6	7.5	7.0
Indonesia	4.8	5.0	5.7	5.5	6.3	6.0	6.2
Lao People's Dem. Rep.	5.8	6.9	7.3	8.3	8.0	7.7	7.8
Malaysia	5.8	6.8	5.0	5.9	6.3	5.4	5.9
Myanmar	13.8	13.6	13.6	12.7	-	-	-
Philippines	4.9	6.4	4.9	5.4	7.3	6.0	6.2
Singapore	3.5	9.0	7.3	8.2	7.7	5.2	5.8
Thailand	7.1	6.3	4.5	5.1	4.8	5.0	5.2
Viet Nam	7.3	7.8	8.4	8.2	8.5	7.0	8.1
East Asia	7.3	8.4	8.3	9.1	9.3	8.1	8.2
China, People's Rep. of	10.0	10.1	10.4	11.1	11.4	10.0	9.8
Hong Kong, China	3.0	8.5	7.1	7.0	6.3	4.5	4.8
Korea, Rep. Of	3.1	4.7	4.2	5.1	5.0	5.0	5.2
Mongolia	5.4	13.3	7.6	8.6	9.9	9.5	9.0
Taipei,China	3.5	6.2	4.2	4.9	5.7	4.2	5.6

Source: Asian Development Bank Outlook 2008.

ICC Headquarter

Economists see further decline in world economic climate

The global economy has worsened since the beginning of 2008 and will continue to decline in the next six months, according to the latest ICC/Ifo World Economic Survey, released on February 20. World economic experts have revised the present economic situation downwards to its lowest level since mid-2003.

The survey received 1,004 responses from economic experts in 90 countries in January 2008 when financial markets around the world were experiencing record losses and instability due to increased concerns over the state of the US economy and the international ramifications of the subprime mortgage crisis.

According to the experts, the subprime crisis strongly aggravated a cyclical contraction of the global economy, notably in the US, Europe and some countries in Asia. The sharpest economic downturns were reported in the US, UK, Switzerland, Ireland, France, Spain, Luxembourg and Japan.

Economists predicted that the negative impact of the subprime crisis will be concentrated in the first half of 2008 and will subside thereafter. Given the current instability of the global economy, business leaders urged governments to take action to shore up business confidence.

ICC Chairman Marcus Wallenberg, who is also Chairman of Skandinaviska Enskilda Banken (SEB), Saab, and Electrolux, said: " The successful completion of the Doha Round of trade negotiations would go a long way toward boosting economic confidence in all markets. One set of global rules governing international commerce would create new trade opportunities and help stem protectionist pressures. Negotiators are very close to an agreement. If they could sign off on the deal in the next few months, people in all countries would benefit."

Members of the World Trade Organization have been working for more than six years on a multilateral trade deal that is designed to reduce tariffs and subsidies.

Guy Sebban, ICC Secretary General, said: "What is needed now is greater political will at the top to make the necessary compromises to close the deal. The leaders of the G8 nations and major emerging economies, in particular, should take bold steps to reach an agreement as early as possible in the first half of this year."

The Ifo World Climate Index fell to 90.4 in January 2008, from 99.3 in October 2007, and 113.6 in the previous quarter of 2007.

The strongest decline in the economic climate indicator, as in the previous survey, was in the United States. Western Europe's indicator fell at an above average rate, especially in the UK and Ireland. In Asia the largest declines were seen in Japan, Thailand and Taiwan whilst the rest of Asia remained largely unaffected by the global economic weakening.

For the first time since the end of 2003, a majority of experts are also predicting a decline in central bank interest rates.

Experts believe that the US dollar and the Japanese yen are still undervalued which is in contrast to the British pound and the euro which are considered to be overvalued. It is predicted however that the US dollar will weaken in the coming six months.

ICC steps up support to Doha trade deal in meeting with WTO head

As negotiations intensify on striking an agreement on cuts in farm and non-farm tariffs, Mr Lamy told ICC he was hopeful that the terms of the agricultural and non-agricultural market access (NAMA) portions of the Doha Development Agenda could be agreed in a matter of weeks. In general, NAMA products include manufacturing products, fuels and mining products, fish and fish products, and forestry products.



If those terms were agreed by May, Mr Lamy was optimistic that a deal could also be struck in the rules and services areas of the round during the following months and that the round could be successfully concluded by the end of the year.

On behalf of world business, ICC has been a staunch supporter of the Doha Round since it was launched in 2001. In the meeting on March 26, Mr Sebban described a new ICC campaign to put pressure on key governments to strike a deal.

As part of ICC's new initiative, ICC Chairman Marcus Wallenberg sent a letter this month personally calling for decisive leadership to break the logjam in some prominent and sensitive areas of the round. The letter was addressed to trade and finance ministers of 24 key WTO members, including Argentina, Australia, Brazil, Canada, China, India, the European Commission, South Africa and the US. ICC's Permanent Representative in Geneva, Jacqueline Coté, will personally follow-up these letters with calls to these members' Geneva missions in coming weeks.

ICC calls on governments to avoid investment protectionism

ICC's Commission on Trade and Investment Policy has urged governments to safeguard freedom of investment by avoiding investment protectionism in a new policy statement. "The many benefits of foreign investment - for economic growth, employment creation, and raising living standards - must be safeguarded through a strong commitment by governments to freedom of investment and avoiding protectionist measures," said ICC Secretary General Guy Sebban.

Cross-border investment and the openness of markets to receiving such investment are essential to sustaining prosperity, in developed and developing countries alike . But while the world has seen a sharp increase in cross-border investment in recent years, there has also been a worrying rise in investment protectionism.

Even though governments have the right to regulate economic activity and protect national security, ICC believes it is essential they do so in a way that does not impose unnecessary restrictions on the overall flow of cross-border investment. In its policy statement, ICC recommends that governments ensure their cross-border investment policies are "least-investment restrictive" in the following manner: "act in ways that keep doors open to foreign investment, and recommit to open investment, essential for preserving and protecting what they have already reaped in benefits from international investment; in investment policies, observe the principles of non-discrimination, proportionality, transparency, predictability, and accountability, and avoid unnecessary restrictions to international investment; increase multilateral cooperation among countries in intergovernmental forums and involve the private sector, to promote an open and efficient international investment environment and the removal of remaining barriers to foreign investment."

The ICC policy statement also addresses some of the opportunities and challenges posed by the increased activity of Sovereign Wealth Funds (SWFs), entities that manage state savings for investment. Whilst SWFs may offer several benefits for home and host countries, they also pose potential risks due to their current lack of transparency. What is more, some SWFs may operate not only according to commercial interests but also political considerations, and may place private companies at a competitive disadvantage due to the preferential access to capital of SWFs.

To face these challenges, ICC recommends SWFs should: Be transparent about their investments and investment policies, by disclosing publicly their objectives and main holdings; Commit as part of their investment management policies to base their investment decisions solely on economic grounds,

not on political or foreign policy considerations; Help contribute to international financial stability, especially during times of market stress; Support and participate in intergovernmental efforts to develop a set of best practices for SWFs to mitigate potential systemic risks and contribute to a better understanding of the expectations of home and host countries, including SWFs' preferential access to capital and competitive edge over the private sector. This would demonstrate a willingness by SWFs to continue having a positive impact on the international financial system.

Economy key to reaching climate goals, ICC tells UNEP

ICC led a prominent business delegation to the United Nations Environment Programme (UNEP) 10th Special Session of the Governing Council/ Global Ministerial Environment Forum and Global Civil Society Forum, according to ICC news of March 5. The meeting sought agreement to UNEP's medium-term strategy, which will be used in formulating strategic frameworks and work programmes through 2013 for addressing climate change.

Because of its work bringing together all stakeholders, ICC involvement is crucial to help build an international consensus for effectively addressing environmental risks. Ministerial discussions were also held on financing climate action and on international environmental governance. ICC illustrated how its members are actively involved in tackling climate change and improving resource efficiency.

ICC also stressed during the meeting that there is no inherent contradiction in achieving economic growth and trade liberalization with environmental protection and sustainable development. By contrast, ICC argued that open trade and economic growth provide the necessary conditions in which protecting the environment can best be achieved.

Prince Albert II of Monaco urged the forum's participants to find global solutions to environmental challenges. The Prince heralded ICC as a leader in business engagement on crucial environmental issues at the ICC Environment and Energy Commission meeting in Monaco last November, where he cited ICC as an essential link between local and international players.

ICC has enjoyed a close working relationship with UNEP since 1991, when the Business Charter for Sustainable Development was launched to help thousands of companies worldwide build their own integrated environmental management systems.

Analysts predict major economic impact from Internet 'doomsday' scenario

Economists worldwide say that a one day "blackout" of the Internet would have a major impact on the global economy, according to a survey conducted by ICC and the Ifo Institute for Economic Research and released on March 17. The survey asked economists to predict the impact on their country's economy if the Internet completely shut down for a day worldwide. A total of 1,004 responses from economists in 90 countries were received.

In almost all regions of the world the economists polled said businesses would suffer major losses and costly damage which would have huge and lasting effects.

Concerns were especially pronounced in places where Internet penetration is highest, including the US and Western Europe, particularly in Denmark, Sweden, Finland and Switzerland, and in several Asian countries, including Japan, Taiwan, Thailand, India and Pakistan. In contrast, in the CIS countries covered by the survey - Russia, Ukraine, Kyrgyzstan and Kazakhstan - the majority of polled economists stated that a day-long shut down of the Internet would lead to short-term delays but that the economy would not be considerably damaged.

Four undersea communication cables were cut during a one week period at the end of January, providing real-life examples of the massive losses which can occur when Internet service is interrupted. The cuts wreaked major damage to the Internet backbone despite back-up routers and raised questions about the safety of the oceanic network that handles most of the world's Internet and telephone traffic.

More than 80% of economists who participated in the ICC/Ifo survey also agreed that Internet related policies should be crafted with the input of all concerned stakeholders - business, government, civil society and technical experts

ICC calls for upholding WTO Information Technology Agreement

ICC's Commission on Trade and Investment Policy has issued a policy statement calling on all members of the World Trade Organization's (WTO) Information Technology Agreement (ITA) to uphold the agreement in both letter and spirit, according to ICC news released on February 26.

The ITA, which came into force in 1997, commits countries who become members to bind and eliminate customs duties on covered information technology goods such as personal computers, computer monitors and telecommunications apparatus. To date, 70 countries have become members of the ITA, representing more than 97% of global trade in the high-tech sector.

The many benefits of the ITA include increased consumer access to and choice of IT products, allowing developed and developing countries the opportunity to play an integral role in the global supply chain and fostering the global export of ITA products.

Over the course of the past decade, new and more sophisticated products have been introduced to the market, such as set-top boxes and flat panel computer monitors, to which some members of the ITA have been denying the bound duty-free treatment provided by the agreement, and applying excessive duties.

ICC is calling upon these members to uphold the goals and objectives of the ITA so that its benefits are applied to all products covered by the agreement.

ICC conference marks 10th year of arbitration rules

To celebrate the 10th anniversary of the ICC rules of arbitration this year, the ICC International Court of Arbitration will hold a high level conference in Paris on 23 April. The ICC rules of arbitration are now a fixture in dispute resolution and have been used to successfully resolve thousands of disputes throughout the world. The event will look at the impact of the 1998 rules over the last decade and consider developments in the practice of the ICC International Court of Arbitration.

Topics discussed will be of interest to practicing lawyers, corporate counsel, arbitrators, mediators and other amicable dispute resolution specialists, business executives, academics, and professionals who have experience with the ICC rules of arbitration and dispute resolution methods. Topics will range from the procedure used to appoint ICC arbitrators to financial aspects of ICC arbitration.

Leaders of the ICC Court will be among the keynote speakers, including: Pierre Tercier, Chairman, Robert Briner, Honorary Chairman, and Jason Fry, Secretary General, as well as former Secretaries General of the Court and Court members.

Record year for ICC Court in 2007

The number of new cases filed with the ICC International Court of Arbitration in 2007 totalled 599, a figure unprecedented in the Court's 85-year history.

Below are some key figures released on February 7 by the Court for 2007, pending publication of its annual Statistical Report.

- 599 requests for arbitration were filed with the ICC Court.
- The requests concerned 1,611 parties from 126 countries and independent territories.
- In 11.4% of cases at least one of the parties was a State or parastatal entity.
- The place of arbitration was located in 42 countries throughout the world.
- Arbitrators of 66 nationalities were appointed or confirmed under the ICC Rules.
- The amount in dispute exceeded one million US dollars in 57.4% of new cases.
- 349 awards were rendered.

The full Statistical Report will be published in June/July 2008 in the ICC International Court of Arbitration Bulletin.

ICC launches 'Arbitration Day'

As arbitration is fast becoming the preferred way to resolve cross-border business disputes, the ICC Institute of World Business Law is launching a series of 'Arbitration Day' training sessions starting from May. The first session, entitled "Hearing and Deliberation," takes place 8 April at ICC headquarters in Paris. Participants will be involved in a "real" mock arbitral hearing and "real" deliberation.

With a tribunal and an audience to enhance the realism of a session, Arbitration Day will show how an arbitral tribunal deliberates on procedural and substantive issues. Two hearings will be held, the first on provisional measures and the second on the merits of a case.

"I believe the real-life scenario we use in this training really sets it apart, "said Serge Lazareff, President of the Institute of World Business Law. "It is a unique opportunity for participants to gain hands-on training from experienced practitioners."

The mock arbitral hearing provides participants with strategies and tactics needed to conduct an arbitration. Limited to 50 participants to maximize interaction, the training will provide participants with a rare opportunity to interact with renowned arbitrators and counsel, all practitioners.

The second Arbitration Day to be held 26 May will treat cross-examination.

Improved NetCase facilitates online arbitration

ICC's International Court of Arbitration announced on March 31 that its popular NetCase platform, which allows arbitrations to be conducted online 24 hours a day from any computer in the world, has been upgraded to integrate a full text search tool. Now, in addition to searching for documents, users are able to conduct full text searches in their case documents posted on NetCase, irrespective of the format.

Features of the system, available at no additional charge to participants in an ICC arbitration include:

* Updated information in real time.
* Forums that enable participants to exchange views in a secure environment, instead of sending unprotected emails.
* Immediate availability of posted documents and messages; for every new posting, an alert message is sent to users.
* Ability to post very large documents and numerous documents in several file formats.

ICC International Court of Arbitration to open offices in Asia

The International Court of Arbitration of the International Chamber of Commerce and the Secretariat of the ICC Court have decided to locate their new offices in Hong Kong and Singapore, according to ICC news released on Macrh12. In recognition of the growing importance of the Asia Pacific region to ICC Dispute Resolution Services and the ICC International Court of Arbitration, ICC announced in September 2007 its intention to establish a branch of the Court's Secretariat in Asia to administer ICC cases in the region.

ICC has now decided on two important initiatives:

It will open a branch of the Secretariat of the Court in Hong Kong with a case management team to administer cases in the region under the ICC Rules of Arbitration. It will locate the Director, ICC Arbitration and Amicable Dispute Resolution Asia in Singapore, where it will open a liaison office dedicated to ICC Dispute Resolution Services.

Both initiatives will be implemented in the last quarter of 2008 and should be fully operational by the end of the year.

International mediation competition unveiled

A team from the FGV Sao Paolo Law School walked away with this year's top award for the 3rd annual ICC International Commercial Mediation Competition 18 February. The award followed four days of intense competition, as the team from Sao Paolo and the University of California Hastings College of Law were pitted against each other to mediate a complex business deal, according to ICC news released on March 6.

This year's competition involved an even bigger roster of contenders from 30 universities in Australia, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Morocco, Singapore, Switzerland, Ukraine, the UK and the US.

Inaugurated in 2006, the annual Competition is organized by the Amicable Dispute Resolution (ADR) division. The competition brings together law schools from all over the world, giving students an opportunity to test their problem-solving skills in a mock international mediation, and to meet experts from diverse legal and professional backgrounds.

Next year, the 4th ICC International Mediation Competition takes place 12 to 16 February.

ICC appoints new representative in Geneva



The International Chamber of Commerce has appointed Jacqueline Coté as its new Permanent Representative in Geneva, according to ICC notification issued on February 1.

"Geneva is a unique centre of international co-operation and multilateral negotiation on important issues for business, including trade and investment, intellectual property, human rights, environment, climate change, international standards, and the information society," said ICC Secretary General Guy Sebban. "Ms Coté will play a vital role in advancing ICC's work with the intergovernmental organizations located there, including the World Trade Organization, the World Intellectual Property Organization and the United Nations. ICC's Geneva office will complement the work of ICC's Permanent Representative to the UN in New York, Louise Kantrow," Mr Sebban added.

ICC has served as the voice of business at the UN since 1946 and also enjoys a close working relationship with other intergovernmental organizations.

ICC extends interactive courses on dispute resolution

In response to a rising demand for amicable dispute resolution procedures and a consequent need for guidance, ICC is increasing its number of interactive training courses in 2008, according to ICC new issued on February 22..

The training courses will take participants through the different stages of any amicable dispute resolution procedure. Each course will cover the initial steps, such as the drafting of the ADR clause, the choice of a neutral to provide an assessment at the initial stage of the dispute, and deciding on the conduct of the proceedings and the methods for drafting and enforcing a resulting agreement. A case study will be used to illustrate the roles of the parties.

In a sign of the growing attention that the international legal community is giving to mediation and other methods of amicable dispute resolution (ADR), ICC's first ADR training session, held in Paris last April, attracted participants from 15 countries.

"This new course is a unique opportunity for participants to gain insight into the different stages of any amicable dispute resolution procedure. Bringing together individuals from widely diverse professional and cultural backgrounds, the training creates an exceptional forum for exchanging experience and viewpoints," said Melanie Meilhac, Manager, ICC Dispute Resolution Services.

ICC celebrates data protection day

The task force's accomplishments include: a model contract to ensure equivalent data protection in the context of data flows across borders, agreed jointly with the Council of Europe and the European Commission in 1992; standard contractual clauses for controller-to-controller data transfers, approved by the European Commission in 2004, drafted and negotiated with six other business organizations; and a standard application form for binding corporate rules (BCRs) approved in 2007 with changes by the EU's Article 29 Working Party.

New BASIS chair appointed



Subramaniam Ramadorai in January 2008 took over as Chair of ICC's initiative Business Action to Support the Information Society (BASIS) as mentioned in the ICC news issued on January 23.

BASIS was created in 2006 to serve as the voice of global business in the international dialogue on Internet governance issues and on how information and communication technologies (ICTs) can better serve as engines of economic growth and social development.

He succeeds Talal Abu-Ghazaleh, Chairman and CEO of TAGI. Mr Abu-Ghazaleh chaired BASIS from the founding of the initiative in mid-2006. "Mr Ramadorai has an impressive track record on three fronts - innovation, nurturing IT excellence in the developing world, and working with the world's top companies - all of which will be extremely useful to BASIS' mission and activities," Mr Abu-Ghazaleh said.

The initiative has a global membership of companies and associations from a large spectrum of business sectors.

WTO News

GENERAL COUNCIL
Lamy: "We are on the last lap"

Director-General Pascal Lamy, in his report to the General Council on 5 February, said "we are on the last lap and we have now started the final sprint towards establishing modalities". "I think we have a broad agreement on the urgency of what we are doing, and on the basic steps we need to take to reach a deal," he added.

Report by the Chairman of the Trade Negotiations Committee

Thank you Mr. Chairman.

In my report to the General Council in December, I suggested that we were getting closer to achieving the major goal we all share - establishing modalities in Agriculture and NAMA. Today, I would like to report that the political conditions for reaching a deal on the modalities have clearly improved. We know that the task ahead of us is a big one, and that the time available for it is tight, but we have never been nearer to achieving it. We are, I believe, on the last lap and we have now started the final sprint towards establishing modalities.

Since my last report, the TNC has held one informal meeting on 31 January. The purpose of this meeting was to take a look at where we are in the negotiations and to provide clarity on the next steps. My remarks at that meeting were made available to delegations in document JOB(08)/2, but today I would like to reiterate some of the points I made then.

From the discussion at our meeting, I think we are clearer about the process ahead. This week, the Chairs of Agriculture and NAMA will circulate comprehensive revised modality texts, building on the discussions which have taken place since their first versions. After a brief pause to allow delegations to reflect on the texts and to consult their capitals, the texts will go back to the two Negotiating Groups for consideration in the multilateral forum, as is our normal practice. How long that will need to take should become clearer when they table their texts, and it will also depend on the level of engagement participants show in the Negotiating Groups.

The decisive step in the process of establishing modalities will involve a cross-cutting discussion - a negotiation across both texts. As I outlined last year, this horizontal process would start at Senior Official level, with any Ministerial involvement which may be needed taking place later on.

The timing of this process will be tight. Taking a look at the calendar, we can see that the horizontal process would have to come to fruition around Easter, to allow us to respond to what has now become a collective determination to conclude the talks by the end of 2008. This of course allows some 6 to 8 months after the modalities are established for the scheduling exercise in Agriculture and NAMA and to conclude the negotiations in the other areas.

From the statements at our meeting, I think we have broad agreement on the urgency of what we are doing, and on the basic steps we need to take to reach a deal. Delegations repeated that substance must drive process, and that our process must remain a multilateral one. There was strong support for proceeding step by step and making the transition from one phase to another in the light of progress on the substance. On the other hand, we have to factor in the need for urgency. We have to reconcile these two considerations as we move forward.

Our meeting provided less clarity on the scope of the horizontal process. This is a matter on which further consultation will be needed over the coming days and weeks. However, I believe we have to work within the mandates agreed in 2001 at Doha, in 2004 by the General Council, and in 2005 at Hong Kong. In my consultations so far and at our informal meeting, many delegations have indicated the view that we must ensure strict compliance with the mandates. We should also bear in mind that we are working under the principle of the Single Undertaking, and that the establishment of modalities is not the end of the Round.

We all know what is happening in the world economy right now. I think we are also aware of the need for a successful outcome to the Round by the end of this year. The coming weeks will be an extremely intensive period for all of us, but I believe the potential results of the Round, and the benefit they can provide across the membership, are worth fighting for, and I will keep helping you doing that.

That concludes my report today, Mr. Chairman. Thank you.

Lamy welcomes revised agriculture and NAMA negotiating texts

Director-General Pascal Lamy welcomed the release of revised negotiating texts in agriculture and industrial goods trade issued on 8 February by Agriculture Negotiating Group Chairman Crawford Falconer and Non-Agricultural Market Access Chair Don Stephenson.

These documents, he said, paved the way for the launch of an important new stage in the Doha Round of global trade talks.

"The two chairs have produced texts which are now comprehensive. They reflect the progress that has arisen from the intensive negotiations involving all 151 WTO Members since July of last year. Both Crawford and Don have listened to the Members and their views are reflected in these negotiating documents. As expected some areas in the negotiations will require further work. But it is clear that with the release of these revised texts we are a step closer to looking across both these issues as we try to find the final balance for an ambitious and development-oriented round."

Lamy's 2008 Aid-for-Trade roadmap gets green light
AID FOR TRADE

Director-General Pascal Lamy's proposed Aid-for-Trade roadmap for this year - featuring national and sub-regional Aid-for-Trade reviews in Africa, Latin America and the Caribbean, and Asia and the Pacific - got the green light from members on 25 February at a session of the Committee on Trade and Development.

Mr. Lamy said that the 2008 reviews would be "more focused, technical and results-oriented, with the aim of assisting in advancing - and then monitoring - the implementation of concrete national and especially sub-regional plans.

He stressed that "empowering developing countries is what this initiative is all about". He pointed to "very encouraging signs that countries are increasingly motivated to take a lead". The Director-General underlined the importance of finding ways to measure the impact of Aid for Trade. He called for more cooperation with the OECD and the World Bank in developing a basket of performance indicators to help assess trade capacity in developing countries.

At the meeting, the European Union, China, the United States, Norway, Japan, Benin, Canada and Egypt expressed support for the proposed roadmap. The Director-General thanked members for giving the green light to the 2008 roadmap. He also thanked China for announcing at the meeting a new $200,000 contribution to Aid for Trade, noting this will help build further South-South cooperation in this field.

WTO welcomes Ukraine as a new member

The General Council on February 5 paved the way for Ukraine's membership in the WTO by approving its accession terms. Ukraine will have to ratify the deal by 4 July 2008 and would become a WTO member 30 days after the ratification.

"Ukraine's WTO membership will strengthen the multilateral trading system and provide this country with a stable and predictable trade environment that will boost its growth and prosperity. I am particularly pleased to welcome to the WTO President Victor Yushchenko whose personal commitment to his country's accession was a major factor in the successful outcome to these negotiations." declared Director-General Pascal Lamy.

Ukraine applied for WTO membership in 1993, and the Working Party concluded the negotiations on 25 January 2008 under the chairmanship of Chile's Ambassador Mario Matus. The General Council approved the Working Party report, the market access schedules on goods and services, the General Council Decision and the Protocol of Accession.

Ukraine would have to ratify the deal by 4 July 2008. An extension of this deadline would be possible if necessary. Ukraine will become a WTO member 30 days after the ratification.

The European Communities awards EUR1 million to WTO training programmes for developing countries

The European Communities has donated EUR1 million (about CHF1.55 million) to the Doha Development Agenda Global Trust Fund (DDAGTF). According to WTO news released on March 26, this donation will finance technical assistance programmes and training activities for developing and least developed countries as well as economies in transition. The aim is to better adapt their practices and laws to WTO rules and disciplines, improve the implementation of their obligations and enhance the exercise of their membership rights.

Overall, EU Member States and the European Commission have contributed around two thirds of the total funding for the DDAGTF, since it was first set up in 2002. "I welcome this new donation that demonstrates the EC's constant commitments to help developing countries benefit fully from the multilateral trading system and better integrate in the global economy" declared WTO Director General Pascal Lamy.

EC Ambassador Eckart Guth stated "Acquiring a better understanding of WTO rules and procedures is key for developing countries if they want to use trade as a tool for development. For this reason, the EC will continue to support the Doha Development Agenda Global Trust Fund".

Technical Barriers to Trade
Chemicals and toys main focus of members' trade concerns

The TBT Committee addressed thirty-four (a new record) different trade concerns related to the use of regulatory instruments by WTO members. Discussions focused on the impacts (actual or potential) of various regulatory measures currently in force or proposed. Also, a workshop on "Good Regulatory Practice" was held on 18-19 March.

Discussions at the meeting focussed on EU's draft regulation on dangerous chemical substances (notified in document G/TBT/N/EEC/151). A large number of members are concerned that the proposed re-classification by the European Communities of "borates" (salts or other compounds known as esters containing boron and made from boric acids, used for a range of purposes such as fertilizer or wood treatment), and nickel carbonates, will have negative trade impacts. Although the European Commission maintains that there is an established risk that borates and nickel are toxic to human health and to the environment, other Members question the scientific basis for this assertion.

The European Commission stressed that the purpose of the proposed legislation is to inform (through a label) about the hazards and assured delegations that it would review all comments received from WTO members before moving forward with implementation of the amended Directive, planned for 2009.

Members continue to raise concerns about the EU's Regulation on the Registration, Evaluation and Authorization of Chemicals (REACH) which is about production and use of chemical substances (EC's website). The issue has been discussed in 16 meetings of the TBT Committee. The first time was in March 2003.

At this meeting, several members pointed out that SMEs lacked the capacity to comply with this regulation due to its complexity and that the European Commission's guidance documentation is not sufficient. Some members asked the EC to provide technical assistance to better understand the provisions contained in REACH.

The European Commission maintains that REACH is necessary to protect human health and the environment and that it is neither too trade restrictive nor discriminatory. It announced that it is organizing a workshop on REACH on 14 April 2008.

Toys

Malaysia, Thailand and the EC have raised concerns about toxicological tests imposed by Brazil on imported toys (G/TBT/N/BRA/259). In particular, these countries are concerned about certification procedures and delays. Brazil said that these measures were legitimate and had the

objective of guaranteeing children's safety and health.

On a separate matter, the delegation of China expressed concern about an EC proposed Directive on toy safety notified in February 2008 (G/TBT/N/EEC/184), arguing that the regulation, affecting chemical substances used in toys, would impose burdensome testing and information requirements. The Chinese delegation stressed that unsafe toys could also result from inappropriate design.

At the meeting, China introduced its Export Toy Quality and Safety Control System stressing that, in China, there exists a legal framework to ensure that toy products are safe and that relevant international standards have been adopted along with stringent export quality certification systems.

Seal products

In February 2008, Germany notified its intention to introduce a ban on the importation, processing and marketing of seal products (see notification G/TBT/N/DEU/5) with the objective of protecting animal health and welfare, as well as public morals. Canada and Norway expressed their concern about the measure noting, among other things, that seal hunting was sustainable and conducted in a humane manner. The European Commission is currently reviewing the legislation.

On a related matter, Canada requested in September 2007, consultations with the European Communities under the DSU concerning certain measures taken by Belgium and the Netherlands regarding the importation, transportation, manufacturing, marketing and sale of seal products (for more information see DS369).

Draft blueprints issued for final deal on agricultural and non-agricultural trade

Agriculture negotiations chairperson Ambassador Crawford Falconer and non-agricultural market access (NAMA) chairperson Don Stephenson circulated their latest draft "modalities" on 8 February.

The two documents are revisions of drafts previously circulated in July 2007 and are based on WTO member governments' latest positions in the discussions since September, one of the most intensive periods of negotiations since the Doha Round talks began in 2001.

They are the chairs' assessment of what might be agreed for the formulas for cutting tariffs and trade-distorting agricultural subsidies, and related provisions.

The two papers were circulated at about the same time because members link the two subjects. Their release kicks off yet another intensive series of meetings. After a period of further discussion in the negotiating groups for each subject, members intend to move to a new phase where these and some other areas of the Doha Round can be negotiated in comparison with each other with the hope that agreement can be reached in the next few weeks or months.

Eventually members want to negotiate an acceptable balance between the depths of cuts (the "level of ambition") in agricultural and non-agricultural tariffs and agricultural subsidies as well as the size of cuts that they desire in each area.

So the drafts are still not the final word. They put the possible areas of agreement on paper so that members can react and further revise the texts. They are drawn from WTO member governments' positions over several months of the negotiations. They are the negotiations' chairpersons' judgements of what governments might be able to agree - based on what members have proposed and debated in over seven years of negotiations and their responses to the chairs' previous papers.

Therefore, these are not "proposals" from the New Zealand and Canadian ambassadors in the sense that "proposals" are normally understood. In other words, these are not the chairs' opinions of what would be "good" for world agricultural and non-agricultural trade, but what might be accepted by all sides in the negotiations.

43rd and 44th Trade Policy Courses start

Fifty-one Government officials from developing countries and economies in transition started, on 14 January, a three-month immersion into the WTO Secretariat at its Geneva Headquarters. The participants in the 43rd and 44th Trade Policy Courses (TPC), which will run in parallel in English until 4 April this year, were welcomed by Hakim Ben Hammouda, Director of the Institute for Training and Technical Cooperation, who chaired the traditional opening ceremony.

The overall objective of the courses is to widen participants' understanding of trade policy matters, the multilateral trading system, international trade law and the functioning of the WTO. It is expected that the knowledge acquired during these courses will allow participants to contribute to the promotion of a more active participation of their countries in the work of the WTO. Throughout the three-month training, officials will become acquainted - through lectures, debates, attendance at WTO meetings, visits to other organizations and simulation exercises - with virtually all the issues dealt with within the framework of the WTO.

Hakim Ben Hammouda invited participants to take part actively in the forthcoming training and to develop and strengthen a solid network of contacts. He hoped they would find it a profitable and enjoyable experience, allowing them to return to their countries with the knowledge and tools necessary to become more involved in all activities, including technical assistance.

The start of the 43rd and 44th TPCs initiates the WTO 2008 training season. During this year, two other TPCs will take place in Geneva and five similar courses, organized in cooperation with regional academic partners, will be held in Latin America, French-speaking Africa, English-speaking Africa, Asia Pacific and the Caribbean. A series of shorter courses will complement the Geneva-based programme while a large number of national and regional technical cooperation activities will take place in the field as part of the 2008 WTO Technical Assistance and Training Plan.

WTO chairpersons for 2008

The WTO General Council on February 6 noted the consensus on the following slate of names of chairpersons for WTO Bodies:

General Council
H.E. Mr. Bruce GOSPER (Australia)

Dispute Settlement Body
H.E. Mr. Mario MATUS (Chile)

Trade Policy Review Body
H.E. Mr. Yonov Frederick AGAH (Nigeria)

Council for Trade in Goods
H.E. Ms Karen TAN (Singapore)

Council for Trade in Services
H.E. Mr. Alex VAN MEEUWEN (Belgium)

Council for TRIPS
H.E. Ms Gail Marie MATHURIN (Jamaica)

Committee on Trade and Development
H.E. Mr. Shree Baboo Chekitan SERVANSING (Mauritius)

Committee on Balance-of- Payments Restrictions
H.E. Mr. Arsene M. BALIHUTA (Uganda)

Committee on Budget, Finance and Administration
Mr. Tony LYNCH (New Zealand)

Committee on Trade and Environment
Dr. Wieslaw KARSZ (Poland)

Committee on Regional Trade Agreements
Mr. Detlev BRAUNS (Germany)

Working Group on Trade, Debt and Finance
Mr. Martin GLASS (Hong Kong , China)

Working Group on Trade and Transfer of Technology
H.E. Mr. Kwabena BAAH-DUODU (Ghana)

Special Session of the Committee on Trade and Environment
H.E. Mr. Manuel A.J. TEEHANKEE (Philippines)

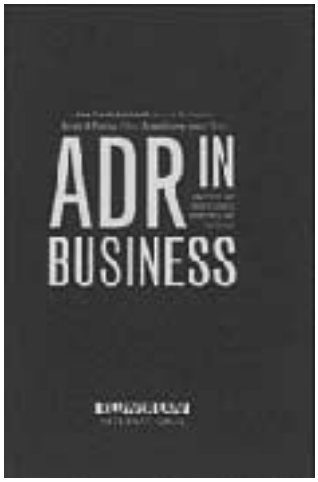
Chairpersons of Bodies established under the Trade Negotiations Committee (To serve until the next Session of the Ministerial Conference)

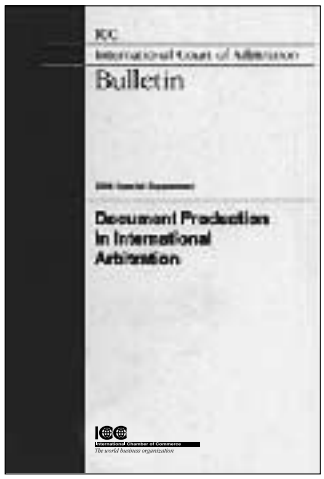
Selected ICC Publications

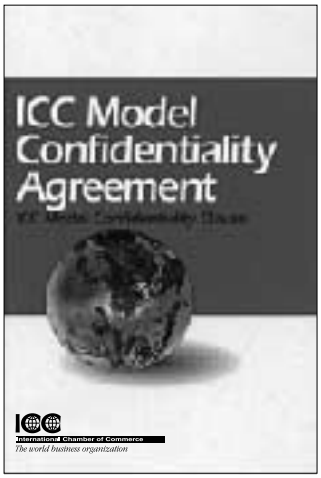
















For more information about ICC Publications, please contact
International Chamber of Commerce (ICC) - Bangladesh

Editor & Publisher : The Secretary, ICC Bangladesh and Printed from Graphic Arts Jr. 55, Purana Paltan, Azad Center (7th Fl.), Dhaka.