ICC Bangladesh

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# NEWS BULLETIN

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*The world business organization*

A Quarterly Newsletter of ICC Bangladesh



## Budget '09-'10
## Public Private Partnership (PPP): Way Forward

# Speaking for ICC Bangladesh

Bangladesh National Committee of ICC was established in 1994 with a view to bring world expertise to the local business and take priority issues of national concern to the global forum for expansion of trade and investment.

ICC Bangladesh is comprised of major Chambers of Commerce, Business Associations, Stock Exchange, Banks, Non-Banking Financial Institutions, Trans-national Companies, Law and Accounting Firms and large Corporate Houses having interest in international business.

ICC Bangladesh activities, therefore, include promotion of foreign trade and investment, trade policy reviews, harmonization of trade law and rules, legal reforms, updating businesses with the ICC rules and standards for cross border business transactions. It holds policy reviews, business dialogues, seminars and workshops on issues related to foreign trade and investment, market access as well as concerns of Bangladesh business at international conference, debates and dialogues including forums through ICC sponsored meetings of multilateral agencies.

The National Committee works closely with the government since its inception, in reforming laws and rules that govern business and liberalizing trade to integrate Bangladesh with the global market place. ICC Bangladesh, among others, has been actively engaged in following legal and policy reforms including: Information Technology (IT) Act, modernization of Arbitration Act, modernization of Tax Laws & Customs Act, introduction of ATA Carnet System in Bangladesh, development of Bangladesh Foreign Trade Institute (BFTI) and establishment of Bangladesh International Arbitration Centre (BIAC).

In 2000, ICC Bangladesh organized a 2-day ICC Asia Conference in Dhaka. Policy makers, business leaders, economists and professionals from twenty five countries in Asia, Australia, Middle East and Europe participated in the Conference.

In 2004, ICC Bangladesh organized International Business Conference on Global Economic Governance and Challenges of Multilateralism in celebrating its 10th Anniversary in Bangladesh which was the largest international event ever organized in Bangladesh attended by a galaxy of leaders including heads of governments & ministers from both developed, developing and least-developed countries and heads of multilateral organizations including WTO and EU. More than 500 participants from 38 countries (3 continents) participated in this event.

In 2005, ICC Bangladesh organized a Regional Seminar on Capital Market Development: Asian Experience, workshops on important topics like UCP, credit risk management, as well as business dialogue on topical issues related to trade and investment.

In 2006, like previous years, the National Committee organized a number of workshops and dialogues including workshop on Treasury Management, Factoring & Forfaiting and Transport Documents.

In 2008, the National Committee continued with its regular activities by arranging workshops on International Trade Payment Practices, International Trade Fraud and on International Trade Payment Methods. Besides, ICCB in collaboration with eBusiness School International of Ireland (eBSI) and with support from the International Finance Corporation (IFC), a private arm of the World Bank Group commenced a regular IFC, "FIT Initiative" (Finance of International Trade), an e-learning programme, to help skill development of professionals dealing with international trade. ICC Bangladesh was selected for the first time as one of the venues for hosting Certified Documentary Credit Specialist (CDCS) Examination, which was held in Dhaka on April 10, 2008. ICCB published the first ever ICCB Business Directory to serve as a guideline for prospective investors from both home and abroad.

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# Editor's Note

## Public Private Partnership: Good initiative–challanging task

The national budget for 2009-10 has been announced at a time when the world is passing through serious recession due to economic meltdown. Though Bangladesh economy is yet to be hurt seriously, the threat is looming large; especially in export and remittances. In this context, government needs to mobilize huge fund to boost domestic demand which again requires investment. As the public sector lacks enough resources, tagging the private sector in the development process is a critical one. Here, comes the Public-Private Partnership (PPP). In the budget, the government has proposed an allocation of US$350 million for initiating the partnership projects, which is, however, very meagre.

In fact, Public Private Partnership is a growing concept as an alternative source of financing for public sector projects on a cost sharing and cost effective manner. To expand & meet the country's ever-increasing demand for various physical infrastructure, the government has identified six giant projects for implementation on a 'very urgent' basis for FY'10, for which indigenous capacity remains to be ascertained and foreign investment continues to be uncertain.

But, to make the initiative a successful one, the government firstly has to formulate appropriate policy framework, incentive packages and mechanism for implementation; as well as built trust & confidence of the investors, irrespective of policy regime.

With regard to institutional framework, it would be appropriate to look into the past experience; wherein the government initiated an Infrastructure Development Company Limited (IDCOL) which commenced in 1998 to promote public-private investment. Since its inception, IDCOL has been able to attract only a few private sector investments in some small infrastructure projects including solar energy. There is, therefore, need for revisiting the operation of IDCOL or for that matter any new outfit to encourage & attract private investment in big projects.

For private sector participation, five types of constraints must be overcome, viz, political and bureaucratic, legal and regulatory, financial, methodological and process of implementation. The Finance Minister already expressed his cautiousness vis-à-vis challenges for utilization of PPP budget and recommended to set up an institution for preparation and implementation; which will also design innovative ways for independent operation and management; outside the purview of public procurement, mechanism of accountability, design & planning. Echoing with the Finance Minister we also consider that establishing such an institution is very important to see through the realization of this scheme into reality.

Countries around the region have all expressed interest in jumping on the PPP bandwagon, albeit motivated by different reasons. Indonesia needs such partnership for financial and technical reasons, whereas Malaysia's inclination towards this appears to be more politically and socially motivated. More opportunities for joint initiative under public-private partnership are opening up in China, Korea, Hong Kong and the Philippines. However, in case of Singapore, it remains to be seen if similar ventures can indeed fulfill their aim of value for money. So far, the small number of projects implemented in Singapore has all proved commercially viable with potential social benefits. In case of Thailand, it played a vital role in providing public infrastructure in many sectors of the economy for more than a decade, most notably in the power/ electricity, telecom and transport sectors.

We firmly believe that the Government must take all appropriate measures to see that such partnership as a Model works for future growth as well as to develop our infrastructure for achieving the goal of Digital Bangladesh.

# ICC Bangladesh News

## ICC Dialogue on Rethinking Trade Finance:2009

### ICC global survey reveals negative outlook

ICC Bangladesh arranged a Dialogue on May 30 in Dhaka to release the ICC Survey Report: Rethinking Trade Finance 2009. Presided over by ICCB President Mahbubur Rahman the Dialogue was attended by Bangladesh Bank Governor Dr. Atiur Rahman as Chief Guest. Vincent O' Brien, a long standing member of the Paris-based ICC Banking Commission and the ICC's representative to the WTO Expert Group on the Financial Crisis presented the key findings of the Survey.

The International Chamber of Commerce, *The world business organization* Hqs, Paris undertook a major Market Intelligence Survey in view of the Global Financial Crisis for the G-20 Meeting held in London on April 2. The survey entitled 'Rethinking Trade Finance 2009' looked for hard facts from the trade finance market on the impact of the global financial crisis on trade finance. The survey had a global response from 122 banks in 59 countries with a strong showing of Asia, Europe and North America. The partners of the survey were: International Financial Services Association, The World Bank Group, Asian Development Bank, European Bank of Reconstruction and Development, International Finance Corporation, Inter-American Development Bank, and SWIFT. The results were presented at the G-20 meeting in London from which direct action were planned to support international trade and finance.

ICCB President Mahbubur Rahman, in his introductory speech said that with the present turmoil in the world financial market the Global Survey Report on Trade Finance would provide bankers and other stakeholders of Bangladesh with some basic data and useful information for their strategic planning in conducting the foreign trade. The study confirms the anecdotal evidence gathered over the past few months, that the financial problems are now impacting trade as a whole, he mentioned.

As mentioned in the survey, the outlook for 2009 is negative and international trade is forecast to continue deteriorating in 2009. The collapse in global demand may have long term effects and economies will slowly recover after 2010, Mahbubur Rahman added.

ICCB President observed that maintaining and enhancing trade openness is key, not only to preserve the mutual benefits of trade, but also to support the eventual economic recovery. External competitiveness and access to international markets are of paramount importance for poor countries, enabling them to realize the development promise of international trade. Pressing ahead with trade openness is a powerful means for developing countries to help mitigate the financial crisis and realize the development advantages flowing from international trade, he added.

ICC Survey has reconfirmed that the current crisis has severely affected financial institutions and markets worldwide. This is a challenging economic environment, and trade volumes may be further impacted in the coming months. On a global basis, the respondents foresee that different regions will experience economic slowdowns in 2009 in various degrees. The predictions for 2010 remain cautious; many predict that the economic turmoil will continue to predominate, Mahbubur Rahman observed.

He opined that it will remain important to maintain support




*Bangladesh Bank Governor Dr. Atiur Rahman (centre), ICCB President Mahbubur Rahman (2nd from left), ICCB Vice President Samson H Chowdhury (2nd from right), ICCB Standing Committee on Banking Technique & Practices Chairman Mamun Rashid (extreme left) and Member of ICC Banking Commission, Paris Vincent O' Brien (extreme right) are seen in the picture.*

and liberal financing for SMEs. Despite the serious impact of the financial crisis, countries must continue to trade. The availability of trade finance is critical to the sustenance of emerging markets, but especially for small-to-medium-sized enterprises relying on short-term trade finance. It has been unfortunate that many banks in the last decade have moved away from trade finance services; which are labor and skill intensive, to focus on investment banking, where greater rewards were available, he observed.

In the Bangladesh context, we must make more vigorous effort in withstanding the challenge and try to address areas of our concern like, expatriate remittance, export growth and job creation. Boosting up the local economy through qualitative public spending is now a major challenge for the government to create new jobs. As time for national budget is also in the horizon, the Annual Development Plan should incorporate programme to offset global shock. Investment in bottleneck areas especially in power generation and gas exploration should be the top priority and ensuring social safety net should also be adhered to. Stimulus packages for the private sector are required to spur investment and thus create much needed employment observed ICCB President Mahbubur Rahman. He emphasized the need for becoming extremely careful and cautious in term of the global trade scenario.

Bangladesh Bank Governor expressed the hope that despite the global recession the remittance inflow in the current fiscal year would cross 9.5 billion US Dollar, half a billion higher than the previous year, providing 'stronger cushion' to the external trade and stabilizing the exchange rate. He said the central bank has undertaken substantial reforms to boost the annual flow through the banking channel, while putting a lid on the illegal money transfer. The ICC Global Survey 2009 confirms an overall decrease in volume and value of trade in recent period, Dr. Rahman remarked.

The central bank chief noted that the priority of credit flows to the productive sectors will continue to sustain the confidence in production and trade. This will help the country minimize the impacts of the global recession, he added and believed that Bangladesh has to boost domestic demand to sustain the global financial crisis fallout. He was also optimistic in saying that the country will earn a six percent growth in the GDP in the current fiscal year.

Governor Atiur Rahman also disclosed that considering the potential fallout of global economic recession through our external sector, Bangladesh Bank in coordination with government has given top priority to preempt any adverse consequences. In the backdrop of the current financial meltdown the governor emphasized the need for quality of public expenditure and public private partnership.

Chairman of the ICCB Standing Committee on Banking Technique and Practices Mamun Rashid observed that many banks have been facing tougher capital requirements for their trade assets. Evidence is therefore accumulating that the implementation of the new capital adequacy regime, at a time when the world is experiencing a global recession, has contributed to the drought of available finance. However, he thought that there is still paucity of data on trade finance, in particular for historical and performance data for trade finance products. He stated that consensus emerged to argue that key risk attributes should be determined on the basis of industry benchmarking and ICC is playing a role in collecting such data.

Mamun Rashid further said that the comprehensive ICC survey provides a very clear picture of the existing global trade scenario given the global financial crisis. Declining volumes, tighter credit conditions, widespread increases in pricing and asset limit constraints on the part of banks are just some of the challenges impeding world trade at the moment, he added. He believed that agency financing could be an ideal solution during these testing times. Official agencies can provide attractive financing alternatives for emerging market borrowers in the current market environment when bank and capital market financing locally and internationally are limited, he added.

With regard to Bangladesh, Mamun Rashid said that historically exporters in Bangladesh had very limited access to the credit from the buyers. On the contrary significant volume of exports take place under contract on readymade garments front, which is substantially risky proposition for the sellers. But as this is buyer dominated market and competition is severe, local vendors do not have much choice. But the main point of concern here is in most of the cases contracts are very weakly drafted and don't follow any uniformity. He opined that there should be more emphasis and awareness building programs and ICC can play an active role on the basic parameters of the contracts to bring at least some level of protection for the seller which is currently missing in Bangladesh export context.

Earlier Executive Director of Centre for Policy Dialogue (CPD) Dr. Mustafizur Rahman, Vice Chairman, Bangladesh Association of Banks, Muhammad A. (Rumee) Ali, Chief Executive Officer of Bangladesh Foreign Trade Institute (BFTI), Prof. M.A. Taslim, Former Ambassador and Permanent Representative to the UN Offices in Geneva and WTO Dr. Toufiq Ali and Chairman, Policy Research Institute of Bangladesh, Dr. Zaidi Sattar took part in the Dialogue as panel discussants. IFC-BICF Senior Programme Manager Syed Akter Mahmud and Mutual Trust Bank Ltd. Managing Director Anis A Khan also spoke on the occasion.

Taking part in the discussion Dr. Mustafizur Rahman pointed out the issues of commodities or manufactured products in the market, exchange rate, Basel II and the initiatives taken by the World Bank as depicted in the survey report. He called for finding out the mechanism to avail these advantages. He stated that despite global recession the rate of growth in export of Bangladesh is 14%, which is a positive sign. He said, developed countries became loser because the real estate sector and the financial institutions were affected simultaneously. But in our country these two sectors are still in perfect condition. However, he thought that the exchange rate might be a big issue for commercial transactions.

Muhammad A(Rumee) Ali said that despite global meltdown GDP growth prediction of 6.5% by Bangladesh Bank is encouraging. He apprehended price of fuel in the international as well as in the domestic market might influence the prediction. He mentioned that disbursement of term loan declined and as a result import of capital machinery also declined which created vulnerability for our exporters. He also said that overall export trade in Bangladesh has not experienced any negative impact due to global recession. However, he informed that a few specific sectors like leather and frozen food have been affected slightly negative. Beside this domestic demand decreased 16.87% and in such a situation he advised to continue cautious observation on the situation. He also advised the Central Bank to take appropriate initiative in risk management of banks and financial institutions.

Prof. M. A. Taslim said that the volume of export reduced in the major sectors like jute, leather, frozen food etc. due to global recession. But it is uncertain as to how much this influenced the financial sector of the country or did influence at all. According to him Bangladesh did not have any negative impact due to the global recession and our overall export is positive. Every sector achieved a double digit growth over the last year. However, he advised for vigilant observation on the activities of the financial institutions, so that no negative impact of global recession can hit the economy. He informed that the agriculture sector in Bangladesh is still doing well.

Ambassador Dr. Toufiq Ali observed that the ICC's Survey Report on Re-thinking Trade Finance 2009 is a departure from traditional ICC approach which incorporated finding out discrepancies also. He disclosed that as per projection of WTO global export trade due to this meltdown would reduce up to 9%. However, he thought that this rate may exceed 10% in case of developed countries.

Dr. Zaidi Sattar stated that the global meltdown led to effect on products, recovery of which would have to be started from demand side. This has to be addressed on a global basis and not individually country by country. He also stated that the level of risk, at the moment, in trade finance is much. Other than this cost of financing has also increased. According to his opinion demand has to be increased to overcome the situation and the developed countries have to increase trade finance. He further said that still trade is hampered due to non tariff barriers and to increase the volume of trade the barriers to be removed. He opined that in absence of a transparent policy trade promotion is not possible.

Managing Directors/CEOs of Banks, Financial Institutions, National and Multinational Companies, Trade Experts, Academics, Researchers, Senior Bankers, Trade Body Leaders and Members of the Media were present in the Dialogue.

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*50th anniversary*

ICC Bangladesh

# BB Governor distributed IFC 'FIT Initiative' Certificates

## 98 bankers and professionals completed course in two batches

'FIT Initiative' will bring professional skill to the participants, said Bangladesh Bank Governor Dr. Atiur Rahman at the certificate award ceremony held in Dhaka on May 30 , which was preceded by ICC Dialogue on 'Rethinking Trade Finance 2009'. The central bank Governor distributed certificates among the 52 successful participants of the second batch of 'FIT Initiative' Programme. The BB Chief congratulated the participants who successfully completed the IFC 'FIT Initiative' Programme and hoped that the participants as well as the country would be benefited out of this programme. The recipients of the 'FIT Initiative' certificates are: 20 from National Bank, 11 from Eastern Bank, 10 from Islami Bank Bangladesh, 06 from Mutual Trust Bank, 2 from Bank Asia. and one each from Export Import Bank of Bangladesh, Prime Bank & Southeast Bank.




*Group picture of Participants of the 2nd batch of IFC 'FIT Initiative' with Governor Bangladesh Bank Dr. Atiur Rahman, ICCB President Mahbubur Rahman and others.*

In the 1st batch a total of 46 participants who registered in July, 2007 successfully completed the programme. They include: eleven from Eastern Bank, ten from Islami Bank, eight from Mutual Trust Bank, four from Bank Asia, two each from Bank Alfalah, National Credit and Commerce(NCC) Bank and One Bank, one each from Bangladesh Bank, Citibank N. A., Premier Bank, Standard Bank, Green Delta Insurance Co., Babylon Garments Ltd. and Khushi Apparels Ltd. Bangladesh Bank Governor distributed certificates among the successful candidates at a simple ceremony held in Dhaka on December 3, 2008.

'FIT Initiative', an e-learning programme jointly organized by ICCB and eBusiness School International of Ireland (eBSI) with support from IFC. The course provides advanced skills in the finance of international trade to participants of the programme. Successful participants receive certification of excellence in the international trade from the Institute of Export of the United Kingdom as well as a certificate of achievement in Documentary Credit and UCP 600 from the International Chamber of Commerce (ICC), Paris. 98 bankers and professionals successfully completed the IFC 'FIT Initiative' programme in two batches. The enrolment for the third batch, scheduled to be started in July, 2009, has already been started.

# 6th World Chambers Congress in Kuala Lumpur

## Chambers of commerce pledges to contribute business solutions to climate change

The 6th World Chamber Congress (WCC) concluded in Kuala Lumpur on June 5 with a call by the business leaders pledging to contribute business solutions to climate change, according to a press release issued by the World Chambers Federation.

Leaders of the global chambers of commerce in the statement issued after the World Chambers Congress identified the current global economic crisis and the impacts of climate change as two major challenges that transcend national borders and require concerted international cooperation.

Noting that the 6th WCC took place in the midst of the worst global recession since the Great Depression of the 1930s, the statement urged governments to avoid the temptation of protectionist measures to restrict imports and foreign investments.

The current year is particularly significant, delegates agreed, as negotiations on a United Nations Framework Convention on Climate Change (UNFCCC) intensify with a view towards reaching a consensus in Copenhagen this December on a post-2012

framework to regulate green house gas emissions.

Organized by the International Chamber of Commerce's World Chambers Federation, the Congress brought together some 1,000 chamber of commerce executives and other business people in Kuala Lumpur from over 100 countries.

ICCB President Mahbubur Rahman at the invitation of ICC moderated the Session on 'Ports: Facilitating Economic Development & Trade' held on June 4. Apart from this he and other members of Bangladesh Delegation attended the WCF General Council and ICC World Council.

ICC-Bangladesh President Mahbubur Rahman led a 6-Member Delegation which included ICC Bangladesh Vice Presidents Latifur Rahman and Samson H Chowdhury, Immediate Past President of Dhaka Chamber of Commerce and Industry (DCCI) Hossain Khaled, Chairman and Managing Director, Armada Ltd. Maj. General (Retd) Ruhul Alam Chowdhury and Green Delta Insurance Co. Ltd. Adviser A.S.A. Muiz.




*ICCB President Mahbubur Rahman moderated the session on Ports: Facilitating Economic Development of Trade at 6th World Chambers Congress in Kuala Lumpur.*

Delegates came from all continents and represented a full range of developed and developing economies including: Afghanistan, Australia, Bahrain, Bangladesh, Belgium, Benin, Brazil, Cameroon, Canada, Chile, China, Egypt, Finland, Germany, India, Iran, Iraq, Italy, Jordan, Korea, Lebanon, Malaysia, Mexico, Mongolia, Netherlands, New Zealand, Pakistan, Qatar, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sudan, Sweden, Syria, Tajikistan, Tanzania, Thailand, Turkey, Uganda, Ukraine, the United Kingdom, and the United States.

The three–day event concluded with a Gala Dinner graced by H.R.H.Raja of Perlis and H.R.H.Raja Perempuan Perlis as Guests of Honour.

The next World Chambers Congress will be held in Mexico City in 2011.

## Finance Minister favours PPP for Infrastructure Development

### ICCB President for exploration of untapped natural resources like coal & gas

Finance Minister AMA Muhith laid particular emphasis on the simplification of tax measures for encouraging more people to pay tax and the greater role of the private sector in infrastructure development through public-private partnership (PPP) concept. Finance Minister said this in a pre-budget discussion with the members of the Economic Reporters Forum (ERF) held at the National Press Club on May 17.

Finance Minister said that the next budget would be a blend of measures to protect the domestic economy from the onslaught of the global recession and ensure implementation of annual development programme (ADP) and the government's electoral pledges. Among others, former Finance and Planning Adviser Dr. AB Mirza Azizul Islam, ICC Bangladesh President Mahbubur Rahman and Association of Bankers Bangladesh (ABB) President K Mahmud Sattar took part in the discussion.

Explaining the measures in the upcoming budget the Finance Minister said the government would make room for public-private partnership projects to infuse dynamism in the implementation of infrastructure and energy sector projects and a brief PPP guideline would be announced in the budget and a relevant act would come into effect from September-October 2009. He placed the energy crisis at the top of the list of the hurdles to the economic progress of the country.

The government has already decided to keep dual-fuel options - natural gas and coal - for all the future power plant projects. As it will take time to formulate coal policy the government would approve coal-fired power plants even before the coal policy, he added.

ICCB President Mahbubur Rahman in his observations, sought immediate adoption of the national coal policy. He mentioned that the country has substantial untapped petroleum resources both at onshore and

offshore and has about 70 TCF equivalent high quality coal, which needs to be developed as an alternative source of energy. Side by side he emphasized the need for development of other sources of energy like solar, wind, energy from solid municipal waste, bio fuel power, nuclear power etc. Therefore he suggested that the forthcoming budget should not only keep provision for financing additional power generation projects but also ensure implementation of these. Besides, there should be provision for exploring alternative source of energy. He also opined for uninterrupted gas supplies to industrial units to ensure production in factories.

In view of the on-going world economic crisis, the bank interest rates should preferably be brought down to single digit as well as spread between the deposit and lending rates should be kept to the minimum, which should not be more than 3%. Taxes on banks and non-banking financial institutions should also be reduced, ICCB President added. He also pleaded for development of appropriate road, rail and waterways and said that the communication system must get sufficient importance in the budget. He emphasized the need for widening the tax net instead of increasing taxes on the existing tax payers. The government should introduce automation in customs to remove hassles faced by businessmen, he added.




*ICCB President Mahbubur Rahman (extreme right), Finance Minister AMA Muhith (Centre) and Former Advisor to the Caretaker Govt. Dr. AB Mirza Azizul Islam (extreme left), ERF president Nazmul Ahsan (2nd from left), ERF General Secretary Sazzad Alam Khan (2nd from right) in the discussion meeting on upcoming budget organized by Economic Reporters Forum(ERF)*

Former Adviser Dr. AB Mirza Azizul Islam cautioned that the proposed budget should not go beyond Tk 1.16 trillion, while the revenue target should be around Tk 785 billion to meet the increased public expenditure. He opposed the proposal to raise the income tax-exemption limit at least for next two years and also criticized the requests coming from every corner to grant tax rebates to help weather the shocks of the global meltdown. The former finance adviser felt that government could allow legalising undisclosed money with penal rate of taxes. Tax on banks should not be reduced in the next fiscal year as most of them performed better compared to other sectors and paid attractive dividends to their shareholders, Dr Islam said.

## Duty on luxury items will be increased: NBR Chairman

### ICCB President suggests alternative incentive in lieu of cash incentives for export

National Board of Revenue Chairman Muhammad Abdul Mazid said the government will impose higher duty on luxury items in the next budget to help maintain a stable foreign exchange reserve. The NBR chief said this at a pre-budget discussion meeting with the leaders of International Chamber of Commerce-Bangladesh (ICCB), Foreign Investors' Chamber of Commerce and Industry (FICCI), Institute of Chartared and Management Accounts of Bangladesh (ICMAB) and Bangladesh Chamber of Industries (BCI), who attended the meeting with NBR Chairman held at NBR conference room on April 01.

NBR Chairman also said that this is the right time to concentrate on the production and use of locally made goods as it will save foreign exchange to a large extent. He, however, said that there is no need to be panicked by the ongoing financial crisis and observed that the country would overcome this situation as before. He further said the government will not go by the dictates of the donor agencies during formulation of the next budget rather the government will prepare the budget for the welfare of the people depending on its own intelligence. He said that during the formulation of the next fiscal year's budget, the government would keep in mind the ongoing financial meltdown. Speaking at the pre-budget

discussion, ICCB President Mahbubur Rahman said the government should reconsider the existing tax on dividends and profits of banks, which include default loans. He felt that taxes on default loan could be collected after the recovery of those loans by the banks. He also said incentives for the export industries should not be given in cash and suggested for introducing alternative incentives. He further said the government might mobilize a nominal tax of Tk 2,500 per annum from each businessman across the country. This could be a big source for government revenue, he added. Mahbubur Rahman also suggested to avoid double taxation and reduce corporate tax rate. Apart from this he suggested to take appropriate measures, so that the exporters and importers give right declaration to pay taxes. He reiterated that allowing repeated chances to make black money white is against the norms of the government and would discourage genuine tax payers.

The meeting was attended among others by ICCB Board Members Aftab-ul Islam, R.M. Khan, ICCB Secretary Ataur Rahman, former DCCI President Hossain Khaled, FICCI President Waliur Rahman Bhuiyan, OBE, BCI President Shahedur Rahman and ICMAB President ABM Shamsuddin.

## Commerce Minister interacts with business leaders at MCCI

### Supports proposal to lower bank rate

Commerce Minister Lt. Col. (Retd.) Faruk Khan assured business leaders that he would suggest the taskforce for lowering bank interest rate at 11-12 percent. He was exchanging views with the businesses during a meeting held at MCCI on April 1. MCCI President Abdul Hafiz Choudhury suggested a rate cut to ensure a continuous credit flow for the private sector, especially for small and medium enterprises, in the face of global recession. The business leaders asked for adopting a comprehensive supportive strategy in line with the proposals that were placed before the Minister. They sought that the government take measures to ensure easy access to bank loans, raise public spending, lower the cost of doing business, keep the law and order under control and enhance port efficiencies.

MCCI President said public spending on infrastructure development, poverty alleviation, human resource development, rural infrastructures and non-farm support activities should be increased through a continuous review of the Annual Development Programme (ADP).

On the labour unrest, the MCCI president said that all out efforts should be made to avoid creating any situation where labour unrest can get a boost. On Chittagong Port trade unionism, he opined that such activities should be limited to three unions out of 32 organizations for the sake of smooth operation of the port.

Former MCCI President Latifur Rahman pointed to the present state of regional trade and urged the government to start negotiating with India to seal a pact on free trade to raise the bilateral trade volume.

ICCB President Mahbubur Rahman observed that it will be very usefull and productive to have such type of meetings with the business community frequently so that the business people can place their problems to the government regularly. Among others Syed Nasim Manzur, MCCI Vice President, Barrister Rafiqul Haque, an MCCI Member and Syed Manzur Elahi, former MCCI President also took part in the discussion.



*Commerce Minister Lt. Col. (Retd.) Faruk Khan in a Meeting with the business leaders. Former MCCI President Syed Manzur Elahi (extreme right), ICCB President Mahbubur Rahman (2nd from right), MCCI Secretary General Farooq Ahmed (3rd from right), MCCI President Abdul Hafiz Choudhury (4th from right), MCCI Vice President Syed Nasim Manzur (5th from left), MCCI Adviser C.K.Hyder (4th from left), MCCI Immediate Past President Latifur Rahman (3rd from left), DCCI President Zafar Osman (2nd from left) and FICCI President Waliur Rahman, OBE (extreme left) are seen in the picture.*

# Experts suggest regulatory reforms for business

## ICCB President stressed mitigation of energy problem

Reforms are needed for creating congenial business climate to ensure higher economic growth, create more employment opportunities and reduce poverty level, said speakers at a discussion meeting on public perception survey on April 17.

Some areas are over regulated while others less regulated and only reforms can strike a balance between the two, said former Adviser and Regulatory Reforms Commission (RRC) Chairman Dr. Akbar Ali Khan at a meeting organised by the International Finance Corporation-Bangladesh Investment Climate Fund (IFC-BICF). The BICF conducted the stakeholder perception survey in November and December last year.

RRC Chairman said that environment related regulations are too much complicated and it is extremely difficult to set up a factory if an entrepreneur has to abide by all of them. On the other hand, there is less regulation in housing sector, he added. Dr.Khan further said there is less demand for business reforms in the country. Red-tape hurts business decisions the most and reform measures should be undertaken on a priority basis, he added.

ICCB President Mahbubur Rahman, in his concluding remarks as the moderator of the session, said no reform would bring about any fruitful result unless the government mitigates the energy problems. Existing factories are facing production problems due to gas and power shortage and no businessman will make any new investment unless he is assured of energy supply, he said. The government should immediately take steps to improve the energy situation, he added.

Congratulating the IFC BICF for undertaking such an important survey, ICCB President, suggested that such survey should be undertaken at a regular intervention so that the businesses are kept informed about the developments. For future surveys, he advised the IFC BICF to formulate the questionnaire in consultation with the major chambers in order to reflect concerns of the business community.

President of Dhaka Chamber of Commerce and Industry Zafar Osman, Centre for Policy Dialogue Executive Director Dr. Mustafizur Rahman, Chairman of Unnayan Shamannay Dr Atiur Rahman and Editor of the Financial Express Moazzem Hossain among others attended the meeting and took part in the discussion.

Investment Policy Officer of IFC BICF Aminur Rahman made a presentation on the survey. A total of 1,000 people were surveyed under public officials, business, opinion leaders and general population. The survey revealed that about 50 per cent of businessmen heard about the ongoing business reforms and 72 per cent of all businessmen said reforms are likely to have a significant impact on the businesses. Most of the business organizations did not hear about Regulatory Reforms Commission or Bangladesh Better Business Forum.

Businessmen demanded reforms in many areas including access to loans for small and medium enterprises, improvement of customs clearance process, make tax payment easier, encourage more business competition, simplify labour regulations and land issues. The key challenges faced by businesses are capital scarcity, inflation, corruption, labour problems and political instability, revealed the survey.




*ICCB President Mahbubur Rahman (3rd from left) moderating the discussion on public survey organized by IFC BICF. Regulatory Reforms Commission Chairman Dr. Akbar Ali Khan (Centre), Chairman , Unnayan Samannay Dr. Atiur Rahman (3rd from right), DCCI President Zafar Osman (extreme left), Editor of Financial Express Muazzem Hussain (2nd from left), CPD Executive Director Dr. Mustafizur Rahman (2nd from right) and IFC Sr. Programme Manager Syed Akter Mahmud (extreme right) also seen in the picture.*

# First Meeting of the BBBF Executive Committee held

## Follow up actions suggested for implementation of decisions

After the newly elected government took office, the first meeting of the Executive Committee of BBBF, was held on April 19 under the Chairmanship of the Finance Minister A.M.A. Muhit. ICCB President Mahbubur Rahman attended the meeting as the Co-Chair of the Business Entry & Operation Working Group and also as a member of the BBBF Executive Committee.

The Minister disclosed that a meeting of the BBBF will be held shortly with the Prime Minister in order to brief her about the activities of BBBF as well as to discuss various development issues.
The decisions taken in the meeting included : (a) identification of BBBF's decisions on the basis of short/medium/long term for implementation; (b) to find out the status of the suggestions those are under implementation and if necessary re-visit the suggestions for quick implementation; (c) for realistic training on skill development, Ministry of Education and Ministry of Labour and Employment will sit together and to prepare time bound action plan; (d) Working Groups will meet to consider necessary steps to be taken for implementation of the approved suggestions and the Working Groups may also generate new suggestions; and (e) for implementation of BBBF suggestions/ decisions by the concerned Ministry/ Division as well as for examination, a committee / secretary (of the level of Deputy Secretary) will work as a Focal Point of the concern institutions.

FBCCI President Annisul Huq, DCCI President Zafar Osman, formar MCCI President Laila Rahman Kabir, A. K. Khan & Company, Managing Director Salahuddin Kashem Khan, Bangladesh Women Chamber of Commerce President Selima Ahmed, BOI Executive Chairman Kamaluddin Ahmed, Commerce Secretary Feroz Ahmed, Finance Secretary Dr. Muhammad Tariq, NBR Chairman Dr. Nasir Uddin Ahmed, Bangladesh Bank Deputy Governor Nazrul Huda, BFTI CEO Dr. Ali Taslim, among others, were also present.

# Business Leaders hold meeting with Finance Minister

## Suggets not to allow legalizing black money

Finance Minister AMA Muhit said that Tax Holiday system should be abolished to bring accountability in the business. He was speaking in a meeting with the business leaders at MCCI on May 14. Finance Minister also said that instead of tax holiday, low rate tax can be imposed for a longer period. About the undisclosed money he said that if it is offered in the budget for the new fiscal year it will be tied to investment in some particular sectors.



*Finance Minister AMA Muhit speaking in a meeting with business leaders (centre). ICCB President Mahbubur Rahman (2nd from left), MCCI President Abdul Hafiz Chowdhury (3rd from right), MCCI Immediate Past President Latifur Rahman (3rd from left), MCCI Former President Samson H Chowdhury (extreme right), MCCI Adviser C.K. Hyder (extreme left) and Secretary General Farooq Ahmed (2nd from right) are also seen in the picture.*

MCCI President Abdul Hafiz Choudhury proposed for reducing corporate tax and tax treatment of insurance companies, banks and other financial institutions. Former MCCI President Latifur Rahman mentioned about the Chamber's opposition for legalizing undisclosed money saying that it would discourage the genuine tax payers and suggested for providing more allocation to the agriculture sector since this sector generates most employment. ICCB President Mahbubur Rahman, Former MCCI President Samson H Chowdhury, CEO of Pran-RFL Group Amjad Khan Chowdhury, Managing Director of Mutual Trust Bank Anis A. Khan among others also took part in the discussion.

# ADB Meeting with private sector
# concern over delay & poor implementation of ADP
# Future programme to emphasize more PPP

The Resident Mission of the Asian Development Bank (ADB) in Bangladesh arranged a meeting with the private sector held at ADB Mission on April 29. The Meeting presided over by ADB Country Director Paul J. Heytens was attended by ICCB President Mahbubur Rahman, ICCB Vice President Samson H. Chowdhury, ICCB Executive Board Members Aftab ul Islam and R.M.Khan and Secretary Ataur Rahman. Among others Syed Manzur Elahi, former FBCCI President Abdul Awal Mintoo, former DCCI President Sayeeful Islam also attended the meeting. The meeting was informed that ADB's future strategy would give more attention on PPP. ICCB President suggested that ADB should have more thrust on both national and regional infrastructure development, regional cooperation in particular between Bangladesh, India and Nepal for energy as well as water sector management in view of the climate changes. He hoped that ADB, like in the past, would take the lead in mobilizing resources for construction of Padma Bridge as well as the development of deep sea port in Chittagong. ICCB President suggested for ADB increased support for SMEs and women entrepreneurs. The participants also expressed their concern on the delay and poor implementation of ADP and suggested for ADB's support in assisting the government for better implementiono of ADP the country's Annual Development Programmes.



*ICCB President Mahbubur Rahman presiding over a meeting with the ADB Country Director Paul J. Heytens (2nd from right), ICCB Executive Board Member A.S.M. Quasem (3rd from left), ADB Deputy Country Director Md. Nurul Huda (extreme right), Country Specialist M Zahid Hussain(2nd from left), and ICCB Secretary Ataur Rahman (extreme left) were also present on the occasion.*

Subsequently, ADB Country Director Paul J. Heytens accompanied by Dy. Country Director Md.Nurul Huda and Country Specialist M. Zahid Hossain visited ICC Bangladesh on May 27. During their meeting with the ICCB President they discussed on ADB's future strategy for various development programmes and issues related to Bangladesh. ICCB Executive Board Member A.S.M. Quasem was also present. Later the ADB Team attended a lunch hosted by ICC Bangladesh President which was attended by ICCB Executive Board Members: A.S.M. Quasem, Aftab ul Islam, Kazi Mahmood Sattar, Mamun Rashid, Muhammad A. (Rumee) Ali, Md. Fazlul Hoque. DCCI President Zafar Osman, Immediate Past President of DCCI Hossain Khlaed and ICCB secretary Ataur Rahman also attended.

# World Bank Dialogue with Business Leaders
## MCCI President for 4 per cent growth for agriculture

The government should target a four per cent growth rate in the agriculture sector to stabilize domestic prices, alleviate poverty and provide a steady market for industrial sector, said MCCI President Abdul Hafiz Choudhury at a meeting with World Bank Assessment Team on June 14. He said, to achieve that goals lending to agriculture sector should be ten per cent of the total banking loans. Even though the agriculture sector's contribution to gross domestic product is declining, it will remain a critical sector as it creates maximum number of employment, he observed. The MCCI President hoped that the commercial banks will extend necessary credit to the farmers and the government will ensure timely availability of inputs for the farmers.



*Senior Country Officer of World Bank Thomas Buckley (centre) is seen speaking with the business leaders. ICCB President Mahbubur Rahman (3rd from left), MCCI President Abdul Hafiz Choudhury (4th from right), DCCI President Zafar Osman (extreme left), MCCI Adviser C.K.Hyder (2nd from left), MCCI Vice President Syed Nasim Manzur (4th from left), MCCI Secretary General Farooq Ahmed (3rd from right), Former MCCI President M. Anis Ud Dowla (2nd from right) and Former MCCI President Laila Rahman Kabir (extreme right) are also seen in the picture.*

About energy issue, MCCI President suggested the government to give highest priority for early operation of coal-based Barapukuria power station. The country is facing 1,800 megawatt shortfall of electricity everyday and immediate steps must be taken to reduce it to 800mw level, he said .In order to maintain a 5.5 per cent GDP growth, the demand for electricity will be 8,364mw a year, he added. Side by side solar energy should be popularized in the urban areas along with rural areas, the MCCI president said.
The international funding agencies should provide low interest cost credit in energy and power sector under private-public partnership programme, he said. The government can also use rental power plants to help overcome power crisis in the short term, MCCI President observed. Efforts should be taken for investment of remittances that contributes 10 per cent of the GDP but bulk of which is not invested in productive sectors. Only five per cent of around nine billion dollars remitted to the country last year was used for investment and three per cent for savings, he added. The government should provide policy support to poultry, livestock, and other employment oriented programmes to create job opportunities for one million additional people by 2013, the MCCI President suggested.

ICCB President Mahbubur Rahman observed that the World Bank is partly responsible for current shabby power situation as it suspended funding in the sector for the last several years. He said the government should ensure transparency in the PPP projects and it should not be politically motivated.

Senior Country officer of World Bank Thomas Buckley said the multilateral lending agency is interested to fund Padma Bridge to improve socio-economic condition of the south-east of the country. The World Bank has just resumed lending in power sector after a long disengagement and it has already approved credit to a $350 million power plant project, he said.

Member of MCCI Executive Committee Anis Ud Dowla, Former MCCI President Laila Rahman Kabir, President of Association of Bankers Bangladesh K Mahmood Sattar, President of Dhaka Chamber of Commerce and Industry Zafar Osman, and Vice President of MCCI Syed Nasim Manzur among others took part in the discussion.

## IFC BICF study on International Arbitration Proceedings

### Governmental approaches and investment climate reviewed

IFC BICF under its small grants programme supported a research on 'International Arbitration Proceedings: Governmental Approaches and Investment Climate in Bangladesh' conducted by Farooq & Associates, Lawyers & Legal Consultants. The research assessed Government of Bangladesh's (GOB) role and approach towards international arbitration proceedings as a means of investment protection and evaluated the effects of such inward flow of Foreign Direct Investment (FDI). The researchers endeavored to propose extensive reforms of related legislations and infrastructure with a view to achieving two overarching purposes. Firstly, change the general skills, psyche and approach of the relevant stakeholders that would enable them to appreciate the broader picture of investment climate and economic development of Bangladesh. Secondly, bolster the branding of Bangladesh as an investor friendly state.

IFC BICF invited ICCB President Mahbubur Rahman to moderate the presentation session of the initial findings of the study held at IFC BICF on April 22. He thanked the research team for making an excellent presentation and carrying out the research on

such an important and relevant topic. He hoped that the findings will be useful for GOB to change its policies for better investment climate as well as build confidence for attracting FDIs. The initial recommendations of the study very much supported the BIAC project proposal submitted to IFC BICF for funding. A number of lawyers and researchers attended the session.

## 41st ICCB Executive Board Meeting

The 41st Meeting of the ICCB Executive Board was held on June 18. The meeting reviewed the activities of ICCB during March –June.



*41st Executive Board Meeting presided over by ICCB President Mahbubur Rahman is in progress.*

The meeting also discussed about the recently announced budget proposals (FY 2009-2010). The board members appreciated the budget provision for allocation of Tk. 25 billion for Public Private Partnership (PPP). However, the Committee was very much concerned about the budget proposal to allow legalizing 'Black money' on payment of a nominal 10% confessional tax over the next three years. The members were of the opinion that this would not only discourage the genuine tax payers but also demoralize as well as act negatively as disincentive for honest citizens. They thought the proposal should be reconsidered for withdrawal. The meeting decided to issue a joint press statement with other leading Chambers and Associations.

The meeting was presided over by ICCB President Mahbubur Rahman and attended by the Vice President Latifur Rahman and Executive Board Members ASM Quasem, Abdus Salam Murshedy, K. Mahmood Sattar, Md. Fazlul Hoque and R. Maksud Khan. MCCI President Abdul Hafiz Choudhury also attended the meeting on special invitation.

## Documentary on 'The face of Bengal' released by Foreign Minister

## ICCB President urges for National Tourism Policy




*ICCB President Mahbubur Rahman addressing as the Special Guest at the handing over ceremony of the documentary 'The Face of Bengal'. Foreign Minister Dr. Dipu Moni (extreme left) attended the meeting as the chief guest. ATAB President Muhaimin Saleh (2nd from left) and HAAB President Ibrahim Bahar (3rd from left) are also seen in the picture*

Foreign Minister Dr. Dipu Moni urged all to portray Bangladesh correctly in the international arena through the country's budding tourism industry. She said that Bangladesh's tourism sector has great potentials to grow and earn foreign currencies as well as creating new jobs. With thousands of years of rich history, culture and heritage along with inclusive religious harmony the country can present its glorious past before the world, the Foreign Minister said while speaking at a function as the Chief Guest, organized by Association of Travel Agents of Bangladesh (ATAB) in Dhaka on June 16. The

Foreign Minister released 'The Face of Bengal' a documentary on tourism of Bangladesh, produced by ATAB, meant for distribution to all the Bangladesh Embassies/ Missions abroad.

ICCB President Mahbubur Rahman called for approval of the Tourism Board and National Tourism Policy while he was speaking on the occasion as the Special Guest. He recommended for formulating the Tourism Policy, keeping similarity with the neighboring countries like Nepal, India, Bhutan, Malaysia, Thailand and Myanmar. He urged the government to introduce the provision of giving visas on arrival like many other countries to attract foreigners. He said we should encourage and welcome everyone except a terrorist to visit Bangladesh.

Mahbubur Rahman called for strengthening campaign for selection of Cox's Bazar and Sunderban as the natural wonders of the world. For development of tourism sector he emphasized the need for infrastructure development, availability of transportation and security of tourists.

## ICCB President attends Regional Seminar on Regulatory Reforms in Hanoi

## Experts focus on reforms for growth

The Multi donor Investment Climate Advisory Service (FIAS) of the World Bank Group in cooperation with DFID and the Dutch Ministry for Foreign Affairs organized a Regional Seminar on "Smart Regulation in South and South East Asia: Sharing Approaches to Regulatory Reforms" in Hanoi, Vietnam on June 24-25. The objective of the seminar is to bring together Southeast Asian regulatory policy makers and reformers to share experiences and best practices regulatory management and reforms. At the invitation of IFC BICF (International Finance Corporation-Bangaladesh Investment Climate Fund), ICCB President Mahbubur Rahman attended the Seminar.




*Participants at the Regional Seminar on "Smart Regulation in South and South East Asia: Sharing Approaches to Regulatory Reforms" held in Hanoi, Vietnam. ICCB President Mahbubur Rahman attended the seminar.*

The participants in the seminar suggested to keep the regulations up to date which is essential for a better business environment and withdrawal or cut of unnecessery regulations. Besides this following were the key recommendations put forward by the participants at the end of the Seminar:

With regard to reviewing the stock and flow of regulations, further exposure to tools and approaches to review existing regulations should be arranged with the conference participants and more focused follow up events can be arranged in future on RIA and other approaches which the South And Southeast Asian countries plan to adopt.

A formal mechanism should be developed to exchange knowledge among the developed and developing countries to build and strengthen institutions of regulatory reform. In this regard, some of the key champions and experts from well established regulatory reform institutions from around the world could share their experience through knowledge sharing programs to help set up new regulatory reform institutions or strengthen the existing ones in the South And Southeast Asian countries.

As a follow-up, the next seminer should take place in South Asia and the Bangladesh delegation proposed to host the same in Bangladesh some time early 2010. The event could be supported by the IFC BICF and FIAS.

A number of papers were presented by experts on various important issues related to regulatory reforms. A total of 69 participants from Bangladesh, Bhutan, Cambodia, India, Indonesia, Korea, Lao PDR, Netherlands, Tonga, United Kingdom, USA and Vietnam attended the Seminar.

Other members of the Team from Bangladesh included; Dr. Mustafizur Rahman, Executive Director, CPD, Mikail Shipar, Director General, Prime Minister's Office, M.Aslam Alam, Director

General, Directorate of Land Records & Survey, Ministry of Land, Sajjad Zohir, Executive Director, Economic Research Group, ERG, Bangladesh, Ahsan Habib Mansur, Executive Director, Policy Research Institute of Bangladesh (PRI), Iftakharul Islam, CEO, AT Capital, Md. Anwarul Islam, Joint Director, Bangladesh Bank, Mohammad Azad Rahman, Investment Policy Analyst, Regulatory Reforms, IFC BICF and Taneem Ahad, Associate Operations Officer, Regulatory Reforms, BICF.

## ICC South Asia-Middle East Regional Consultative Group meets in Sharjah

The first South Asia-Middle East Regional Consultative Group (RCG SAME) Meeting of all ICC National Committees of the two regions was held in Sharjah, UAE on May 3. An Opening Session prior to the meeting was addressed by Chairman, Sharjah Chamber of Commerce & Industry, Ahmed Mohamed Al Midfa, Chairman, ICC UAE, Dr. Ahmed Saif Belhasa and ICC's Regional Coordinator for South Asia-Middle East Tariq M. Rangoonwala

ICCB Secretary Ataur Rahman attended the meeting, which was also attended by ICC Georgia Chairman Fady Asly, ICC India President S. N. Agarwal, ICC India Executive Director Ashok Ummat, ICC Iran Secretary General Mohammad Mehdi Behkish, ICC Jordan Chairman Mohammad Hadi Asfour, ICC Jordan Asst. Foreign Affairs Rajaa Al Jaouni, ICC Pakistan Secretary Javaid Basini, ICC Saudi Arabia General Coordinator Naser Almushaikeh, ICC Sri Lanka Chairman Tissa Jayaweera, ICC Sri Lanka CEO Gamini, ICC Syria Secretary General Naji Chaoui Peiris, ICC UAE Chairman, Ahmed Saif Belhasa and ICC UAE Executive Secretary General Saaed Obaid Al Jarwan. ICC Hqs was represented by Head of National Committees & Membership Francois-Gabriel Ceyrac. The participation of ICCB Secretary was sponsored by International Finance Corporation-Bangladesh Investment climate Fund (IFC-BICF).

The meeting discussed, among others, ICC's present role and introduction of initiatives to increase its effectiveness internationally in the context of Regional Consultative Groups and their objectives within the ICC framework and role of South Asia/ Middle East in the World Economy – Developments initiatives and the outlook for National Committees in terms of world trade and G-20 recommendations. The Meeting made a set of recommendations for consideration during meeting of the heads of National Committees.

The major recommendations adopted by the RCG Group included: ● classification of ICC as the World Business Organization (WBO), instead of present classification of ICC as 'NGO' by UN; ● establishment of links on NC websites within the region and to recommend to the ICC for having an appropriate space available on its website for RCGs; ● ICC to examine the development of regional commissions on relevant and important issues; ● ICC to use arbitration venues and hearing centers within the SAME region as well as engaging the SAME region in joint efforts for the promotion of ICC and ICC arbitration; ● ICC's WTO and UN offices to establish communication or the dissemination of information on WTO and UN developments to NCs within the SAME region; ● SAME region's full support to promote the BASCAP initiative of ICC within the region and to seek to promote the establishment of country portals; and ● all NCs within the SAME region to establish an E-BITT Commission at their respective NC level and to interact with the ICC E-BITT Commission in Paris in view of ICC's leading role internationally with its WSIS and BASIS initiatives.



*Group picture of the delegates at the ICC South Asia –Middle East Regional Consultative Group Meeting at Sharjah. ICCB Secretary Ataur Rahman (4th from left) is seen in the picture.*

## ICCB bids farewell to the Ambassador of Switzerland

A farewell lunch for H. E. Dr. Dora Rapold, Ambassador of Switzerland was hosted by ICCB President on May 25. ICCB President Mahbubur Rahman lauded the role played by the Ambassador Rapold during her tenure in Bangladesh in promotion of trade and investment as well as bilateral cooperation between the two countries. With her departure, Bangladesh would be missing a well wisher who has continuously tried to help the country in various development oriented activities. Switzerland Ambassador Dr. Dora Rapold thanked the ICCB President and Members as well as those who were present at the lunch for extending their all out cooperation to her and her mission, without which it would not have been possible to carry out her assignment in Bangladesh. She said that she has found Bangladeshi people, in particular the rural people are hard working and innovative. She assured her continuous support to Bangladesh in her new capacity in the Headquarters.



*A group photo of distinguished guests with the Switzerland Ambassador Dr. Dora Rapold at a farewell lunch hosted by ICCB.*

Among others, ICCB Vice President Samson H. Chowdhury, ICCB Executive Board Members, namely, A. S. M. Quasem, A. K. M. Rafiqul Islam, FCA, Aftab ul Islam, Mamun Rashid, Masih Ul Karim, Md. Fazlul Hoque, R. Maksud Khan and Mr. Rokanuddin Mahmud, Bar-at-Law; ICCB Members Syed Manzur Elahi and Nasir A. Choudhury, MCCI President Abdul Hafiz Choudhury, FCA and Ambassadors of China and Thailand and High Commissioner of Sri Lanka and ICCB Secretary Ataur Rahman attended the lunch.

## ICCB President attended Quarterly TAC Meeting of IFC BICF

ICCB President attended the 15-member Technical Advisory Committee Meeting of IFC BICF held on June 14 at IFC BCIF office. The Meeting reviewed the activities of BICF, the achievement made since the last meeting held on March 8 and targets for next quarter in respect of regulatory reforms, Economic Zones and capacity building. The committee also deliberated on key issues for consideration like, strategy to follow up with the new government on investment climate reform agenda, Parliement and its members to maintain their interest and implementation of the 'Digital Bangladesh' as it can be applied to include a wide range of e-governance initiatives that can improve the investment climate in Bangladesh. The meeting also discussed on the issues of price hike of food and fuel, implications of climate change, power/energy crisis, employment gerenation and rationalizing the use of impact of remittences.

The TAC Meeting was attended by Bangladesh Government, Civil Society and Private sector representatives: Commerce Secretary Feroz Ahmed, ICCB President Mahbubur Rahman, Managing Director, BRAC Enterprises Mohammad A. (Rumee) Ali, CEO, Citibank N.A Mamun Rashid, Kedarpur Tea Company Ltd. Chairperson Laila Kabir, BRAC Net & SME Foundation Chairman Abdul Muyeed Chowdhury, Acting BOI Executive Chairman Abu Reza Khan. Donor Oversight Committee Members and Representatives: Richard Boulter, Department for International Development (Moderator), Masrur Reaz, Department for International Development, Jean Claude Malongo, Delegation of the European Commission, Ms. Jenni Christensen, Delegation of the European Commission and BICF Management Team: Pierre Guislain, Director, Investment Climate Department, IFC, James Crittle, Head of BICF, Syed Akhtar Mahmood, Sr. Program Manager and Laura Watson, Program Manager

# ICCB Standing Committee on Banking Technique and Practices holds meeting

ICCB Standing Committee on Banking Technique band Practices held a meeting on June 22. The meeting was presided over by the Chairman of the Committee Mamun Rashid and attended by the members of the Committee AB Bank Managing Director Kaiser A. Chowdhury and BIBM Director Prof. Dr. Toufic A Choudhury and ICCB Secretary Ataur Rahman.



*Meeting of ICCB Standing Committee on Banking Technique and Practices. Chairman Mamun Rashid seen presiding over the meeting.*

The committee reviewed the past ICCB activities related to the banking sector and discussed on the future programme. They decided to organize seminars and workshops on Basel II and International Trade Finance and Trade Fraud. It was also decided to continue the activities of FIT Initiative and CDCS Programme. In order to strengthen the activities of the committee it was decided to co-opt six new members in the Committee.

## ICCB Upcoming Events

### Workshop on
BASEL II
**Global and Bangladesh Implementation**

**Monday, August 10**

**Venue:**
The Peninsula Chittagong, Chittagong

**Registration Fee:**
ICCB members: Tk. 7000
Non members: Tk. 8000

**Registration Closing date: Monday, August 3, 2009**

### Workshop on
BASEL II
**Global and Bangladesh Implementation**

**Tuesday, August 11**

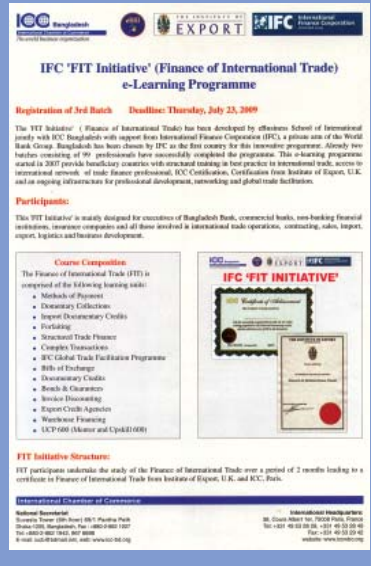
**Venue: Bangladesh China Friendship Conferrence Centre.** Dhaka

**Registration Fee:**
ICCB members: Tk. 7000
Non members: Tk. 8000

**Registration Closing date: Tuesday, August 4, 2009**

### IFC 'FIT INITATIVE'
**Enrollment for 3rd batch**
**Closing Date: July 23, 2009**

**Enrollment Fee : € 390**


IFC 'FIT Initiative' (Finance of International Trade)
e-Learning Programme

Registration of 3rd Batch Deadline: Thursday, July 23, 2009

Participants:

Course Composition:

IFC 'FIT INITIATIVE'

FIT Initiative Structure:

For further information and registration please contact:
**Secretary, ICC Bangladesh, Suvastu Tower (6th Floor), 69/1, Pantha Path, Dhaka-l205.**
**Tel : 8621942, 9676698, email: iccb@bdmail.net**

# Bangladesh Economy

## Parliament approved Tk. 1.138 trillion budget for 2009-10

The parliament approved a budget of Tk. 1.138 trillion for the next fiscal year (FY10) or 16.5 percent of total GDP and the size of ADP for the FY 2009-10 will be Tk. 305.00 billion (4.4 percent of GDP). The budget deficit will amount to Tk 343.58 billion which is 5 percent of GDP of which 2 percent will be financed from external sources and the remaining 3 percent will be financed from domestic sources. To meet the deficit by loans totalling Tk 205.55 billion from internal sources while another Tk 138.03 billion from foreign support.

The budget for FY10 has been formulated mainly in the light of the Awami League's election manifesto. Safety net, measures for facing aftermath of recession, attracting investment has been stressed in the budget.

In budget FY10 Tk. 25 billion has been allocated for the public-private partnership initiative to implement different projects in infrastructure, health and education sectors. Out of the total Tk 25 billion allocation, Tk 21 billion is for ensuring government partnership in equity and loan assistance from the government to different projects. Tk 206.01 billion has been allocated for the social safety net and the food and disaster management ministry has received the allocation of Tk 129.46 billion in both development and non-development sectors.

Under serious reservation of Business the government has changed black money whitening period. In the approved budget undisclosed money will be allowed to be whitened from July, 2009 to June 2010 in stead of 2012, but the investment time and other relevant information like employment projection should be mentioned before investment. The source of money should also be mentioned. Undisclosed money would also enjoy the amnesty in the money market for one year from July 2009

### Budget Highlights

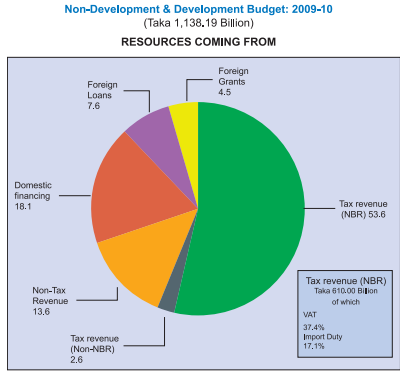
- Total outlay Tk 113819 crore
- Interest payment 13.9 per cent
- Public administration 13.6 per cent
- Education and information technology 11.9 per cent
- Local government and rural development 7.6 per cent
- Social security and welfare 7.3 per cent
- Subsidies 6.1 per cent
- Agriculture 4.5 per cent
- Energy and power 3.8 per cent

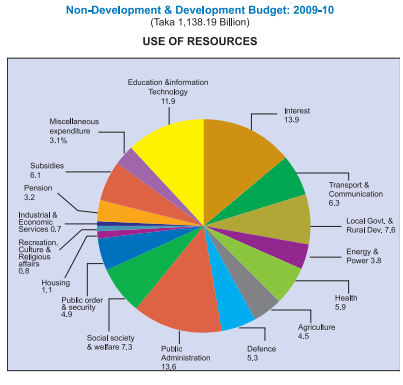
**Projections**

- GDP growth rate 5.5 per cent
- Inflation rate 6.5 per cent
- Domestic borrowing Tk 205.55 billion
- Foreign borrowing Tk 86.73 billion
- ADP Tk 305.00 billion
- Revenue expenditure Tk 772.43 billion
- Budget deficit Tk 343.53 billion

Tax and VAT on some items as approved in the budget

| Item | Proposed (percentage) | Approved (percentage) |
|---|---|---|
| Corporate Tax | 45.00 | 42.50 |
| **Supplement duty** | | |
| 1001-1500cc cars | 45.00 | 30.00 |
| up to 18000cc | 30.00 | 20.00 |
| 1801-2000cc microbus | 100.00 | 60.00 |
| Luxury cars over 4000cc | 350.00 | 500.00 |
| Four-stroke motorcycle | 30.00 | 20.00 |
| **Import Duty** | | |
| Mobile sets | 25.00 | 12.00 |
| Newsprint (24-inch) | 5.00 | 3.00 |
| Industrial salt | 15.00 | 5.00 |
| Powdered milk | 5.00 | 2.50 |
| **Value added tax** | | |
| Cigarette | 23.00 | 28.00 |
| Aluminium | 15.00 | 0.00 |
| Bidi | 15.00 | 0.00 |
| Unani medicines | 15.00 | 0.00 |
| Herbal and ayurvedic medicines | 15.00 | 0.00 |
| Glass sheets | 15.00 | 0.00 |
| Furniture | 15.00 | 0.00 |
| Biscuits | 15.00 | 0.00 |
| Manpowerexport agencies | 15.00 | 0.00 |
| Solar panel | 15.00 | 0.00 |
| Furnace oil | 15.00 | 0.00 |



with a lock-in period of two years.

In FY 2009-10, the total estimated revenue will be Tk.794.61 billion which is 11.6 percent of GDP. The share of NBR revenues will be Tk. 610.00 billion (8.9 percent of GDP), Non-tax and Non-NBR revenues will be Tk. 155.06 billion and Tk. 29.55 billion respectively (2.7 percent of GDP). Projection of economic growth in the next fiscal year is 5.5 percent and annual inflation is 6.5 percent from 7 percent of fiscal 2009.

In the budget 7.8 percent is allocated for overall agriculture sector (agriculture, fisheries and livestock, rural development and water resources), 22.1 percent for local government, 14 percent for power and energy, 15.7 percent for communication (roads, railway, bridges, waterways, airways and telecommunication), 23.5 percent for human development (health, education and science & technology). A stimulus programme of Tk 5,0 billion has also been announced for continued assistance to the country's exporters of readymade garments, jute and frozen food two per cent duty cut from the existing seven per cent on more than 2,000 imported raw materials that is expected to benefit local manufacturers.

## Seven key communications projects
### for implementation through PPP

An allocation of Tk. 25 billion has been made for the public-private partnership initiative to implement different projects in infrastructure, health and education sectors. Out of the total Tk 25 billion allocation, Tk 21 billion is for ensuring government partnership in equity and loan assistance to different projects. The Viability Gap Funding (VGF) will receive Tk 3 billion which is to be given as subsidy to construction of power plants, hospitals, schools and roads to attract investment. A total of Tk 1 billion has been earmarked in the budget for pre-feasibility study of the projects.

The PPP projects are Dhaka-Chittagong Access Control Highway at an estimated cost of $3.02 billion, construction of a sky rail around Dhaka city at a cost of $2.8 billion, construction of a Dhaka city underground railway at a cost of $3.1 billion, Dhaka city elevated expressway at a cost of $1.23 billion, Dhaka-Narayanganj-Gazipur-Dhaka Elevated Expressway at a cost of $1.90 billion, four gas or coal-fired 450 megawatt power stations at a cost of $1.80 billion, and the construction of Chittagong Deep-Sea Port.

Import of capital machinery under PPP initiatives will enjoy duty-free facilities and tax holidays, or a minimum tax might be imposed on profits only for a specific period. The mode of project implementation under the PPP initiative will be on the basis of Build-Own-Operate (BOO), Build-Operate-Transfer (BOT) and Build-Own-Operate-Transfer (BOOT).

Experts say experience shows that there is no unique formula for developing a sound PPP framework. However, successful programme are characterised by clear policy and legal frameworks for PPPs. The PPP unit needs to be staffed with technically sound and experienced negotiators with specific knowledge on project design, financing and management, observed by the experts.

## The budget is conservative rather than ambitious: CPD

Private think tank Centre for Policy Dialogue (CPD) in its budget reaction on June 12 said many of its projections, including economic growth, private sector investment growth have been estimated lower than capacity and it is a conservative budget rather than ambitious.

The GDP growth has been projected at 5.5 percent for the next year despite having a favourable time compared to a volatile 2008-09, CPD said, a near 6-6.5% growth can be expected given the resilience shown by manufacturing and an early recovery predicted from the global recession. The government's big challenge will be to enhance public-private investment in industry and services sectors, CPD observed. External sector outlook, such as for export and import, has also been shown conservatively, the CPD said.

The CPD criticised the provision for whitening black money at a flat rate of 10 percent which, it said, would give wrong signal to honest taxpayers. An honest taxpayer has to pay 20 percent tax on his/her yearly income of Tk 3.75 lakh, but a black money holder will have to pay just at a 10 percent rate to legalise whatever the amount is. The CPD also criticised the government for allocating a lower amount for the agriculture sector. It found Tk 1,465 crore lower than that of the outgoing fiscal year.

On implementation of annual development programme (ADP),

the CPD has agreed with the finance minister's proposal of reforms but suggested preparing a project-wise action plan. About budget deficit, CPD predicted that it would be lower than the projection because he believes the government will not be able to spend the full budget.

On the much-talked-about public-private partnership, CPD said it is not a new idea and some projects are already being implemented in the power sector. This time it has been brought under the budget. The CPD hailed the government for reducing duty on import of basic raw materials and for the stimulus package. Under social safety net, the target to create jobs for seven lakh poor people is a good move, it said. But it said 5 percent duty on newspaper import would put strain on the print media.

The CPD also hailed the finance minister for undertaking a plan for introducing district and unified budget. However, it identified five challenges for the coming fiscal year--energising investment, consolidating agriculture, protecting external sector, strengthening public finance and reviving public administration.

## Joint Press Statement by Business Leaders
## Concern over legalizing 'Black Money'

The business leaders representing major Chambers and Associations of the country issued a joint press statement on 21 June expressing their concern about legalizing black money which was widely covered by the media.



Withdraw amnesty to whiten money

*Major chamber, business leaders ask govt*

STAFF CORRESPONDENT

Expressing concern over allowing whitening of black money in the proposed budget for the fiscal year 2009-10, major chambers and trade body leaders in a joint statement yesterday urged the government to withdraw the provision to encourage the genuine taxpayers.

"If it is to be considered at all, it should be only for those who have legally earned profit in business but did not declare in the past, and such declared earnings may be allowed on payment of normal tax plus a token penalty for default," the statement said.

It also said, the businessmen are very much concerned about the budget proposal to allow legalising 'black money' (earned through drug trafficking, money laundering, smuggling, corrupt practices and undisclosed legal income) on payment of a nominal 10 percent tax over the next three years.

This provision would not only discourage the genuine taxpayers but also act as disincentive for honest citizens. So, the proposal should be reconsidered for withdrawal, it said.

However, the business leaders welcomed the budget allocation of Tk 2,500 crore for public private partnership (PPP) initiatives.

Mahbubur Rahman, president of International Chamber of Commerce-Bangladesh, Abdul Hafiz Choudhury, president of Metropolitan Chamber of Commerce and Industry, Waliur Rahman Bhuiyan, president of Foreign Investors' Chamber of Commerce and Industry, Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association, Muhahammad A. (Rumee) Ali, vice-president of Bangladesh Association of Banks, AKM Rafiqul Islam, chairman of Bangladesh Insurance Association, Zafar Osman, president of Dhaka Chamber of Commerce and Industry, Abdus Salam Murshedy, president of Bangladesh Garment Manufacturers and Exporters Association, Abdul Hai Sarker, president of Bangladesh Textile Mills Association, K Mahmood Sattar, president of Association of Bankers Bangladesh Ltd and Kamran T Rahman, president of Bangladesh Employers' Federation are the signatories of the joint statement.

# Regional News

## Asian Capital Markets Stabilizing

### But Recovery Could Be Lengthy : ADB

Emerging Asia's capital markets are starting to stabilize and the region's relatively resilient economies should help them recover as the global crisis ebbs and investor appetite returns, says Asian Development Bank (ADB) report.

Nevertheless, the road to recovery for the region's equity, bond and currency markets will be long and hard given persistent uncertainty about the length and severity of the current economic downturn, according to the Asia Capital Markets Monitor, a new annual publication from the ADB that assesses the status and challenges for the region's markets.

Net equity outflows from the region slowed significantly in the first quarter of 2009 after a sharp withdrawal of funds in the latter half of 2008, signaling that foreign investors are far less pessimistic than they were about the region's prospects. For the full year, net private capital flows to the region will likely remain positive, although much lower than in 2007 when inflows hit a record high.

Emerging Asia's equity prices were down nearly 42% on year as of March 31, with the markets in India, Indonesia and Thailand faring worst. Over the same period, the Dow Jones Industrial Average lost a smaller 16%.

Meanwhile, most emerging Asian currencies fell sharply against the U.S. dollar due to heightened risk aversion and massive deleveraging. Local currency bonds held up well but spreads over U.S. Treasuries of U.S. dollar-denominated bonds from the region soared, reflecting difficult external funding conditions.

In recent months though, emerging Asian equity markets have outperformed mature markets, with low valuations starting to attract buyers. Offshore funding costs are falling, although they remain elevated by historical standards. On the local bond market, issuance is set to expand as governments seek to fund fiscal stimulus packages. That will likely cap gains in local currency bonds.

Although most Asian currencies are expected to recover somewhat over the course of the year, further depreciation is possible in the near term amid continued deleveraging and as weaker exports reduce dollar earnings in the region.

The report covers eleven economies of emerging Asia; the People's Republic of China; Hong Kong, China; India; Indonesia; Republic of Korea; Malaysia; Philippines; Singapore; Taipei,China; Thailand; and Viet Nam.

### Emerging Asia's Market Performance and Outlook

- The financial outlook for emerging Asia is less bleak than for other regions, with net private capital inflows to the region's capital markets expected to remain positive this year, if down sharply from their 2007 peak.
- Equity markets across emerging Asia show signs of a tentative recovery, as valuation indicators have begun to look attractive.
- Any sustained recovery, however, could be delayed as uncertainty over the severity and length of the global financial crisis and recession weighs down investor sentiment.
- Local currency bond issuance should expand in 2009 as fiscal policy moves center stage in the fight against recession and government bond issuance rises to finance fiscal stimulus packages.
- Rising bond yields associated with increased government bond issuance may raise funding costs of fiscal stimulus packages.
- Most emerging Asian currencies fell sharply against the US dollar given massive deleveraging and heightened risk aversion; onshore and offshore implied interest rate differentials indicate depreciation pressures persist on some Asian currencies.
- Growing cross-border transactions, rapid investment inflows, and speculative positioning have driven emerging Asia's non-deliverable forwards markets.

# Global plan for recovery and reform

## The official statement issued at the close of the G20 London Summit.

1. We, the Leaders of the Group of Twenty, met in London on 2 April 2009.

2. We face the greatest challenge to the world economy in modern times; a crisis which has deepened since we last met, which affects the lives of women, men, and children in every country, and which all countries must join together to resolve. A global crisis requires a global solution.




3. We start from the belief that prosperity is indivisible; that growth, to be sustained, has to be shared; and that our global plan for recovery must have at its heart the needs and jobs of hard-working families, not just in developed countries but in emerging markets and the poorest countries of the world too; and must reflect the interests, not just of today's population, but of future generations too. We believe that the only sure foundation for sustainable globalization and rising prosperity for all is an open world economy based on market principles, effective regulation, and strong global institutions.

4. We have today therefore pledged to do whatever is necessary to:

- restore confidence, growth, and jobs;
- repair the financial system to restore lending;
- strengthen financial regulation to rebuild trust;
- fund and reform our international financial institutions to overcome this crisis and prevent future ones;
- promote global trade and investment and reject protectionism, to underpin prosperity; and build an inclusive, green, and sustainable recovery.

By acting together to fulfil these pledges we will bring the world economy out of recession and prevent a crisis like this from recurring in the future.

5. The agreements we have reached today, to treble resources available to the IMF to $750 billion, to support a new SDR allocation of $250 billion, to support at least $100 billion of additional lending by the MDBs, to ensure $250 billion of support for trade finance, and to use the additional resources from agreed IMF gold sales for concessional finance for the poorest countries, constitute an additional $1.1 trillion programme of support to restore credit, growth and jobs in the world economy. Together with the measures we have each taken nationally, this constitutes a global plan for recovery on an unprecedented scale.

### Restoring growth and jobs

6. We are undertaking an unprecedented and concerted fiscal expansion, which will save or create millions of jobs which would otherwise have been destroyed, and that will, by the end of next year, amount to $5 trillion, raise output by 4 per cent, and accelerate the transition to a green economy. We are committed to deliver the scale of sustained fiscal effort necessary to restore growth.

7. Our central banks have also taken exceptional action. Interest rates have been cut aggressively in most countries, and our central banks have pledged to maintain expansionary policies for as long as needed and to use the full range of monetary policy instruments, including unconventional instruments, consistent with price stability.

8. Our actions to restore growth cannot be effective until we restore domestic lending and international capital flows. We have provided significant and comprehensive support to our banking systems to provide liquidity, recapitalise financial institutions, and address decisively the problem of impaired assets. We are committed to take all necessary actions to restore the normal flow of credit through the financial system and ensure the soundness of systemically important institutions, implementing our policies in line with the agreed G20 framework

for restoring lending and repairing the financial sector.

9. Taken together, these actions will constitute the largest fiscal and monetary stimulus and the most comprehensive support programme for the financial sector in modern times. Acting together strengthens the impact and the exceptional policy actions announced so far must be implemented without delay. Today, we have further agreed over $1 trillion of additional resources for the world economy through our international financial institutions and trade finance.

10. Last month the IMF estimated that world growth in real terms would resume and rise to over 2 percent by the end of 2010. We are confident that the actions we have agreed today, and our unshakeable commitment to work together to restore growth and jobs, while preserving long-term fiscal sustainability, will accelerate the return to trend growth. We commit today to taking whatever action is necessary to secure that outcome, and we call on the IMF to assess regularly the actions taken and the global actions required.

11. We are resolved to ensure long-term fiscal sustainability and price stability and will put in place credible exit strategies from the measures that need to be taken now to support the financial sector and restore global demand. We are convinced that by implementing our agreed policies we will limit the longer-term costs to our economies, thereby reducing the scale of the fiscal consolidation necessary over the longer term.

12. We will conduct all our economic policies cooperatively and responsibly with regard to the impact on other countries and will refrain from competitive devaluation of our currencies and promote a stable and well-functioning international monetary system. We will support, now and in the future, to candid, even-handed, and independent IMF surveillance of our economies and financial sectors, of the impact of our policies on others, and of risks facing the global economy.




## Strengthening financial supervision and regulation

13. Major failures in the financial sector and in financial regulation and supervision were fundamental causes of the crisis. Confidence will not be restored until we rebuild trust in our financial system. We will take action to build a stronger, more globally consistent, supervisory and regulatory framework for the future financial sector, which will support sustainable global growth and serve the needs of business and citizens.

14. We each agree to ensure our domestic regulatory systems are strong. But we also agree to establish the much greater consistency and systematic cooperation between countries, and the framework of internationally agreed high standards, that a global financial system requires. Strengthened regulation and supervision must promote propriety, integrity and transparency; guard against risk across the financial system; dampen rather than amplify the financial and economic cycle; reduce reliance on inappropriately risky sources of financing; and discourage excessive risk-taking. Regulators and supervisors must protect consumers and investors, support market discipline, avoid adverse impacts on other countries, reduce the scope for regulatory arbitrage, support competition and dynamism, and keep pace with innovation in the marketplace.

15. To this end we are implementing the Action Plan agreed at our last meeting, as set out in the attached progress report. We have today also issued a Declaration, Strengthening the Financial System. In particular we agree:

- to establish a new Financial Stability Board (FSB) with a strengthened mandate, as a successor to the Financial Stability Forum (FSF), including all G20 countries, FSF members, Spain, and the European Commission;
- that the FSB should collaborate with the IMF to provide early warning of macroeconomic and financial risks and the actions needed to address them;
- to reshape our regulatory systems so that our authorities are able to identify and take account of macro-prudential risks;

- to extend regulation and oversight to all systemically important financial institutions, instruments and markets. This will include, for the first time, systemically important hedge funds;
- to endorse and implement the FSF's tough new principles on pay and compensation and to support sustainable compensation schemes and the corporate social responsibility of all firms;
- to take action, once recovery is assured, to improve the quality, quantity, and international consistency of capital in the banking system. In future, regulation must prevent excessive leverage and require buffers of resources to be built up in good times;
- to take action against non-cooperative jurisdictions, including tax havens. We stand ready to deploy sanctions to protect our public finances and financial systems. The era of banking secrecy is over. We note that the OECD has today published a list of countries assessed by the Global Forum against the international standard for exchange of tax information;
- to call on the accounting standard setters to work urgently with supervisors and regulators to improve standards on valuation and provisioning and achieve a single set of high-quality global accounting standards; and
- to extend regulatory oversight and registration to Credit Rating Agencies to ensure they meet the international code of good practice, particularly to prevent unacceptable conflicts of interest.

16. We instruct our Finance Ministers to complete the implementation of these decisions in line with the timetable set out in the Action Plan. We have asked the FSB and the IMF to monitor progress, working with the Financial Action Taskforce and other relevant bodies, and to provide a report to the next meeting of our Finance Ministers in Scotland in November.

## Strengthening our global financial institutions

17. Emerging markets and developing countries, which have been the engine of recent world growth, are also now facing challenges which are adding to the current downturn in the global economy. It is imperative for global confidence and economic recovery that capital continues to flow to them. This will require a substantial strengthening of the international financial institutions, particularly the IMF. We have therefore agreed today to make available an additional $850 billion of resources through the global financial institutions to support growth in emerging market and developing countries by helping to finance counter-cyclical spending, bank recapitalisation, infrastructure, trade finance, balance of payments support, debt rollover, and social support. To this end:

- we have agreed to increase the resources available to the IMF through immediate financing from members of $250 billion, subsequently incorporated into an expanded and more flexible New Arrangements to Borrow, increased by up to $500 billion, and to consider market borrowing if necessary; and
- we support a substantial increase in lending of at least $100 billion by the Multilateral Development Banks (MDBs), including to low income countries, and ensure that all MDBs, including have the appropriate capital.

18. It is essential that these resources can be used effectively and flexibly to support growth. We welcome in this respect the progress made by the IMF with its new Flexible Credit Line (FCL) and its reformed lending and conditionality framework which will enable the IMF to ensure that its facilities address effectively the underlying causes of countries' balance of payments financing needs, particularly the withdrawal of external capital flows to the banking and corporate sectors. We support Mexico's decision to seek an FCL arrangement.

19. We have agreed to support a general SDR allocation which will



inject $250 billion into the world economy and increase global liquidity, and urgent ratification of the Fourth Amendment.

20. In order for our financial institutions to help manage the crisis and prevent future crises we must strengthen their longer term relevance, effectiveness and legitimacy. So alongside the significant increase in resources agreed today we are determined to reform and modernise the international financial institutions to ensure they can assist members and shareholders effectively in the new challenges they face. We will reform their mandates, scope and governance to reflect changes in the world economy and the new challenges of globalisation, and that emerging and developing economies, including the poorest, must have greater voice and representation. This must be accompanied by action to increase the credibility and accountability of the institutions through better strategic oversight and decision making. To this end:

- we commit to implementing the package of IMF quota and voice reforms agreed in April 2008 and call on the IMF to complete the next review of quotas by January 2011;
- we agree that, alongside this, consideration should be given to greater involvement of the Fund's Governors in providing strategic direction to the IMF and increasing its accountability;
- we commit to implementing the World Bank reforms agreed in October 2008. We look forward to further recommendations, at the next meetings, on voice and representation reforms on an accelerated timescale, to be agreed by the 2010 Spring Meetings;
- we agree that the heads and senior leadership of the international financial institutions should be appointed through an open, transparent, and merit-based selection process; and
- building on the current reviews of the IMF and World Bank we asked the Chairman, working with the G20 Finance Ministers, to consult widely in an inclusive process and report back to the next meeting with proposals for further reforms to improve the responsiveness and adaptability of the IFIs.

21. In addition to reforming our international financial institutions for the new challenges of globalisation we agreed on the desirability of a new global consensus on the key values and principles that will promote sustainable economic activity. We support discussion on such a charter for sustainable economic activity with a view to further discussion at our next meeting. We take note of the work started in other fora in this regard and look forward to further discussion of this charter for sustainable economic activity.

## Resisting protectionism and promoting global trade and investment

22. World trade growth has underpinned rising prosperity for half a century. But it is now falling for the first time in 25 years. Falling demand is exacerbated by growing protectionist pressures and a withdrawal of trade credit. Reinvigorating world trade and investment is essential for restoring global growth. We will not repeat the historic mistakes of protectionism of previous eras. To this end:

- we reaffirm the commitment made in Washington: to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organisation (WTO) inconsistent measures to stimulate exports. In addition we will rectify promptly any such measures. We extend this pledge to the end of 2010;
- we will minimise any negative impact on trade and investment of our domestic policy actions including fiscal policy and action in support of the financial sector. We will not retreat into financial protectionism, particularly measures that constrain worldwide capital flows, especially to developing countries;
- we will notify promptly the WTO of any such measures and we call on the WTO, together with other international bodies, within their respective mandates, to monitor and report publicly on our adherence to these undertakings on a quarterly basis;
- we will take, at the same time, whatever steps we can to promote and facilitate trade and investment; and
- we will ensure availability of at least $250 billion over the next two years to support trade finance through our export credit and investment agencies and through the MDBs. We also ask our regulators to make use of available flexibility in capital requirements for trade finance.

23. We remain committed to reaching an ambitious and balanced conclusion to the Doha Development Round, which is urgently needed. This could boost the global economy by at

least $150 billion per annum. To achieve this we are committed to building on the progress already made, including with regard to modalities.

24. We will give renewed focus and political attention to this critical issue in the coming period and will use our continuing work and all international meetings that are relevant to drive progress.

## Ensuring a fair and sustainable recovery for all

25. We are determined not only to restore growth but to lay the foundation for a fair and sustainable world economy. We recognise that the current crisis has a disproportionate impact on the vulnerable in the poorest countries and recognise our collective responsibility to mitigate the social impact of the crisis to minimise long-lasting damage to global potential. To this end:

- we reaffirm our historic commitment to meeting the Millennium Development Goals and to achieving our respective ODA pledges, including commitments on Aid for Trade, debt relief, and the Gleneagles commitments, especially to sub-Saharan Africa;
- the actions and decisions we have taken today will provide $50 billion to support social protection, boost trade and safeguard development in low income countries, as part of the significant increase in crisis support for these and other developing countries and emerging markets;
- we are making available resources for social protection for the poorest countries, including through investing in long-term food security and through voluntary bilateral contributions to the World Bank's Vulnerability Framework, including the Infrastructure Crisis Facility, and the Rapid Social Response Fund;
- we have committed, consistent with the new income model, that additional resources from agreed sales of IMF gold will be used, together with surplus income, to provide $6 billion additional concessional and flexible finance for the poorest countries over the next 2 to 3 years. We call on the IMF to come forward with concrete proposals at the Spring Meetings;
- we have agreed to review the flexibility of the Debt Sustainability Framework and call on the IMF and World Bank to report to the IMFC and Development Committee at the Annual Meetings; and
- we call on the UN, working with other global institutions, to establish an effective mechanism to monitor the impact of the crisis on the poorest and most vulnerable.

26. We recognise the human dimension to the crisis. We commit to support those affected by the crisis by creating employment opportunities and through income support measures. We will build a fair and family-friendly labour market for both women and men. We therefore welcome the reports of the London Jobs Conference and the Rome Social Summit and the key principles they proposed. We will support employment by stimulating growth, investing in education and training, and through active labour market policies, focusing on the most vulnerable. We call upon the ILO, working with other relevant organisations, to assess the actions taken and those required for the future.

27. We agreed to make the best possible use of investment funded by fiscal stimulus programmes towards the goal of building a resilient, sustainable, and green recovery. We will make the transition towards clean, innovative, resource efficient, low carbon technologies and infrastructure. We encourage the MDBs to contribute fully to the achievement of this objective. We will identify and work together on further measures to build sustainable economies.

28. We reaffirm our commitment to address the threat of irreversible climate change, based on the principle of common but differentiated responsibilities, and to reach agreement at the UN Climate Change conference in Copenhagen in December 2009.

## Delivering our commitments

29. We have committed ourselves to work together with urgency and determination to translate these words into action. We agreed to meet again before the end of this year to review progress on our commitments.



# News from ICC Hqs. in Paris

## 6th World Chambers Congress held in Kuala Lumpur

### Chambers of commerce pledges to contribute business solutions to climate change

Leaders of the global chambers of commerce community issued a statement on 5 June at the World Chambers Congress in Kuala Lumpur, identifying the current global economic crisis and the impacts of climate change as two major challenges that transcend national borders and require concerted international cooperation.




Noting that the 6th World Chambers Congress took place in the midst of the worst global recession since the Great Depression of the 1930s, the statement urged governments to avoid the temptation of protectionist measures to restrict imports and foreign investments.

Organized by the International Chamber of Commerce's World Chambers Federation, the Congress brought together some 1,000 chamber of commerce executives and other business people in Kuala Lumpur from over 100 countries.

In a main plenary session on the economic implications of climate change, the Congress delegates sought tools and information they could use in their home countries to help company and government leaders to mitigate the effects of climate change and to adapt to new conditions resulting from climate change.

The current year is particularly significant, delegates agreed, as negotiations on a United Nations Framework Convention on Climate Change (UNFCCC) intensify with a view towards reaching a consensus in Copenhagen this December on a post-2012 framework to regulate green house gas emissions.

The events also included nine workshops covering subjects such as networking, sustainable cities, social responsibility, environmental issues, intellectual property, customer service and certificates of origin.

The three-day Congress came to an end on 5 June during a closing ceremony presided over by the Mayor of Kuala Lumpur, Ahmad Fuad Ismail; the Chair of the World Chambers Federation, Rona Yircali; and the President of the Federation of Malaysian Manufacturers, Mustafa Mansur.

Delegates this year came from all continents and represented a full range of developed and developing economies including: Afghanistan, Australia, Bahrain, Bangladesh, Belgium, Benin, Brazil, Cameroon, Canada, Chile, China, Egypt, Finland, Germany, India, Iran, Iraq, Italy, Jordan, Korea, Lebanon, Malaysia, Mexico, Mongolia, Netherlands, New Zealand, Pakistan, Qatar, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sudan, Sweden, Syria, Tajikistan, Tanzania, Thailand, Turkey, Uganda, Ukraine, the United Kingdom, and the United States.

## Seasoned international executive as new ICC Secretary General

Jean Rozwadowski, A businessman with broad international experience was on June 2 named Secretary General of the International Chamber of commerce. Mr. Rozwadowski was unanimously appointed by the ICC World Council at a meeting in Kuala Lumpur on the eve of the biennial ICC World Chambers Federation Congress. He will replace Guy Sebban, who retires on 1 July at the end of his four-year term.

Jean Rozwadowski, 62, was born in Holland to a Polish father and a



Jean Rozwadowski

French mother and grew up in South Africa. A French national, he has lived and worked on five continents, holding senior executive positions in Bahrain, Belgium, Brazil, Britain, France, Germany, Singapore, and the United States. He speaks several languages, including English, French, Portuguese, Polish and Spanish.

Rozwadowski's nomination was approved by the ICC World Council following the recommendation of the ICC Executive Board. The nomination was concluded after a robust global search which started with some 100 names.

The ICC Chairman praised the outgoing Secretary General for his role in strengthening the organization.

The Selection Committee said Mr Rozwadowski had easily fulfilled the criteria it sought in a new Secretary General, namely strong international business experience coupled with a track record in managing change, delivering quality customer service in member-driven organizations, and developing innovative products and solutions to enhance revenue. It said Mr Rozwadowski had the personal and business stature necessary to work closely with leaders in business, government, and multilateral organizations.

Rozwadowski was President of the Latin American and Caribbean Division of MasterCard between 1999 and 2004. Previously he was the company's Executive Vice President for Europe, the Middle East and Africa, based in Belgium. Before joining MasterCard Mr Rozwadowski held numerous executive positions during a 20-year career with American Express, heading up the Southeast Asia and Middle East divisions, based in Singapore and Bahrain, respectively, and leading American Express operations in Brazil for six years. The new Secretary General also served as President of the American Chamber of Commerce in Sao Paolo, Brazil.

Rozwadowski graduated with a MBA degree from the Amos Tuck School of Business Administration at Dartmouth College in Hanover, New Hampshire. He earned his undergraduate degree from the Ecole Supérieure de Commerce de Paris.

## 2009 World Chambers Competition winners announced

The winners of the 2009 World Chambers Competition were announced during a special ceremony held at the 6th World Chamber Congress in Kuala Lumpur.

The winners in each category are:
**Best Unconventional Project:** Oslo Chamber of Commerce for their International Network of Norway project

**Best Networking Project:**
Greater Manchester Chamber of Commerce and Hambantota District Chamber of Commerce for their Post-Tsunami Chamber Cooperation project

**Best International Project:**
Torino Chamber of Commerce for their project From Concept to Car

**Best Small Business Project:**
Hamburg Chamber of Commerce and Federation of Chambers of Commerce and Industry of Madagascar for their project Dual Vocational Training for Madagascar




**Best project from a Chamber in a Developing Country:**
Izmir Chamber of Commerce for the Izmir University of Economics project
This year's winners will for the first time receive prizes, generously donated from chamber members.
The World Chambers Competition, organized by the ICC World Chambers Federation, is the only global awards programme to recognize the most innovative projects undertaken by chambers of commerce and industry from around the world. The 2009 edition of the World Chambers Competition attracted 48 entries from 31 countries.

# ICC ifo economic survey
# Global economic index rises for first time since 2007

The world economic climate index rose in the second quarter of the year for the first time since 2007 as a result of more favourable expectations for the coming six months, but the assessment of the current economic situation worsened yet again, falling to a new record low, ICC and the Ifo Institute for Economic Research said in their latest survey.

The rise in favourable expectations put the climate indicator at 64.4 points compared with 50.1 points in January. Nevertheless the indicator remains well below its long term average of 96.4 points between 1991 and 2008.

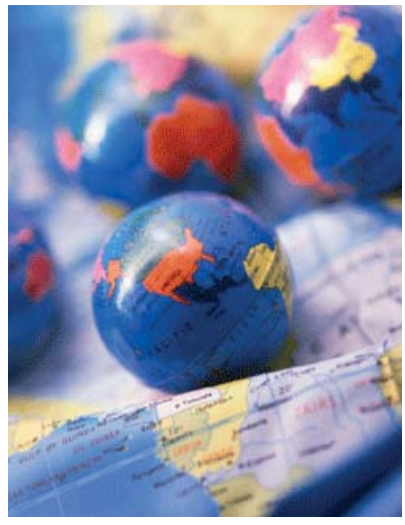
The report, based on a survey of 1,040 economic experts in 90 countries, sought to dampen optimism that the current global recession was nearing an end by emphasizing that "the difficulty of forecasting the future scenario of the world economy is unprecedented as the financial sector is still fragile." But it said that the current pattern signals the slump may bottom out in the second half of the year.

Economic expectations for the next six months improved in all major regions, especially in North America and Asia. At the same time, the worst appraisals regarding the current situation came from North America and Western Europe.

The report said that while the recession in the United States appears to be bottoming out and could start a recovery in the second half of the year, high unemployment and large public deficits will most likely remain an urgent problem throughout 2009. The report added that the global recession has hit the euro area harder than the United States because most countries that use the European currency are more dependent on exports for growth than is the United States.

The report, issued quarterly, said the credit crunch and economic slowdown in Western Europe have strongly hit Central and Eastern Europe, bringing Hungary and Latvia to the brink of bankruptcy. It said economic expectations had been upgraded for all Asian countries except Indonesia and Bangladesh. In Latin America economic expectations were upgraded for all countries except Trinidad and Tobago, Uruguay, Bolivia, Costa Rica, Ecuador and El Salvador.

Economic expectations for Russia were upgraded significantly since the January



report. But the economic climate deteriorated further in Australia and New Zealand. The climate indicator remained negative for South Africa, the continent's largest economy. The economic experts surveyed said they expected a global inflation rate of 2.7% in 2009 compared with 5.4% last year. Inflation is expected to drop further during the next six months.

Despite the slowdown in inflation, the economic experts surveyed said they expected a further decline in short-term interest rates, but forecast the decline of long-term interest rates to end later this year, as has been the case with improved economic expectations in the past.

# ICC WCF membership survey
# Chambers' membership increases during global downturn

A majority of chambers registered increases in their membership during the 2009 first quarter according to a survey by the ICC World Chambers Federation (WCF). WCF's Chamber CEO Survey received responses from key metropolitan chambers, regional and national chambers, both public and private law structures, from 60 countries.

Membership increased by an average 5.8%, the survey said, as a result of the rise in the number of people seeking advice on starting their own business. The report linked the rise in the number of persons seeking to set out on their own to the sharp rise in unemployment resulting from the global recession.

The survey also found that 63% of



the chambers responding reported an increase in the number of companies seeking assistance during the economic crisis, with only 12% of chambers reporting a decline in company requests for aid.

Most of the inquiries received from companies concerned information about starting a new business, available government grants and loan programmes, educational services offered by chambers, and requests for legal advice.

The study also indicated an important increase in their advocacy role and input in shaping government policy, during the 2009 first quarter compared with previous periods. Reflecting the drop in global trade chambers reported an 18% decline in requests for trade facilitation services such as the ATA Carnet and certificates of origin. But there were also positive results in this area, with some countries, including Lebanon, the United Kingdom and New Zealand, reporting a 10% percent increase in demand for these products.

But the recession has affected some chamber operations, the survey found. Most chambers have experienced a decrease in advertising revenue for chamber magazines as well as a strong decline in corporate sponsorship. 63% of the chambers have adjusted their budgets, essentially through reductions in staff, travel and other operational expenses.

Nevertheless, some members surveyed see a silver lining amid the gloom of the current economic climate.

## ICC Chairman and Thai Prime Minister emphasize the importance of global trade

ICC Chairman Victor K. Fung and Thai Prime Minister Abhisit Vejjajiva agreed that increasing world trade is essential to ending the current global recession, and they emphasized that rising protectionist pressures must be resisted. The two met in Hong Kong before a dinner with business leaders hosted by Mr Fung in honour of the Thai Prime Minister, who is also the current head of the Association of Southeast Asian Nations (ASEAN).

The World Trade Organization has estimated that world trade will drop by 9% this year, its biggest decline since World War II. In contrast, trade volume grew 2% percent in 2008.

The ICC Chairman briefed the Prime Minister on his private meeting with British Prime Minister Gordon Brown just before the G20 summit in London last April. He also informed Mr Vejjajiva of ICC's input into the final G20 communiqué and ICC's extensive advocacy work on behalf of business to strengthen the multilateral trading system, resist protectionism and restore trade finance to more normal levels.

Mr Fung also gave the Thai leader a new ICC report on trade finance, which received US$250 billion in support over the next two years from the G20.

He added that leaders need to develop more effective ways of governing an interdependent world with an integrated global economy, insisting that better international cooperation is vital to tackle major challenges that transcend national boundaries and that governments are increasingly unable to resolve on their own.

Mr Fung praised Mr Vejjajiva for the role he has taken in promoting international cooperation to meet the challenges of our time.



# ICC calls on G8 to avoid economic nationalism



The G8 summit should resist pressures to resort to economic nationalism and should further strengthen international cooperation to meet the challenges posed by the global recession, climate change and product counterfeiting, ICC urged Italian Prime Minister Silvio Berlusconi on June 12.

Meetings between the host of the annual G8 summit and the ICC leadership have become traditional and allow the views of the world business community to be presented at the highest levels. The business views were also detailed in a six page statement, which was given to Mr Berlusconi at the meeting.
In addition to Mr Wallenberg, the ICC delegation included ICC Vice Chairman Rajat Gupta and Andrea Tomat, Chairman of ICC Italy and CEO of Lotto Sport Italia. The delegation also conveyed to Mr Berlusconi, who will host the G8 summit in L'Aquila on 8-10 July, the urgent need to increase trade finance on which international trade – the lifeblood of the international economy – heavily depends.

ICC leaders again called on the G8 to finally summon the political will to complete the long-stalled Doha Round of trade negotiations, saying the current global crisis made it more urgent than ever to achieve that objective. ICC praised the recent promises by G20 leaders to refrain from raising trade barriers before the end of 2010.

The ICC delegation said that, while there were some hopeful signs that the recession may be bottoming out in some major economies, the immediate priority was to increase demand and credit. It also urged the world's most industrialized countries to find more effective ways to reduce the growing imbalances in their external current accounts and warned against a mood of regulatory enthusiasm in business sectors where self-regulation is working well.

ICC encouraged the G8 to play a leadership role in fighting climate change and expressed strong support for the United Nations Framework Convention on Climate Change that will try to reach a new global agreement in Copenhagen this December to regulate green house gas emissions. ICC said the new agreement must include all major green house gas emitters and provide business with a clear, stable, and predictable framework to stimulate investment and deploy technology on the necessary scale.

The ICC delegation said that while it was en couraged that product counterfeiting and copyright piracy have become a regular topic on the G8 summit agenda, the problem continues to grow and presents a rapidly increasing danger to society.

ICC called for concrete action in this vital area, including the swift conclusion of an Anti-Counterfeiting Trade Agreement that will set new and higher standards for national and international governmental action to deal with counterfeiting and piracy and the creation of an IPR Customs Taskforce – charging it with the responsibility to establish better operational cooperation amongst G8 customs authorities, support customs capacity-building in developing countries, and share best practices on security controls and free trade zones.

# ICC World Chambers Federation signed cooperation agrement with UN

On Thursday 4 June, the United Nations (UN) Secretariat signed a Cooperation Agreement with the ICC World Chambers Federation during the 6th World Chambers Conference in Kuala Lumpur. The UN, acting through its Office of Central Support Services (OCSS), Procurement Division (UN/PD) signed the Agreement with the ICC World Chamber's Federation (WCF).

The partnership is based on goodwill, active collaboration as well as mutually beneficial activities and will among other things:

- Identify new business opportunities for members of the ICC WCF;
- Support the outreach needs and efforts by the



UN to increase its vendor database;

- Educate ICC WCF staff and vendors about doing business with the UN procurement system; and register more vendors from countries categorized as developing or as economies in transition in the UN Global Market Place (UNGM): www.ungm.org.

Based on previous experiences with individual Chambers of Commerce which have contributed to a joint vision and a common approach, the UN and WCF have decided to sign a Cooperation Agreement and formalize a voluntary and global partnership in which the WCF will actively provide support through its own resources, networks, systems and tools as well as encourage vendors seeking business opportunities to use the UN procurement system. UN/PD, acting as the UN Secretariat Procurement Focal Point, and UN Funds and Programmes as well as Specialized Agencies, will assist WFC by providing information, education tools, and up-to-date information on UN procurement operations.

Held every two years, the World Chambers Congress has established an enviable reputation as the place where Chambers and Business Leaders get to know international peers and share experience and best practice on grassroots issues that have a direct impact on the World Chamber of Commerce community.

## ICC welcomes G20 boost to trade finance and pledge to conclude Doha Round

ICC on April 2 congratulated the G20 leaders for taking a multilateral approach to resolving the world economic crisis. In particular, ICC applauded their agreement to kick-start trade by significantly increasing trade finance, rapidly concluding the Doha Round of trade negotiations, and strengthening promises to avoid protectionist measures.

ICC commended the decision to ensure US$250 billion of support for trade finance over the next two years and to encourage use of available flexibility in capital requirements for trade finance. This is an essential step as trade, the lifeblood of the global economy, is expected to register a 9% drop this year, its biggest decline since World War II, according to the WTO.

ICC is especially pleased with the renewed commitment to conclude the stalled Doha trade negotiations, which as the final G20 communiqué states, could boost the global economy by at least US$150 billion per year.

ICC is also encouraged by the decision to extend the pledge made last November not to raise trade barriers to the end of 2010, to support the World Trade Organization's efforts to monitor compliance on a regular basis and to rectify any protectionist measures. This is particularly



important in light of a World Bank study indicating that since the G20 summit last November, 17 of the G20 countries adopted a total of 47 measures restricting trade.

ICC also welcomed the substantial increase in resources for the IMF and multilateral development banks to support growth in emerging market and developing countries.

## Meeting of ICC Commission on Arbitration



The April meeting of the ICC Commission on Arbitration focused on an in-depth view of the current functioning of the ICC International Court of Arbitration and its Secretariat. Significant developments of the past year, including the opening of a branch in Hong Kong and the inauguration of the new ICC Hearing Centre in Paris, were also reviewed.

The one-day session in Paris on 22 April under the chairmanship of Peter Wolrich began with farewell remarks by ICC Secretary General Guy Sebban, who will be stepping down on 30 June. Mr Sebban gave an overview of his main accomplishments during his four-year tenure.

In his first appearance before the commission since becoming

Chairman of the Court in January, John Beechey said the institution recognized that it was operating in a very competitive market for arbitration services. That, he said, was a challenge to which the Court was determined to rise. He said the support of the ICC Presidency and Executive Board in making the necessary capital investments to achieve those goals was greatly appreciated, as was that of members of the Court and commission who gave freely of their time and energy to promote the interests of ICC Arbitration.

Among the measures intended to be responsive to users' demands for transparency, arbitrators would now be asked to give details of existing commitments likely to affect their availability to take on new cases.
So far as proposals by ICC national committees to the Court for arbitral appointments were concerned, users would need to be assured that those proposals were not based on inappropriate criteria, such as personal contacts with the appointing authority or the presence of an arbitrator in one particular geographic location as opposed to another in his or her country.

In a separate report to the commission, ICC International Court of Arbitration Secretary General Jason Fry described the last year as challenging. Mr Fry highlighted ICC's new Hearing Centre in Paris, which opened for business in October 2008. Available for hearings, whether ICC, 'ad hoc' or under the auspices of other arbitral institutions.

Other major events included the launch of the online dispute resolution library and the worldwide launch of the Young Arbitrators' Forum, which registered some 1,200 members in just eight months. In particular, the new Hong Kong office of the Court was up and running, with some 100 cases already registered.

The Court's Secretary General emphasized the importance of the anticipated information technology system upgrade, which would allow the Secretariat to keep track in real time of the status of each case. He noted that the upgrade was particularly important as the Court's work load continues to increase at a fast pace. The number of cases registered jumped to 663 last year from 599 in 2007. In addition 407 awards were rendered in 2008, compared with 349 in 2007, while there were 1,317 cases pending compared with 1,285 at the end of the previous year.

## Experts urge facilitating access to genetic resources

Any international regime governing access and benefit sharing for genetic resources should facilitate cross-border exchange of resources and encourage both private and public investment in bio-trade, experts from the breeding and bio-trade sectors told a conference.
The sessions, organized by ICC and sponsored by the International Seed Federation and the European Seed Association, were held concurrently with international negotiations on access and benefit sharing in relation to genetic resources taking place in Paris. The Working Group on Access and Benefit Sharing has been mandated by the United Nations Convention on Biological Diversity to negotiate an international regime on access to and sharing of benefits from genetic resources by 2010.

ICC is coordinating the participation of the diverse business sectors that use genetic resources in the current negotiations for an international treaty within the framework of the Convention.

Willy de Greef, Secretary General of Europabio, the European biotech industry association, explained that plant genetic resources have been constantly interchanged between different countries and regions for plant breeding purposes over thousands of years. All countries are dependent on each other for the genetic germplasm – a collection of genetic resources for an organism – in their main staple food resources.
The United Nations Food and Agriculture Organization's International Treaty on Plant Genetic Resources for Food and Agriculture has already established a multilateral exchange system for



some of the most important food crops.

Flows in animal genetic resources exist mainly from developed to developing countries, while flows in trade of animal products, which are more profitable, take place in the other direction.

Bio products are already competing for private investment with other more established products and the additional risk of an international regulatory structure for such products would reduce investment in bio-trade.

## New ICC Arbitration Court members named

The ICC World Council has named 12 new vice presidents and 41 new members to the ICC International Court of Arbitration. The new appointments bring the total number of Court members to 125. The ICC World Council made the appointments at its meeting in Kuala Lumpur on the occasion of the ICC World Chambers Federation Congress in Malaysia.

In addition to the new appointments, the World Council renewed the terms of 56 other members and 12 alternates. Court members serve three-year terms. The Court will have 125 members from 86 countries when its new term begins 1 July.

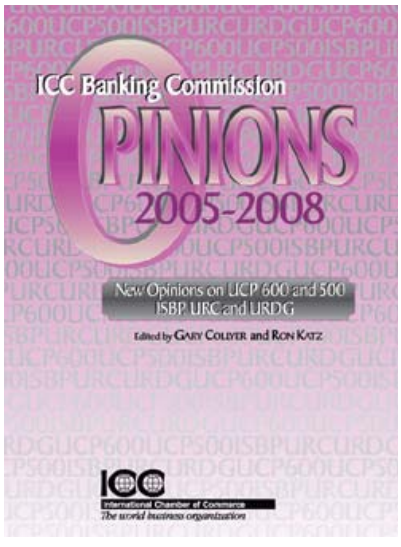
Barrister Rafiqul Huq, nominated by the ICC Bangladesh, has been elected as a member of the court for a period of 3 years. He is the Senior Advocate, Appealate Divission of the Supprime Court of Bangladesh and a former Attorney General of Bangladesh and formar Chairman of Bar Council of Bangladesh. He was also a member of the National committee on Money, Banking and Credit constituted in 1984 and Chairman of the Bar Council Tribunal.



*Barrister Rafiqul Huq*

## New edition of ICC Banking Commission Opinions now available

ICC on April 20 announced the release of ICC Banking Commission Opinions 2005-2008. This new publication is the latest in the celebrated series of Banking Commission Opinions dating back more than 30 years. The UCP 600 rules gave rise to numerous queries from lawyers, banks and shippers, and this new volume, the first in four years, provides precise answers to the questions raised by the new rules.




The 79 Opinions include the first Opinions rendered on UCP 600, ICC's universally used rules on documentary credits, which came into effect on 1 July 2007.

Opinions 2005-2008 includes sections on definitions and interpretations, replacement of the term 'reasonable time' with a maximum of five banking days for examining documents and re-drafted transport articles aimed at resolving confusion over the identification of carriers, masters, and agents. These changes, along with the tendency of some banks to exclude certain of the revised UCP articles in their credits, have generated several of the Opinions in the new book.

This new volume also includes Opinions on ISBP 681, the revised version of the International Standard Banking Practice for the Examination of Documents under Documentary Credits, updated to be consistent with UCP 600; final opinions on UCP 500; and recent Opinions on the Uniform Rules for Collections (URC) and the Uniform Rules for Demand Guarantees (URDG 458).

## Piracy attacks almost doubled in 2009 first quarter

A dramatic increase in activity by Somali pirates led to a near doubling in the number of ships attacked during the year's first quarter compared with the same period in 2008, according to a report issued today by the ICC International Maritime Bureau (IMB).

A total of 102 incidents were reported to the IMB Piracy Reporting Centre (PRC) in the first three months of 2009 compared to 53 incidents in the first quarter of 2008. The quarterly report also said attacks increased by almost 20% over last quarter of 2008.

The increase in the first quarter of 2009 is due almost entirely to increased Somali pirate activity off the Gulf of Aden and the east coast of Somalia. The two areas accounted for 61 of the 102 attacks during the first quarter compared to six incidents for the same period in 2008.

IMB reported that worldwide a total of 34 vessels were boarded, 29 vessels fired upon, and nine vessels hijacked. A total of 178 crew members were taken hostage, nine were injured, five kidnapped, and two killed. In the majority of incidents, the attackers were heavily armed with guns or knives. In addition, violence against crew members continued to increase.

Forty-one incidents were reported in the Gulf of Aden region, including the hijacking of five vessels. In January 2009, one in every six vessels attacked was successfully hijacked, with the rate decreasing to one in eight for February 2009 and one in 13 for the month of March. On average, one in eight vessels attacked was hijacked during the first quarter.

The last quarter of 2008 saw a total of 41 incidents in which the ratio was one in three vessels attacked being hijacked, IMB reported.

The east coast of Somalia recorded 20 attacks in the first quarter of the year, with 18 of



the incidents reported in March alone − including four hijackings. This compares to the last quarter of 2008 in which seven incidents were reported including two hijackings for this area.

In addition to Somalia, Nigeria continues to be a high risk area. In the first quarter of 2009 IMB received reports of only seven incidents, although unconfirmed reports would suggest that at least a further 13 attacks had occurred in the same period. Nearly all incidents have taken place on vessels supporting and connected to the oil industry.

The report said that Peru has seen an increased level of incidents in its waters, with seven attacks reported to the PRC, all of them successful. The last quarter of 2008 saw four incidents reported.

In the report, IMB praised Indonesian authorities for their efforts in curbing piracy and armed robbery in their waters. The first quarter of 2009 saw only one incident reported compared to five incidents in the corresponding period in 2008.

The situation has also improved in Bangladesh (Chittagong) and Tanzania (Dar es Salaam), with a slight decrease in the number of incidents reported in the first quarter as compared to the corresponding period last year. In the first three months of 2009 only one incident was reported for Bangladesh compared to three during the same period last year. Vessels calling at Tanzania reported two incidents as compared to four during the same period last year.

IMB urged all ship masters, owners and others in and outside the shipping industry to report all incidents of actual and attempted piracy and armed robbery to the PRC.

## ICC issues Model International Transfer of Technology Contract

ICC on April 29 announced the release of the ICC Model International Transfer of Technology Contract. This publication is the newest addition to the series of international model business contracts developed and published by ICC. It is particularly useful as an increasing number of companies around the world conclude transactions involving the transfer of technology among business entities.

ICC Model International Transfer of Technology Contract addresses the situation where the owner of a well-known trademark licences it to a company which will use it with respect to products other than those manufactured or sold by the licensor. In this case, it is assumed that the licensed products will be designed and developed by the licensee, but the licensor needs to ensure that the licensed products conform to the overall image of the licensor and its trademarks.

Parties are advised to use the ICC Model International Transfer of Technology Contract as a basis for negotiation and for drawing up their own contracts, possibly with the assistance of a lawyer with expertise in international contracts.

ICC Model International Transfer of Technology Contract is another important resource for attorneys and companies engaged in international trade.




Produced by experts at the ICC Commission on Commercial Law and Practice, it carries the authority of ICC, the organization that pioneered many of the basic rules and mechanisms at the heart of international business.

# News from WTO Hqs. in Geneva

## WTO members reappoint LAMY for a second term

The General Council, on 30 April, agreed to reappoint Director-General Pascal Lamy for a second term of four years as from 1 September 2009. The unanimous decision followed Mr Lamy's presentation on his vision for the WTO and a question-and-answer session held the day before.

Mr. Lamy informed the General Council on May 26 that he has decided to retain Alejandro Jara of Chile, Valentine Rugwabiza of Rwanda, Harsha Singh of India and Rufus Yerxa of the United States in their positions as Deputy Director-General. Their terms of office will begin on 1 October.

"During the last four years this strong team has served the Organization and its Members with dedication and vision. Together we have worked to advance the interests of the multilateral trading system. As we prepare to move into the last miles in the Doha Round, I believe




I must privilege experience and safeguard continuity. I look forward to working with my team and with Members in the months and years to come," Mr. Lamy said.

## AID FOR TRADE

### WTO, ADB urge more Aid-for-Trade efforts to counter the economic crisis

Ministers, trade officials and senior government officials from around Asia on May 28 gathered in Siem Reap, Cambodia to discuss the impact of the global crisis on trade, how Aid for Trade can support private sector growth, and how to include trade into national development strategies.

At the conference, Asian Development Bank (ADB) President Haruhiko Kuroda and World Trade Organization (WTO) Director General Pascal Lamy urged ongoing efforts to support trading activities in the face of the prolonged global financial crisis and the risk of protectionism.

Mr. Lamy stated that: "Trade is an essential ingredient to exit the crisis. But to keep the wheels of trade turning we need trade finance to flow. And to make trade work for the people we need renewed efforts on Aid for Trade. This is the time for global solidarity."

As part of those efforts, Mr. Kuroda and Mr. Lamy announced that Cambodia and Japan will lead an Asia-Pacific regional technical group on Aid for Trade. The regional technical group is tasked with preparing plans for stepping up Aid for Trade in Asia and the Pacific and will report at the Second Global Review on Aid for Trade to take place in Geneva, Switzerland on 6-7 July 2009.

Aid for Trade was conceived in December 2005 to help developing nations, in particular least-developed countries, around the world to bolster their capacity to trade. Asia has long suffered an uneven trade status. The newly industrialized economies like Hong Kong, China and the Republic of Korea, as well as the People's Republic of China and India, are integrated into world markets but the region's 22 least developed and smaller economies still account for just 0.3% of world exports. This level has barely increased over the last 25 years.

In tandem with national efforts to mainstream trade into national development strategies, Aid for Trade aims to help countries overcome the supply side and economic infrastructure constraints that undermine their ability to engage in regional and global trade.

## "Stress test" of the multilateral trading system still to come — Lamy

Director-General Pascal Lamy, in his report to the General Council on 26 May as chair of the Trade Negotiations Committee, said that "it is crucial that we keep our monitoring system on the alert and that we advance towards the conclusion of the Doha Round." "A more solid house will resist the strong political winds which we unfortunately have to forecast," he added.

**Report by the Chairman of the Trade Negotiations Committee**

Let me start by welcoming the participants to the Geneva Week for non-residents who have the

opportunity to attend this General Council meeting. I am pleased that we again have been able to synergize the Geneva Week and this session so as to allow participants to get the overall picture of what is happening here. Since my last report to the General Council in February, the economic situation has continued to worsen for all WTO Members. Trade has become a casualty of this crisis. Our forecast shows that world trade will contract by 9 per cent this year, driven lower by the collapse in global demand and by shortages of trade finance that have created supply-side constraints to export growth, in particular in many developing countries.

No-one can foresee how long this recession might last, nor how deep its consequences will be on our social fabrics, but there can be no doubt either about the fragility of the world economy or about the central importance of trade in the recovery.

This current global economic crisis has taken centre stage at a number of international meetings I have attended recently and I wanted to share with you some of my impressions and conclusions from these gathering as well as from some of my recent bilateral meetings. I would also like to provide you with my sense of the way ahead in the Doha Round over the next couple of months.

I participated in the G20 meeting in London in early April. The focus and agenda of the meeting was understandably geared towards finding solutions to the immediate challenges facing the international financial system. But I was very encouraged by the sensitivity of the G20 Leaders to the importance of international trade in general and the multilateral trading system in particular in terms of boosting aggregate demand and restoring sustained growth globally.

**In my intervention to the G20 I stressed four main points.**
First, I stressed the importance of keeping trade open and fighting against protectionist pressures. I emphasized the need for Leaders to strongly support the WTO monitoring mechanism of trade and trade-related measures taken in the context of the crisis which provides Members with regular updates, the next one due before the end of June.

Second, I stressed the importance of keep opening trade by concluding the Doha Round. I explained the important progress we have already made in what is effectively the most ambitious multilateral trade deal ever and I encouraged them to engage vigorously in tackling the few remaining challenges.

Third, I also stressed the importance of keeping the Aid for Trade promises made, in particular since they will allow many of the poorest countries to prepare their exit from the crisis by investing and improving their productive capacity.

Finally, I also raised the importance of ensuring availability and affordability of trade finance to keep oiling the wheels of trade.

You will all have seen the G20 Communiqué. In addition to rejecting protectionism, committing to provide funding for trade finance, engaging to maintain Aid for Trade pledges and committing to conclude the Round, Leaders sent an important signal to the world that trade and the WTO remain at the heart of a broader solution to this crisis. This commitment was further emphasized in a number of bilateral meetings I had during the G20 meeting.

This renewed focus and political attention to trade and the Doha Agenda was more recently in evidence at the spring meetings of the World Bank and the IMF where my participation in the IMF Committee and the World Bank Development Committee as well as in meeting with a number of Ministers confirmed the momentum which has been building in recent weeks.

As the ILO has recently stated, it is clear that the full social impact of the current crisis, unfortunately, is still to come and it will inevitably create more political pressures on the multilateral trading system. But it is precisely at this time, when protectionist temptations flourish, that the value of the multilateral trading system is all the more apparent to all us.

If there is one consistent message I can take out of my meetings in these last three months is that governments are looking to the WTO system of global trade rules for predictability, transparency, stability and as a provider of confidence for economic operators. All stakeholders agree that open trade remains central to global economic recovery. They are looking at the conclusion of the Doha Round as the lowest hanging global stimulus package available.

Turning now to the Doha Round, overall, my impression is that while the economic crisis has worsened since the beginning of the year, the political atmosphere in the negotiations has improved. We have seen an increasing level of political engagement and clear signals of renewed commitment and support for a rapid conclusion of the Doha Round.

Our Geneva process is continuing to push ahead across the whole negotiating agenda. While at the moment much of the work in the Negotiating Groups could be described as technical, it is no less important for that. The Chairs are making every effort to clear the

runway for political takeoff, and I thank them for this.

In Agriculture, we have a new Chairman for the Special Session, Amb. David Walker. Building on the good work that has been done in the group up to now, he is continuing his consultations to advance a number of issues that remain open, among which is the formulation of the SSM. Also to be considered over the coming weeks are outstanding technical issues, among others, under sensitive products, special products, tropical products and preference erosion, cotton and tariff simplification. Nor is it, in my view, too early to start preparing for the scheduling and verification process and the drafting of legal language.

The NAMA Negotiating Group has recently held an open-ended meeting. Sponsors of sectorals reported the technical work at which they have been engaged and they expressed their intention to engage in the coming weeks with their trading partners to move this issue forward. This week there will be a Negotiating Group session on the textual proposals on Non-Tariff Barriers. In July, the Group will hold a scheduling workshop, designed to give participants the opportunity to prepare themselves in respect of the technical issues that will come up when the scheduling phase begins for real.

The Rules Group has also been working on a broad front, with meetings recently on Anti-Dumping, Subsidies and Countervailing Measures and Fisheries Subsidies and further activity planned on Regional Trade Agreements. On Anti-Dumping, the Group followed a three-tiered approach in discussing the Chair's text — first, discussing issues in square brackets, second, text not in brackets, and third, issues not currently reflected in the text. The discussions regarding horizontal subsidies were of a general nature as delegations were given the opportunity to present their general views regarding how they view negotiations in this area proceeding. The Group also discussed fisheries subsidies and continued its discussions on the roadmap by focussing on issues such as prohibition and general exceptions. The next round of open-ended meetings is scheduled for the week of 29 June.

The Negotiating Group on Trade Facilitation has also been making useful progress on all pillars under its mandate. Work on the GATT Articles' side produced a number of additional suggestions on how to improve the existing texts. Good progress was equally made on the S&D front where the Friend of the Chair process now seems firmly established and well under way. The Group plans to meet again next month.

Finally, on Aid for Trade, I am glad to report that preparations for the Second Global Aid for Trade Review on 6 and 7 July are advancing well.

Looking ahead I believe that the Second Global Aid for Trade Review on 6 and 7 July will provide a concrete and specific occasion to show how Aid for Trade is working in practice and to review the fulfilment of the commitments to additionality. I am working closely with the Chair of the Committee on Trade and Development, with DDG Rugwabiza and the membership to prepare this meeting.

To conclude, Mr. Chairman, while, according to some, we may be seeing the bottom of the economic crisis, we have not yet seen its full social impact which will inevitably trigger negative political pressures on the trade front. I personally believe, and I want to share this very openly with you, that the "stress test" of the multilateral trading system is still to come. It is therefore crucial that we keep our monitoring system on the alert and that we advance towards the conclusion of the Round. A more solid house will resist the strong political winds which we unfortunately have to forecast.

## 7th Ministerial Conference in Geneva on 30 November

### Theme: Multilateral Trading System & the Current Global Economic Environment

The WTO General Council, on 26 May agreed to hold the Seventh Session of the WTO Ministerial Conference in Geneva, Switzerland, from 30 November to 2 December 2009. The general theme for discussion shall be "The WTO, the Multilateral Trading System and the Current Global Economic Environment".

Chairman Amb. Mario Matus stated that the Members will recall the question of the holding of the next Ministerial Conference has been the subject of consultations by successive Chairmen of the General Council since December 2005, when Ministers in Hong Kong requested the Council to hold such consultations with a view to determining the date and venue of the Seventh Session.

The Chairman suggested that the Seventh Session of the Ministerial Conference could be based on three guiding principles which I termed "FIT" — Full participation, Inclusiveness, and Transparency, and that for this reason, it should

be centered around plenary sessions in which all Ministers may participate equally.

There also seems to be wide agreement among Members on setting an overall theme for discussion in the Plenary Sessions, which Ministers could address in their statements. Ideas have also been put forward regarding the question of providing sub-themes for the Ministers' discussions, and the format in which discussion of these sub-themes could take place, Amb. Matus added.

Based on discussions with delegations, the Chairman proposed a general theme "The WTO, the Multilateral Trading System and the Current Global Economic Environment". The draft decision also establishes a mandate for the General Council Chairman to undertake all necessary action to prepare the Seventh Session in consultation with Members and in co-operation with the Director-General and the Swiss authorities.

The Chairman mentioned that, given the global economic environment, this Conference should be a much more lean and economical event than in the past. At the present juncture, holding the sort of Conference Members have become accustomed to would not only be inappropriate, but would no doubt be seen as extravagance. This departure from past Ministerial Conferences could help us establish a new model of Ministerial-level meetings conducive to good governance and overall review of the WTO, and one that is not inextricably tied to any particular ongoing negotiations.

## Goods Council extends waiver for poorest countries

The Council for Trade in Goods, on 12 May, approved a ten-year extension to a WTO waiver allowing developing countries to provide preferential tariff treatment to products of least-developed countries (LDCs) without being required to extend the same tariff treatment to other WTO members. The decision now goes to the General Council for adoption.

Brazil, China, India and Korea proposed the extension of the waiver, which was set to expire on 30 June 2009. India, speaking on behalf of the sponsors of the proposal, said that "over the last few years developing countries have been finding means within their own developmental imperatives to meet the requirements of the LDCs and grant them meaningful concessions...given the right environment and enabling provisions the developing countries can be encouraged to enhance their efforts."

Tanzania said the LDC Group had been "very much inspired by the goodwill shown by the membership in approving the extension." The Council also approved one-year extensions, respectively, to waivers granted to Argentina and Panama in connection with the introduction of Harmonized System 1996 changes into WTO schedules of tariff concessions. These draft decisions have also been forwarded to the General Council.

On a related matter, the Council approved a decision on procedures leading to the verification and certification of Harmonized System 1996 changes the WTO Secretariat had undertaken to tariff schedules of 64 developing-country members. This decision also goes to the General Council for adoption.

The Council noted the recent notification of two free-trade agreements: between Costa Rica and Panama, and between China and New Zealand.

Turkey presented an updated version of its compilation of recent research of main trends after the phase-out of quantitative restrictions in the textiles sector. The paper proposed that the WTO take a coordinating role in overcoming economic difficulties encountered by developing countries in the post-quota period. Turkey suggested a detailed discussion of the paper at the next meeting.

Jordan, El Salvador, the Dominican Republic, Mauritius and Morocco expressed support for Turkey's paper. Korea said that any trade-related matter can be discussed by the Council.

China, Pakistan, India, Korea and Hong Kong, China expressed concern that the paper might be aimed at reversing trade liberalization, and stressed that it would never enjoy consensus in the Council.

The chair, Amb. Elin Østebø Johansen (Norway), said that it was clear members were far from an agreement on this issue, with some wanting it to remain on the agenda and some others wanting to take it off the agenda. She urged interested delegations to meet among themselves to find a way forward. The Council agreed to revert to this item at the next meeting (29 June 2009), but that if the discussions remained inconclusive, this agenda item would be suspended.

## WTO Chairs Programme to promote trade related academic events

The WTO Chairs Programme aims to support and promote trade-related academic activities by universities and research institutions in developing and least-developed countries.

Academic institutions awarded WTO Chairs will receive support in the following areas: course preparation, teaching, research and outreach activities. The Chairs will be selected through a competitive bidding process.

While the Programme provides direct support to academic institutions from developing countries, it is also open to academic institutions in developed countries, particularly those who cooperate closely with developing-country counterparts.

The main objectives of the Programme, which was launched in March 2009, are to:

- build lasting relationships with institutions from developing and developed countries by according financial support to beneficiary institutions for four years
- support trade-related teaching by providing WTO support for the development and delivery of courses on trade policy and WTO-related matters in academic institutions
- foster further research in trade-related matters and highlight the policy relevance of existing research — universities awarded the Chairs are expected to cooperate with other institutions in the Programme, through joint research, shared lecturing arrangements and student/ academic exchanges
- encourage and extend outreach/communication — universities awarded the WTO Chairs are expected to organize public activities aimed at disseminating research and promoting discussion regarding international trade and trade cooperation.

## WTO and Singapore University kickoff course for Asia Pacific officials

The third Regional Trade Policy Course (A 12-week training course )for the Asia-Pacific region, organized by the WTO and the National University of Singapore for government officials in the Asia-Pacific region began on 18 May. A formal welcome was extended to the 25 government officials from developing countries, least-developed countries and countries in accession who will attend the course from 18 May to 7 August 2009 at a ceremony organized at the National University of Singapore.

RTPCs cover all aspects of the WTO work programme with a new emphasis, from 2009, on international trade theory and the aspects of trade policy making. The RTPC programme includes the basic principles of the WTO, trade in goods, trade in services, intellectual property, horizontal issues, as well as development issues and regional trade agreements. The RTPC programme is comprised of lectures, debates, simulation exercises, group presentations by participants and v isits to a small number of venues of trade related importance locally. The objective of the course is to widen participants' understanding of trade policy matters, the multilateral trading system, international trade law and the functioning of the WTO.

## WTO, Temasek Foundation organize workshop for ASEAN parliamentarians

The WTO Secretariat teamed up with the Temasek Foundation Centre for Trade & Negotiations to organize a regional dialogue for 36 Parliamentarians from ASEAN plus countries from 10 to 12 June 2009 in Singapore.

The programme of the workshop aimed at increasing the capacity of regional legislators to engage in international trade negotiations.



This included a deeper understanding of the WTO, current and future negotiating issues in international trade, and a sustained focus on the particular concerns of developing countries in the process. The meeting was formally opened by the Speaker of the Singapore Parliament and Speakers included officials from WTO, Asian Development Bank, ASEAN, APEC and UNDP as well as three former Singaporian Ambassadors to Geneva.



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