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Climate is changing fast
Change faster to survive

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

Global Climate Change: Bangladesh at Severe Risk

Climate change is having, and will continue to have strong, differential effects on people within and between countries and regions, for the present and future generations. Bangladesh is one of the worst affected among the countries that are facing the early impact of climate change.

The United Nations warns that a quarter of Bangladesh's coastline could be inundated, and about 17% of the land mass go under water, if the sea rises 3 feet in the next 50 years; roughly 30 million Bangladeshis will be displaced from their homes and farms, making them "climate refugees".

According to Intergovernmental Panel on Climate Change (IPCC) after the 2030s, river flows could drop dramatically, turning the great glacier-fed rivers of Asia into seasonal monsoon-fed rivers. As a result, water shortages in Asia could affect more than a billion people by the 2050s. The impact of higher temperatures, more variable precipitation, extreme weather events (including intense floods, droughts, and storms) and sea level rise are already felt in Bangladesh and will continue to intensify.

A study by the Asian Development Bank (ADB) reveals that if the current trends persist until 2050, the crop production in South Asia would decline significantly and melting Himalayan glaciers and other climate change impacts will pose a direct threat to the water and food security of more than 1.6 billion people in South Asia. There are predictions that globally harvests may drop 20 to 40 per cent by the end of this century as a result of global warming.

New research, by economists at the Massachusetts Institute of Technology (MIT), finds that in years with higher temperatures, poor countries would experience significantly slower economic growth. The results further suggest that global warming could widen the gap between rich and the poor.

According to latest estimates, "annual per capita greenhouse gas (GHG) pollution" in Bangladesh is 0.9 as against 2.2 in India, 5.5 in China, 11 in Europe, 27 in US, 30 in Australia, and 6.7 in the world. The people of Bangladesh are suffering the harsh effects of climate change, even though we are responsible for only one-fifth of one per cent of global greenhouse gas emissions.

Particularly since the industrial revolution, countries that are now developed have been profligate in their use of fossil-fuel energy for development; the GHGs they have emitted have created the problem we currently face. Now, as our countries want to develop, we face innumerable problems that are the direct consequences of the actions of others. Our industrial development will be much more expensive than it has been for countries that have developed earlier.

The way out of global warming is not easy, assuming we are not already too late. It will cost between $500 and $600 billion annually to enable poor developing states to shift to renewable energy resources instead of relying on fuels that worsen global warming, according to a United Nations report released on September 1, 2009. Technology is available for cost-effective environment-friendly production processes in developed countries; equally important will be the life-style changes in the developed countries, to reduce their emissions of GHGs.

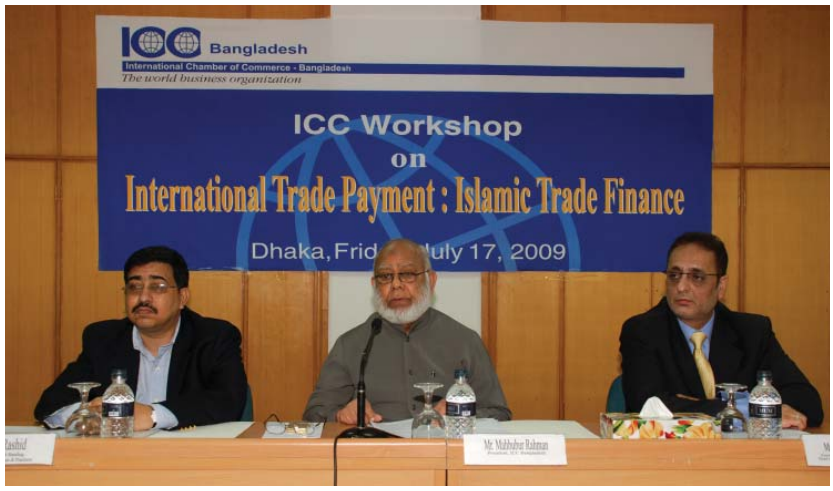
To recoup the current climate-change related losses, Bangladesh has sought $ 500 million on an urgent basis as financial assistance from the UN and developed countries. In addition, we have presented the country paper to the UN seeking a further $ 5 billion as compensation for next five years. We praise the timely initiative. However, Bangladesh must participate effectively and raise the compensation issue in the negotiations leading to the 192-nation UN Conference on Climate Change in Copenhagen during December 2009. The developed countries have the responsibility to cut their emissions to sustainable levels, and at the same time help us overcome the consequences of their actions.

ICC Bangladesh News

ICCB Workshop on Islamic Trade Finance

Islamic Banking remains unhurt during world financial crisis: ICCB President

Islamic Banking is now an issue of great interest for many, including Western non-Muslims, because the system still remains almost unhurt by the ongoing global financial crisis. The Islamic banking industry in Bangladesh also continues to show strong growth since its inception in 1983. ICCB President Mahbubur Rahman made the above observations while inaugurating a day-long ICC workshop on International Trade Payments: Islamic Trade Finance organized by ICC Bangladesh for the bankers in Dhaka on July 17.



ICCB President Mahbubur Rahman (middle) is seen speaking at the inaugural session of the ICC Workshop on Islamic Trade Finance. Mamun Rashid, Chairman, ICCB Standing Committee on Banking Technique and Practices (left) and Workshop resource person and Coordinator of ICC UAE Banking Commission Iqbal Ibrahim Kamally (right) are also seen in the picture.

Mahbubur Rahman mentioned that at present, out of 48 banks, 8 private commercial banks are operating as full-fledged Islamic banks. Besides, 21 branches of 10 conventional banks including 2 foreign banks are also engaged in Islamic banking.

The relative stability of Islamic banking institutions in current recession has drawn attention of all concerned. Even The Vatican said banks should look at the rules of Islamic finance to restore confidence amongst their clients at a time of global economic crisis. Based on available information about US$ 1 trillion of assets are managed according to Islamic investment principles.

The topic of Islamic Finance has emerged in recent decades as one of the most important trends in the financial world. There has always been a demand in a number of countries for financial products and services that conform to the Shariah (Islamic law). With the development of viable Islamic alternatives to conventional finance, Muslims are beginning to find Shariah compliant solutions to their financial needs, Mahbubur Rahman mentioned.

ICCB President said it is evident that Islamic finance was practiced predominantly in the Muslim world throughout the middle Ages, fostering trade and business activities. In Spain and the Mediterranean and Baltic States, Islamic merchants became indispensable middlemen for trading activities. It is claimed that many concepts, techniques, and instruments of Islamic finance were later adopted by European financiers and businessmen.

It is estimated that Islamic Banking is growing at a rate of 10-15% per year and with signs of consistent future growth. It is understood that Islamic banks have more than 300 institutions spread over 51 countries, plus an additional 250 mutual funds that comply with the Islamic principles, ICCB President added.

Chairman of ICCB Standing Committee on Banking Technique and Practices Mamun Rashid said besides its wide geographical scope, the expansion of Islamic finance has also been taking place across the whole spectrum of financial activities, ranging from retail banking to insurance and capital market investments. He observed that the global financial turbulence appears to have had a limited impact on the Islamic finance industry, which has been in an expansionary phase in recent years.

Iqbal Ibrahim Karmally, Coordinator of ICC UAE Banking Commission, who conducted the workshop, also spoke during the inaugural session. He said that Islamic Banking Scheme has proved its immunity against the current world economic recession as well as experienced tremendous growth amid global downturn. The reason behind this immunity is that above all Islamic financing scheme prohibits greed which is the root cause of the current global crisis, Karmally added. As many as 63 participants from different banks attended the workshop.

ICCB Workshop on Islamic Trade Finance in Chittagong

significance of Islamic banking stressed

The second ICC Workshop on International Trade Payments: Islamic Trade Finance was held in Chittagong on July 18. The workshop was inaugurated by M.A. Latif MP, Executive Board Member of ICCB and President, Chittagong Chamber of Commerce and Industry (CCCI). While inaugurating the workshop Latif said that Islamic Banking and Trade Finance now-a-days has become very popular because it offers an excellent alternative of financing to the customers particularly to the Muslims who have reservation against interest based conventional banking system.

CCCI President further said that trade finance and payment is a very old issue in business. Trade finance plays an important role in facilitating trade transaction between buyers and/or sellers. It is a form of short term banking facility to help the buyers and or sellers in managing its required cash flow in the short run. For decades, banks worldwide have been practicing this conventional method of trade financing until recent years with emergence of the Islamic banking system. He said that the fundamental difference between the two is in their very concept. Islamic banking or trade finance is profit or loss concerned while the conventional system is fixed interest based. In international trade transaction, compliance issues and documentary requirements for Islamic trade finance are quite same as that of conventional banking system except that it operates in accordance with the rules of Shariah, known as fiqh al-Muamalat (Islamic Rules of Transactions.)

Latif requested ICCB to organize more such seminars and workshops related to burning trade and business promotional issues in Chittagong in future to enable its business people to be more aware of those and thus equip themselves to cope with the ever changing and challenging international trade regime.

Iqbal Ibrahim Karmally, Coordinator of the ICC UAE Banking Commission and Head of Trade Finance at Sharjah Islami Bank and Resource Person of the workshop and ICCB Secretary Ataur Rahman also spoke at the inaugural session. A total of 27 participants from different banks attended the workshop.



M.A. Latif MP, Executive Board Member of ICCB and President, Chittagong Chamber of Commerce and Industry (middle) is seen at the inaugural session of the ICCB Workshop on Islamic Trade Finance. Workshop resource person and Coordinator of ICC UAE Banking Commission Iqbal Ibrahim Kamally is seen on his right and ICCB secretary Ataur Rahman is seen on his left.

ICCB Dialogue on Basel II

Economic Adviser suggests forward-looking approach to capital supervision

Dr. A.K.M. Mashiur Rahman, Advisor to the Prime Minister for Economic Affairs said that bank interest rate is still high relating to inflation and high interest rate itself has a risk. He suggested for lowering interest rate for furtherance of investment in the country. The Adviser made the observations, as Chief Guest, during ICC Dialogue on Globalization of Basel II: Its Implementation in Bangladesh organized by ICC Bangladesh at Dhaka Chamber of Commerce & Industry (DCCI) Auditorium in Dhaka on August 9.

He mentioned that under the Basel II Framework, it is intended to promote a more forward-looking approach to capital supervision that encourages banks to identify the risks they may face, today and in future, and to develop & improve their ability to manage those risks. He added that quality of the

borrowers is very much significant for proper capital supervision.

The Adviser called upon the businesses to proceed carefully considering the uncertainty and inadequate knowledge about the subject of banking regulation and protection. He also added that the rescheduling of loan distorts the interest rate in the credit market.

key risks. With that in mind and as part of its strategic response to address weaknesses revealed by the financial market crisis, the Basel Committee has reviewed Basel II and has developed a series of proposed enhancements to strengthen the framework.

Mahbubur Rahman added that Basel II consists of three pillars.



Dr. A. K. M. Mashiur Rahman, Adviser to the Prime Minister for Economic Affairs (middle) is seen speaking at the ICCB Dialogue on Basel II held at DCCI Auditorium. ICCB President Mahbubur Rahman and DCCI President Zafar Osman are seen on his right and ICCB Vice President Latifur Rahman & Chairman of ICCB Standing Committee on Banking Technique and Practices Mamun Rashid are seen on his left.

He appreciated the Bangladesh Bank's introduction of quarterly reporting system and told that it might have an effect on regulating the financial market.

ICCB President Mahbubur Rahman in his welcome address said that since the financial crisis which started in mid-2007, an important source of losses and of the build up of leverage occurred in the trading books. A main contributing factor was that the current capital framework for market risk does not capture some

Pillar I sets out minimum capital requirements, Pillar II defines the process of supervisory review of a financial institutions' risk management framework and Pillar III determines market discipline through improved disclosure. Implementation of this new accord is a challenge for many developing countries including Bangladesh.

Regarding the trading book proposals, the Committee proposes an implementation date for Basel II no later than 31 December 2010. But according to

Financial Stability Institute (FSI) survey in 2004 and a follow-up survey in 2006 on implementation of Basel II in non-Basel Committee member countries, 84 percent of all respondents worldwide intend to adopt Basel II between 2007 and 2015. In Asia, 100 per cent of respondents intend to implement Basel II at some point over 2007-2015. This is quite striking given that a fairly large number of low-income countries are located in Asia, ICCB President observed.

Mamun Rashid, Chairman of the ICC Standing Committee on Banking Technique and Practices in his welcome speech stated that until proper importance and accountability of the stakeholders can be ensured the implementation of Basel II is not possible.

Timothy D Rees, Citigroup Basel II Program Director of Asia Pacific Region, Sydney, Australia made the presentation on Globalization of Basel II : Its Implementation in Bangladesh.

ATM Nasiruddin, Former Executive Director, Bangladesh Bank and Dr, Toufic Ahmed Choudhury, Director, Bangladesh Institute of Bank Management took part in the Dialogue as Panelists while KM Abdul Wadood, Deputy General Manager, Bangladesh Bank and Ahmed Kamal Khan Chowdhury, Deputy Managing Director, Prime Bank Limited participated as discussants. A large number of business leaders, MDs/CEOs of banks and corporate bodies, senior officials of banks and financial institutions also joined the Dialogue.

PM's Adviser Dr. Rizvi meets business leaders at ICCB

Strengthening of BBBF suggested

ICC Bangladesh arranged a meeting of the business leaders with the International Affairs Adviser to the Prime Minister Dr. Gowher Rizvi on September 10. ICCB President Mahbubur Rahman presided over the meeting held at ICCB. During the informal meeting with the Adviser,

the business leaders raised a number of key issues those are hindering the investment by the private sector which in turn is affecting the growth as well as the business in the country. It was pointed out that businesses were in favour of the continuation of the Bangladesh Better Business Forum (BBBF) which started functioning since November 2007. They suggested that BBBF should meet under the Chairmanship of the Hon'ble Prime Minister at least every three months so that the recommendations made by various working groups could be discussed and decisions taken for implementation of those. The Business Leaders emphasized that the government must give top priority to tackle most burning issues such as energy crisis including exploration of gas and coal, national security, contain extortion, ensuring security of life and property, improving law and order situation, procurement of technology for export industries and containing corruption. They further suggested the government to consider Saturday-Sunday as the weekly holidays to be in line with the rest of the world for promotion of trade and investment. Other suggestions made during the inter-action included: supply of sufficient gas to the industries operating captive power generation with gas, facilitating submission of tender online, overcoming bureaucratic hurdle and de-politicization of bureaucracy, continuity of the policies by the governments, continuation of the national telecom policy, implementation of PPP, branding of Bangladesh abroad for trade promotion, nuclear power generation, display facility of Bangladesh products abroad, responsibility of trade facilitation abroad to be given to private sector, inclusion of more private sector representatives in various trade promotion visits arranged by the Export Promotion Bureau (EPB), continuation of the next practice should in challenging port/ customs authentication needs more support, duty free access of Bangladeshi products to foreign markets, infrastructure development, solving traffic jam in Dhaka city, quick decision on coal policy, privatization process to be brought back to momentum, resolving maritime boundary and Tipaimuk Dam issue, child labour issue in the factories and to have a more vibrant Board of Investment (BOI).



ICCB President (centre) is seen speaking at a meeting of the business leaders with the International Affairs Adviser Dr. Gowher Rizvi held at ICCB. Adviser Dr. Rizvi is seen on his left.

Adviser Dr. Risvi thanked ICC Bangladesh President for giving him this unique opportunity of interacting with the top Business and Chamber Leaders, in such a short notice. He thanked the Business Leaders for the very valuable suggestions for furtherance of trade and development as well as over all growth of the country. He observed that the government has enough political will to attend to all the issues discussed in the meeting. He assured to bring the issues raised at the meeting to the knowledge of the honorable Prime Minister.

ICCB President Mahbubur Rahman in his concluding remarks said that Bangladesh has continued to maintain a steady GDP growth ranging between 5.6-6 per cent. With little more support Bangladesh can progress tremendously. He added that BBBF within one year had made tremendous progress but in the meantime doing business in Bangladesh continued to sliding down. Mahbubur Rahman thanked the Adviser for joining the business leaders in spite of his busy schedule.

ICCB Vice Presidents Latifur Rahman and Samson H. Chowdhury, Former Advisers to the care taker government Syed Manzur Elahi and Mahbub Jamil, CCCI President M. A. Latif, MP, MCCI President Abdul Hafiz Choudhury, FCA, DCCI President Zafar Osman, FICCI President Waliur Rahman Bhuiyan, OBE, Former FBCCI President Mir Nasir Hossain, Former DCCI President A. S. M. Quasem, SME Foundation Chairman Aftab ul Islam, Bangladesh Insurance Association Chairman A. K. M. Rafiqul Islam, FCA, Former DCCI President Hossain Khaled, ICCB Executive Board Member Mamun Rashid, FBCCI Vice President Abu

Alam Chowdhury, Summit Alliance Director Syed Ali Jowher Rizvi, ICCB Secretary Ataur Rahman and ICCB General Manager M Fazlur Rahman Bhuiyan among others attended the meeting.

Workshop on Basel II held in Dhaka and Chittagong

ICCB President suggests careful implementation

ICCB President Mahbubur Rahman while inaugurating a day-long ICCB workshop on Globalization of Basel II: Its Implementation in Bangladesh organized by ICC Bangladesh for the bankers in Dhaka on August 11 said that Basel II has resulted in the evolution of a number of strategies to allow banks to make risky investments, such as the sub prime mortgage market. Higher risks assets are moved to unregulated parts of holding companies. He added that Basel II is an international business standard that requires financial institutions to maintain enough cash reserves to cover risks incurred by operations. The Basel accords are a series of recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision (BCBS). The name for the accords is derived from Basel, Switzerland, where the committee that maintains the accords meets, he added.



ICCB President (centre) delivering inaugural speech at the ICCB Workshop on Basel II. ICCB Vice President Latifur Rahman and Chairman of the Standing Committee on Banking Technique and Practices Mamun Rashid are seen on his right while ICCB Board Member Mahbub Jamil and Workshop resource person Timothy D. Rees are seen on his left.

It may be mentioned that Basel-II accord went into effect in Bangladesh beginning January of this year alongside the Basel-I to consolidate capital base of the banks. The banks are now allowed to follow both Basel-II and Basel-I frameworks for 2009 to calculate their capital adequacy and the banks will have to implement the Basel-II framework beginning January 2010 according to Bangladesh Bank.

Most of the large and internationally active banks (except US Banks) belonging to the developed countries already implemented the Basel II. Major multilateral lending institutions such as the World Bank would also implement them. Implementation of Basel II in advanced countries and multilateral lending institutions who are the major lenders to the developing economies would impact their economy, Mahbubur Rahman cautioned.

ICCB President further alerted that most of the countries implementing Basel II have experienced a shortage of skilled personel in the industry who can understand and implement the sophisticated Basel II requirements. So, there is an almost certain likelihood that the banks in Bangladesh may also face a similar constraint. As such ICCB has organized this workshop and he believed that more such training and workshop can help in developing skilled professionals to deal with Basel II, he added.

Mamun Rashid, Chairman ICCB Standing Committee on Banking Technique and Practices emphasized the need for rating the financial institutions for implementation of Basel II. He mentioned that considering the requirement of skilled personnel in the financial institutions ICCB is relentlessly trying to upgrade the banking professionals to various new approaches. Timothy D. Rees Citigroup Basel II Program Director for the Asia Pacific Region and Arman Aziz, Resident Vice President, Citibank N. A. who conducted the workshop also spoke at the inaugural session. ICCB Vice President Latifur Rahman and ICCB Board Member and former Advisor to the caretaker Government Mahbub Jamil also attended the inaugural session. 70 participants from banks attended the workshop. The second workshop on Basel II arranged in Chittagong on August 10 was attended by 43 participants.

PPP is the key to urban housing

ICCB President at the Seminar on Right to Shelter

The "Right to Shelter" is a fundamental right, which is ensured by both UN declaration and the constitution of Bangladesh. Therefore, "Housing for all" should not merely be an empty slogan, but should be made a reality. It is very difficult on the part of the government of Bangladesh alone to ensure housing for all. At this juncture, public-private partnership can play a dominant role to meet the challenges of housing for the increasing population in the urban locations. ICC Bangladesh President Mahbubur Rahman observed these while speaking as the Chief Guest in a Seminar on 'Affordable Homes' and Award Giving Ceremony 2009 held on August 3 organized by Right to Shelter-Bangladesh; an advocacy group for housing right. The government should create an environment with encouraging policies, so that the housing industry can flourish, which in turn will act as a great boon for our national economy, he added.

Mahbubur Rahman observed that Bangladesh is one of the most densely populated countries of the world. Even though area wise Bangladesh is one of the smallest countries, it is the eighth most populated country of the world. According to the United Nations' report of the World Population Prospectus, the population of Bangladesh will be about 254 million in 2050 and will also be considered as the seventh densely populated country of the world. As such, limited land space will pose a serious threat to the ever increasing population both in urban and rural areas depleting arable land posing another threat to the food production. It is not feasible to expand the accommodation for the people horizontally. However, vertical expansion is possibly the only alternative. In this regard, the real estate companies can play a very effective role in managing the housing demand of the people, more particularly for the middle and the lower income groups.

He further observed, it is often said that the housing industry is a fair barometer of the country's economy. Invariably, a successful and thriving economy is represented by a booming real-estate market. He referred to the examples of Hong Kong and Singapore in the recent past, and India, China, Dubai at present and said that in our country, affordable housing yet remains scarce. Whatever available, housing finance is expensive for the ordinary citizens and tilted more towards higher income groups or those who can offer adequate land as collateral for High-rises, he added.

Despite its considerable economic and social potential, housing finance remains underdeveloped in Bangladesh. The House Building Finance Corporation (HBFC) which has traditionally dominated the housing finance sector is now a declining player, in part, because of decreasing government support and in part, because of its history of operational inefficiency. In its place, a few local international commercial banks and some specialized Housing Finance Companies have entered the market, Mahbubur Rahman observed.

ICCB President said that although National Housing Policy encourages the involvement of potential actors like private formal sector, private informal sector, NGOs, cooperatives, different government agencies to take up various housing related activities, upgrade shelter, extend basic services within the framework of Housing policy and local level planning, the responses have been grossly inadequate and in some cases certain players in the housing arena are also creating a bad environment in the overall Housing business.



ICCB President delivering his speech as the Chief Guest at a seminar on Affordable Homes and Award Ceremony 2009 held in Dhaka organised by Right to Shelter-Bangladesh.

Considering that shelter is one of the key fundamental rights, the initiative of the Central Bank for housing credit is praise worthy, he further observed. The programme provided for credit at a low interest

rate of 5% to banks/non-banking financial institutions, who in turn charges 9% to the borrowers. The project which started in October 2007 with initial allocation of Tk.100 crore, now has been increased to Tk.500 crore. Out of this Tk.300 crore has already been disbursed through seven commercial banks and 13 non-banking financial institutions. He expected that Bangladesh Bank should not only continue the programme but also increase the allocation, so that the increasing demands could be met. Besides, support to the real estate development will not only help solving the acute shortage of housing but also create a boost to the economy. The Central Bank may also consider refinancing at a lesser interest rate and the commercial banks/ NBFIs may also consider minimum spread so that the interest rate can broad down further, he stated.

ICCB President called for ensuring that loan is given to the genuine borrowers. The present conditions for concessional housing loans, which are maximum monthly income of Tk.50,000 and flat size of 1250 sft could be lowered and the repayment schedule could be revised to 25 years from the present time frame of 20 years.

Despite the above progrmme he proposed the government to consider another scheme specifically for the lower middle income group. Through that scheme the government may provide land to the developers under certain terms and conditions and after developing the land and constructing the building the developer can sell the flats in monthly installment to the target group at the price fixed by the government. He thought such an initiative can help the acute problem of housing for the lower income group.

The function was attended among others by Executive Director of Right to Shelter- Bangladesh Ershad Mojumder, President of Right to Shelter- Bangladesh Rabiul Haque, General Manager, Bangladesh Bank Moniruzzaman, President of REHAB, Engr. Tanveerul Haque Probal, Former President of BIP Prof. Golam Rahman, Senior Journalist Mahfuz Ullah, Former President of REHAB Engr. Mohammad Abdul Awal, Managing Director of Ena Properties Engr. Enamul Hoque, MP and Additional Secretary Kazi Akter Hossain.

At the end of the seminar Awards were distributed among a few enterprises in recognition to their contribution towards development of the concerned sector.

Turkish Ambassador calls on ICCB President

enhanced trade and investment emphasized

The Ambassador of the Republic of Turkey H.E. Mr.Sakir Ozkam Torunlar called on ICCB President Mahbubur Rahman at ICC Bangladesh Secretariat on July 6. They discussed on promotion of trade and investment between the two countries. The Ambassador informed the President that the trade volume between Bangladesh and Turkey in 2008 was around US$515 million as against US$309 million in 2007; with 80% in favour of Bangladesh.



ICCB President Mahbubur Rahman presenting ICCB Business Directory to the Turkish Ambassador H.E. Mr. Sakir Ozkam Torunlar during his visit to the National Secretariat. ICCB Secretary Ataur Rahman is also seen in the picture.

The Ambassador mentioned that trade between Bangladesh and Turkey is less than one percent of US$51 billion trade between D-8 Islamic countries. Therefore, there is ample scope for Bangladesh to explore more avenues for expansion of trade within the Islamic countries, the Ambassador added He said that investors from Turkey are keen to invest in large infrastructure projects. The Ambassador praised the initiative of the government in formation of Bangladesh Better Business Forum (BBBF). ICC Bangladesh President Mahbubur Rahman explained to the Ambassador on the role played by ICC Paris and the National Committee in Bangladesh. He thanked the Ambassador for his active initiative since his coming to Bangladesh for promotion of trade between the two countries and in this regards, ICC Bangladesh President assured

the Ambassador of providing all out support. They also agreed that exchange of trade delegation between the two countries should be promoted for exploring new avenues of trade and investment.

WTO Advisory Committee meeting at MoC

discuss Bangladesh strategy in upcoming Ministerial

The 8th meeting of the WTO High Powered Committee was held on 1 September in the Conference Hall of the Ministry of Commerce to fix up the position and strategy of Bangladesh at the ensuing 7th WTO Ministerial Conference to be held in Geneva during 30 November-2 December, 2009 and the LDC Trade Ministers' Conference to be held in Tanzania during 14-16 October, 2009. Commerce Minister Lt. Col. Muhammad Faruk Khan presided over the meeting.

ICCB President Mahbubur Rahman attended the meeting and took part in the discussion. High government officials, senior business leaders and representatives of the Research Institutes also attended the meeting. Director General of the WTO Cell made a power point presentation on the agenda of the meeting. Two major issues i.e. the ensuing 7th WTO Ministerial Conference to be held in Geneva and LDC Trade Ministers' meeting to be held in Tanzania was highlighted in the presentation. The issues related to Bangladesh on Duty Free Quota Free Market Access, DAC (Disproportionately Affected Country), Rules of Origin, Agriculture, TRIPS, Trade and Environment Rules, Aid for Trade, S & D Treatment were presented and discussed in the meeting.

The meeting decided to form an eight member Core Group under the Convenorship of Tariff Commission Chairman to formulate the position of Bangladesh for LDC Trade Ministers' Meeting. Commerce Minister Lt. Col. Muhammad Faruk Khan concluded the meeting saying that joint efforts of public and private sector would make possible to establish the right position for Bangladesh.

BFTI Workshop on obligations under WTO Notification

meeting stressed on retention of expert officials

ICC Bangladesh President Mahbubur Rahman said that frequent transfer of government officials from one department to another in the key ministries, including WTO cell, creates serious impediment. He also mentioned that to make an expert official in concern sector is a lengthy and expensive process and after several in-house, national and abroad training when an official is transferred to another section then all efforts behind him became ineffective. Subsequently, to promote another new officer is time consuming and as such the particular section suffers lack of skilled manpower which ultimately effect the overall process. Mahbubur Rahman said these in his address as Special Guest at the inaugural ceremony of a three-day national workshop on 'WTO Notification Procedures and Obligations' organized by Bangladesh Foreign Trade Institute (BFTI) in Dhaka on July 19.He also said that there is a misconception that as an LDC (least developed country), Bangladesh does not worry about notification.



ICCB President Mahbubur Rahman delivering his speech as special guest at the BFTI Workshop on WTO Notification Procedures and Obligations. Commerce Minister Lt. Col (Retd.) Mohammad Faruk Khan (extreme left), Chief Executive Officer of BFTI Prof. M. A. Taslim and WTO Representative Dr. Faustin Mukela Luanga are also seen on the dais.

Commerce Minister Lt. Col (Retd.) Mohammad Faruk Khan called upon the world leaders to provide Bangladesh's share from the $1.1 trillion recession package announced at a G20 summit in April. He was speaking as the

Chief Guest in the workshop. The Commerce Minister terming the country's present economic situation 'vulnerable', also sought supports from the 'Aid for Trade', a fund of WTO (World Trade Organisation), which basically assists a country when it faces trade damages by other countries' restricted trade policies.

Earlier in April this year, G20 (a group of 20 developing countries) members at the summit in London agreed to create a fund worth $1.1 trillion to tackle the global financial crisis. The developing and poor countries will get assistance from the fund. Khan, who is also the chief negotiator of Bangladesh at the WTO, said the ongoing global recession is one of the major reasons for the recent turmoil in the country's garment sector.

BFTI organized the workshop to train 25 officials from public and private sectors to make them skilled in notification procedures and obligations of WTO. Chief Executive Officer of BFTI Prof. M.A.Taslim also spoke at the function.

Thai Ambassador visits ICC Bangladesh

Emphasizes BIMSTEC co-operation

H.E. Mr. Chalermpol Thanchitt, Ambassador, Royal Thailand called on ICC Bangladesh President Mahbubur Rahman at ICCB on July 13. They discussed on promotion of trade and investment between the two countries. The Ambassador informed the President that the Thai investors are keen on expanding further trade with Bangladesh. He mentioned about the recent visit of a high level Thai trade delegation to Bangladesh. The Ambassador said that under BIMSTEC there is ample scope for both the countries for furtherance of economic cooperation. ICCB President endorsing the views of the Ambassedor suggested that efforts should be made to make BIMSTEC more effective. Mahbubur Rahman explained to the Ambassador on the role played by ICC Paris on the worldwide trade promotion and the National Committee in Bangladesh on promotion of trade and investment in the country. He suggested to the Thai Ambassador to promote more export from Bangladesh to Thailand in order to reduce the huge trade gap between the two countries. In this regards, the ICCB President assured the Ambassador of providing all out support in his efforts for furtherance of trade. Minister Counsellor (Commercial) Ms. Usa Wijaroen and First Secretary Mr.Veerasakdi Prem-Aree of the Thai Embassy and ICC Bangladesh Secretary Ataur Rahman were present during the Meeting.



Thai Ambassador H.E. Mr. Chalermpol Thanchitt presenting a Thai Souviner to ICCB President. Minister Counsellor (Commercial) Ms. Usa Wijaroen & ICCB Secretary are seen on his right and First Secretary Mr. Veerasakdi Prem is seen on his left.

High Commissioner of Canada at ICCB secretariat

areas of mutual cooperation discussed

H. E. Mr. Robert McDougall, High Commissioner of Canada to Bangladesh called on ICCB President Mahbubur Rahman at the ICCB Secretariat on August 5. They discussed on bilateral trade and cooperation between Bangladesh and Canada. The High Commissioner mentioned that trade between the two countries is increasing. Against a trade of US$955 million during 2008, the trade volume has already exceeded US$ 750 million during the first six months of 2009. Bangladesh has been enjoying a substantial portion of RMG markets in Canada, which has been increasing every year. He also said that Canada has been providing development assistance

to Bangladesh and would continue to do so for Bangladesh to become a middle income country. ICCB President assured the High Commissioner of extending full cooperation for promotion of trade between the two countries. ICC Bangladesh President briefed the High Commissioner about the activities of ICC Hq , Paris and ICC Bangladesh. To develop arbitration facilities, the ICC President Mahbubur Rahman informed the High Commissioner about the establishment of the Bangladesh International Arbitration Centre (BIAC) by the three leading chambers of the country, namely the Dhaka Chamber of Commerce and Industry (DCCI), the Metropolitan Chamber of Commerce and Industry MCCI) and the ICC Bangladesh. The High Commissioner showed keen interest and assured ICCB President that High Commission would be pleased to consider providing support to BIAC in implemantation of its Project Proposal on Capacity Building of Bangladesh Dispute Resolution System for Arbitration and ADR. ICC Bangladesh Executive Board Member R.M.Khan , Trade Commissioner of the Canadian High Commission Mortoza Tarafder and ICC Bangladesh Secretary Ataur Rahman were also present.



ICCB President Mahbubur Rahman presenting ICCB Business Directory to the High Commissioner of Canada H.E. Mr. Robert McDougall. Trade Commissioner of the Canadian High Commission Mortoza Tarafder is seen on his left and ICCB Executive Board Member R. M. Khan & Secretary Ataur Rahman are seen on his right.

ICCB bids farewell to the Ambassador of The Netherlands

A farewell lunch for H. E. Ms. Bea Ten Tusscher Ambassador of the Kingdom of the Netherlands was hosted by ICC Bangladesh on July 16. ICCB President Mahbubur Rahman lauded the role played by the Ambassador Tusscher during her assignment for supporting various bilateral and development activities in Bangladesh as well as promotion of trade and investment 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. The Netherlands Ambassador thanked the ICCB President and members of the business community 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 for her to carry out her assignment in Bangladesh. Considering the present environmental pollution, Jute - the “Golden Fibre”—has immense potential in the world market. She therefore, suggested that Bangladesh should take this opportunity of promoting use of this natural fiber for production of various items, including shopping bags for the big super markets all over the world. She said that she would always cherish the hospitality and friendship that she has received during her assignment in Bangladesh and would always be ready to provide all out support to Bangladesh and its people in becoming a middle income country. Bangladeshi



H.E. Ms. Bea Ten Tusscher, Ambassador of The Kingdom of the Netherlands to Bangladesh speaking at the farewell lunch hosted by ICCB.

people in general, in particular the rural people are very hard working and innovative, she observed. The out-going Ambassador assured her continuous support to Bangladesh in her new capacity in the Headquarters.

Among others, Commerce Minister Lt. Col.(Retd.) Mohammad Faruq Khan, M.P, Former Adviser to the Caretaker Government Dr. A. B. Mirza Md. Azizul Islam, Mrs. Rokia Afzal Rahman, Mr. Rien Van Wier (spouse of the Netherlands Ambassador), Ambassador of Sweden H. E. Mrs. Britt F Hagstrom, Ambassador of Vietnam H. E. Mr. Nguyen Van That, BIA Chairman Mr. A. K. M. Rafiqul Islam, FCA, BKMEA President Md. Fazlul Hoque, FICCI President Waliur Rahman Bhuiyan, OBE, DCCI President Zafar Osman, MCCI President Abdul Hafiz Choudhury, FCA, Janata Bank Managing Director/ CEO S. M. Aminur Rahman, Pubali Bank Managing Director/ CEO Helal Ahmed Chowdhury, Dutch-Bangla Bank Managing Director/ CEO Md. Yeasin Ali attended the farewell lunch.

Aftab ul Islam new SME Foundation Chairman & Amcham President



Aftab ul Islam

ICCB Executive Board Member Aftab ul Islam has been appointed Chairman of the SME (Small and Medium Enterprises) Foundation. He is also elected as the President of the American Chamber of Commerce in Bangladesh (Amchem). Mr. Islam is the CEO and Managing Director of International Office Equipment (IOE)- a reputed business house of Office Automation Products. Aftab ul Islam, a Fellow Chartered Accountant is the Former President of Dhaka Chamber of Commerce & Industry, American Chamber of Commerce in Bangladesh and Bangladesh Computer Samity. He is also the Former Director of FBCCI.

42nd ICCB Executive Board Meeting held

The 42nd meeting of the ICCB Executive Board was held on August 19. The meeting reviewed the activities of ICCB during July- August period. The meeting discussed among other things about the participation of ICCB President at the Regional Seminar on Regulatory Reforms in Hanoi, ICC Workshops on International Trade Payments: Islamic Trade Finance held in Dhaka and Chittagong, ICC Dialogue and two workshops on Globalization of Basel II: Its implementation in Bangladesh held in Dhaka and Chittagong and status of BIAC Project Proposal.The meeting also confirmed the cooption of five new members in the ICCB Standing Committee on Banking Technique and Practices as recommended by the committee. The newly coopted members are: Muhammed Hussain, Former Managing Director of Sonali Bank; Sukumar Sinha, Head of the Foreign Trade Division, Standard Chartered Bank; Md. Mahbub-ur-Rahman, Head of Corporate Banking, HSBC; Moinul Huq, Head of Trade Finance, Citibank N.A., Bangladesh and Pijush Kanti Shaha, Executive Vice President, International Trade Division, NCC Bank.



ICCB Executive Board Meeting in progress

The meeting presided over by ICCB President Mahbubur Rahman was attended by Vice Presidents Latifur Rahman and Samson H Chowdhury and Executive Board Members A.K.M. Rafiqul Islam, FCA, A.S.M. Quasem, Mahbub Jamil, Mamun Rashid, Md. Fazlul Hoque, R. Maksud Khan and Waliur Rahman Bhuiyan, OBE

Bangladesh Economy

Balance of Payments surplus reaches US$ 2.06 bln

robust growth in remittance main contributor

Bangladesh's overall balance of payments (BoP) surplus reached 2.06 billion US$ in the FY2008-09 according to Bangladesh Bank statistics. Current account balance surplus surged to US$ 2.54 billion from US$ 680 million a year ago due to robust growth in remittances. The country's inflow of remittance during FY2008-09 grew 22.42 percent to US$ 9.7 billion, which also contributed to offset the impact of the trade imbalance.

The country's trade imbalance narrowed down to US$ 4.70 billion during FY2008-09 from US$ 5.3 billion of the corresponding period a year ago. According to the BB statistics, export earnings stood at US$ 15.58 billion against the import payments of US$ 20.29 billion.

The net foreign direct investment, which rose to US$ 941 million during FY 2008-09 from US$ 748 million of the corresponding period a year ago, also helped keep current account balance remain healthy despite deficit in financial account. The BB data showed the financial account balance stood at a deficit of US$ 808 million against the deficit of US$ 457 million of FY2007-08.

Balance of payments : FY05 to FY09

(Value in million US$)

Items	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09
Trade balance	-3297	-2889	-3458	-5330	-4708
Exports f.o.b (including EPZ)	8573	10412	12053	14151	15583
Imports f.o.b (including EPZ)	-11870	-13301	-15511	-19481	-20291
Services	-870	-1023	-1255	-1525	-1621
Receipts	1177	1340	1484	1891	1832
Payments	-2047	-2363	-2739	-3416	-3453
Income	-680	-702	-905	-994	-1361
Receipts	116	136	244	217	95
Payments	-796	-838	-1149	-1211	-1456
Current transfers	**4290**	**5438**	**6554**	**8529**	**10226**
Official transfer	37	125	97	127	72
Private transfer	4253	5313	6457	8402	10154
Of which : Workers remittances	3848	4802	5979	7915	9689
Current account balance	**-557**	**824**	**936**	**680**	**2536**
Capital account	**163**	**375**	**490**	**576**	**451**
Capital transfer	163	375	490	576	451
Financial account	**784**	**-141**	**762**	**-457**	**-808**
i) Foreign direct investment (net)	800	743	793	748	941
ii) Portfolio investment	0	32	106	47	-159
iii) Other investment	-16	-916	-137	-1252	-1590
Errors and omissions	**-323**	**-720**	**-695**	**-468**	**-121**
Overall balance	**67**	**338**	**1493**	**331**	**2058**

Source : Bangladesh Bank

Compiled by : ICCB Research Cell

Bangladesh tops the Global Climate Risk Index 2009

requires coping measures

Climate change is already a reality of life. As a result of this change, world temperature is going up, glaciers in the North and South Poles are melting, sea water level is rising, drought conditions are spreading, freshwater supply is declining, and cyclones or hurricanes are escalating.

One of the very critical effects of climate change is likely to be its impact on the world's food supply. Scientists are predicting that world harvests will drop 20 to 40 per cent by the end of this century as a result of global warming. So the most crucial issue is: if in the current environment Bangladesh can't meet its food requirements, how will it tackle the anticipated massive food shortage that would be created by its increases of population and the loss of farmland when world food supply goes down further?



In Bangladesh, climate change is threatening the very existence of people's lives and livelihoods. Bangladesh is trapped between the Himalayas in the north and the encroaching Bay of Bengal to the south. Experts believe that the effects would be very severe here since Bangladesh's population growth is putting ever more pressure on its limited natural resources. With the depletion of its vital resources, such as fresh water, forests, and farmland that are considered most essential for the country's sustainability, population growth is undeniably contributing to serious environmental degradation in Bangladesh. Its coastal areas are reportedly noticing an unusual rise in the mosquito population that is bigger in size and more resilient, and is spreading all kinds of diseases including malaria and dengue with devastating effect.

Bangladesh faces an additional hydrological challenge in that the Ganges and Brahmaputra rivers both rise in the Himalaya-Tibetan Plateau region, where glaciers are melting rapidly. According to the Intergovernmental Panel on Climate Change (IPCC) rapid melting is expected to increase river flows until around the late-2030s, by which time the glaciers are expected to have shrunk from their 1995 extent of 500,000 sq-km to an expected 100,000 sqkm. After the 2030s, river flows could drop dramatically, turning the great glacier-fed rivers of Asia into seasonal monsoon-fed rivers. The IPCC concluded that as a result, water shortages in Asia could affect more than a billion people by the 2050s. Over the same period, crop yields are expected to decline by up to 30% in South Asia due to a combination of drought and crop heat stress. Bangladesh is therefore likely to face substantial challenges in the coming decades.

It is predicted that climate change could have devastating impact on agriculture. Agriculture is a key economic driver in Bangladesh, accounting for nearly 20 percent of the GDP and 65 percent of the labor force. The performance of this sector has considerable influence on overall growth, the trade balance, and the level and structure of poverty and malnutrition. The impacts of climate change could affect agriculture in Bangladesh in many ways: The predicted sea-level rise will threaten valuable coastal agricultural land, particularly in low-lying areas. Biodiversity would be reduced in some of the most fragile environments, such as sunder bans and tropical forests. Climate unpredictability will make planning of farm operations more difficult.

The effects of these impacts will threaten food security for the most vulnerable people of Bangladesh. The country's agriculture sector is already under stress from lack

of productivity and population growth. Any further attempt to increase productivity will likely to add pressure to available land and water resources.

Bangladesh has so far invested more than $10 billion to reduce vulnerability to natural disasters by building embankments and cyclone shelters. But it needs billions more to build similar infrastructure in the next 15 years to mitigate the threats, along with enhancing research on climate-resistant agriculture. The UK is the single biggest bilateral donor to Bangladesh, with £125m given this year and £150m set aside for 2010. The DFID-funded Chars Livelihoods programme provides a one-off asset worth up to £150 (plus a small monthly stipend for 18 months) to households whose huts stand on plinths, raised above flooding danger levels.

Currently, "annual per capita greenhouse gas (GHG) pollution" in units of "tonnes CO2-equivalent per person per year" (2005-2008 data) is 0.9 (Bangladesh), 2.2 (India), 5.5 (China), 6.7 (the World), 11 (Europe), 27 (the US) and 30 (Australia; or 54 if Australia's huge Exported CO2 pollution from its world's biggest coal exports is included). Though America is a major GHG (Green House Gas) polluter and a leading annual per capita GHG polluter but is already being seriously impacted itself by man-made global warming as set out in the key 2009 summary document from the US Administration entitled "Global climate change impacts in the United States".

Top climate scientists say that the atmospheric CO2 needs to be urgently reduced to 300 ppm to make the planet safe for all peoples and all species. However, with global annual greenhouse gas pollution still INCREASING it is clear that World governments still do not appreciate the dire urgency of the problem. The worst offender by far is Australia which has annual per capita Domestic and Exported GHG pollution 10 times that of China, 25 times that of India and 60 times that of Bangladesh – but which under its policy of "5% off 2000 GHG pollution by 2020" is committed to INCREASING its Domestic and Exported GHG pollution from 2000 levels by 40% (2020) and by 80% (2050).

Coming December the governments of the world will discuss their responses to the climate emergency facing the



planet. Civilized, educated, humanitarian people dread the outcome which is likely to be grossly deficient. Governmental representatives from 170 countries are expected to be in Copenhagen in the days of the conference accompanied by other governmental representatives, NGO's, journalists and others. In total 8000 people are expected to be in Copenhagen to attend the meeting. The host of the meeting in Copenhagen is the government of Denmark represented by Connie Hedegaard, the Danish Minister of Climate and Energy and Prime Minister Lars Løkke Rasmussen. The conference in Copenhagen is the 15th conference of parties (COP15) in the Framework Convention on Climate Change.

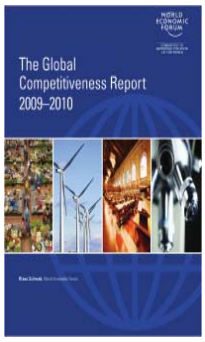
Bangladesh makes progress in global competitiveness: WEF Report

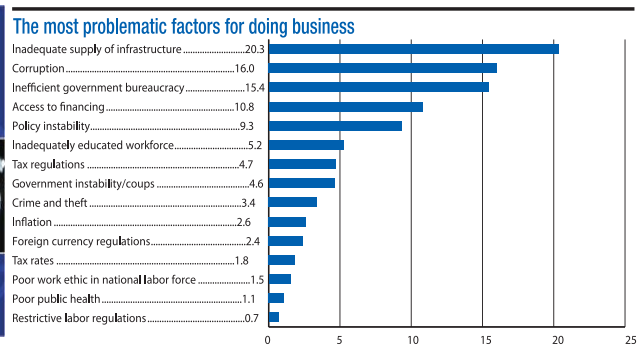
infrastructure identified as key bottleneck

Bangladesh has ranked 106th in 2009 Global Competitiveness Report (GCR) 2009-10, an improvement of five positions from last year's 111th, according to a report released by the Geneva-based non-profit foundation's local partner the Centre for Policy Dialogue (CPD), a leading think-tank, at a press conference in Dhaka on September 8. The Global Competitiveness Report (GCR) is an annual publication of the World Economic Forum (WEF). According to the report, the country still lags behind in ranking compared with its South Asian neighbours. India ranked 49th from 50th last year, Pakistan unchanged at 101st and Sri Lanka 79th, down from last year's 77th. Switzerland tops the overall ranking in the Report 2009-10 by replacing the United States that slipped down to 2nd position this year. Only two Asian nations Singapore and Japan are in the

top 10 positions and the rest are European countries.

Bangladesh made the progress in ranking, according to GCR, for its advancement in basic requirements index that includes macroeconomic stability, government and other public institutions and improvement in financial market despite global meltdown. But infrastructure in Bangladesh ranks among the worst in the world, securing only the 126th position in 133 nations. Bangladesh's deficiency in infrastructure is said to have surpassed the drawback of corruption as the number one problematic factor for business activities and economic growth, according to the WEF index prepared on the basis of available data and survey.





The GCR is one of the world's most comprehensive and respected assessments of countries competitiveness, offering insight into the policies, institutions and factors driving productivity and then, enabling sustained economic growth and long term prosperity. The rankings are calculated from both publicly available data and the Executive Opinion Survey, a comprehensive annual survey conducted by the WEF together with its network of partner institutes in the countries covered by the report.

UNCTAD Report on FDI for 2008

Bangladesh ranks third in South Asia in FDI inflow

Bangladesh ranks third among the Sough Asian countries in foreign direct investment (FDI) inflow list for 2008. The country received $1.09 billion in the year. This is for the first time the country crossed the billion-dollar-mark in terms of FDI inflow, according to the World Investment Report (WIR) 2009, released globally on September 17.

The WIR 2009 shows that Bangladesh received 63 percent more FDI in 2008 than that of 2007. FDI inflow was $666.3 million in 2007. Prepared by United Nations Conference on Trade and Development (UNCTAD), the report subtitled "Trans-national Cooperation, Agricultural Production and Development" was released by the Board of Investment (BoI) in Bangladesh on September 18.

In 2008 India received $41.56 billion FDI and Pakistan $5.4 billion, making them top two FDI receiving countries in the area. India ranked 13th globally, while the global ranking for Bangladesh was not available. Despite a worldwide financial crisis, India, Bangladesh, Sri Lanka and Afghanistan have made significant progress in receiving FDI. But FDI inflow in Pakistan, Nepal and Bhutan declined during the time, while it remained static in the Maldives at $15 million both in 2007 and 2008, the report says.

According to the report, telecommunication sector performed the best in 2008 receiving $641.39 million, which was $201.90 million in the previous year. Textiles and weaving pulled in $126.36 in 2008, while the amount was $102.35 million in 2007. Banking, the third largest FDI recipient, attracted $141.76 million, which was $79.96 million in 2007. Food industry received $22.89 million in 2008, agriculture and fisheries $14.43 million and others $139.5 million, while the figures were $9.84 million, $7.33 million and $264.99 million respectively in 2007.

Egypt emerged as the top investor in 2008 with $373.4 million as its telecom company Orascom invested heavily in Bangladesh's mobile phone operator Banglalink. The second largest investor was UK with $130.57 million. Bangladesh received $102.19 million from the United Arab Emirates, $70.72 million from Malaysia, $57.15 million from Japan and $44.64 million from South Korea in the period. The United States, Hong Kong, Norway and the Netherlands were the other major investors in 2008.

'Delayed impacts of global recession have been reflected in FDI inflow to Bangladesh in recent months,' Board of Investment executive chairman MA Samad said on September 18 in Dhaka,

while launching the Bangladesh's part of the global report. Citing the latest data, BoI executive chairman MA Samad said in January-August 2009, BoI registered Tk 4,261 crore ($600 million) worth investment proposals against Tk 4,668 crore in the same period last year.

The BoI chief executive agreed that the country earned a bad image for its poor infrastructures which always discourage foreign investors to put their money here. He also acknowledged that promotional activities to attract more FDI also remained poor.

Energy crisis: main impediment to accelarated investment

Reliable and uninterrupted energy supply is key for a sustained growth of a modern economy. Although energy may constitute a small fraction of cost in many industries, manufacturing and service sectors; its interruption, unreliability and poor quality can play havoc not only on the related sectors but also on the economy as a whole in the form of chain reactions. In addition to ensuring availability of energy at affordable price, its efficient use and management can make all the difference to a country's economy and people's welfare.

Frequent power failures cut the country's gross domestic product by around $1.0 billion annually, the World Bank said. The country would need $10 billion invested over the next 10 years to overcome the shortages According to experts, shortage of power supply is the main impediment to new investments as unabated power crisis has been holding back the country's economic progress.

The Bangladesh government owes a whopping sum of Tk 308.32 billion as debt service liabilities to lenders, including foreign donors, for the power sector since 1972. Unfortunately such massive funding has failed to yield the desired improvement in the sector. The Debt Service Liabilities (DSL) on account of the power sector till June 30,2009 is 57 per cent of the government's accumulated debt worth Tk 544.68 billion to foreign and local lenders, according to official data.



The country is facing power shortage of around 2,000MW as the generation is around 3,800MW against the demand for around 5,500MW–6,000MW. The introduction of daylight saving time by advancing clock by one hour has not made any significant visible impact on the country's power situation. The official load shedding during peak hours was around 600MW- 800MW before the DST was introduced on June 19 and the electricity rationing still hovers at around 600-800MW. The frequency of daily load shedding is no less than five times — at least one hour each time— as was before June 19. Though power agencies has claimed that around 200 megawatt of electricity was being saved as people were having a longer afternoon now to complete their day's works and shopping in daylight.

At the moment, only 40 per cent of Bangladesh's nearly 150 million people have access to electricity, often only for a few hours a day. The per capita power consumption in Bangladesh is only 172 kwh, the lowest in South Asia, compared to 325 kwh in Sri Lanka, 408 kwh in Pakistan and 665 kwh in India.

To consider the severity of power crisis impact on the economy the power and energy ministry has assigned a committee to recommend ways and means to arrange fuels for generating 7000MW electricity by 2014. For installing power plants to be fuelled by furnace oil, diesel and coal, along with the gas-based power plants which are in the pipeline, to materialize the vision to free Bangladesh from load-shedding by 2014. The PDB projected that around 752MW of power would be added by 2009 from the power plants initiated by the previous government. PDB also projected that around 1,350MW of additional power would be available during 2011-2013 period from some power plants including the 450MW Bibiyana independent power plant, the 300MW Siddhirganj plant, and



five 150MW plants in Bhola, Sylhet, Chandpur, Sirajganj and Khulna.

Experts opine that in light of severe power crisis in the country, coal resources in five coal fields in NW Bangladesh have high potential to meet the immediate energy needs. The current coal reserve in the country's five coal-fields is around 2.55 billion tonnes, including Phulbari, officials said.

The power sector master plan suggests that Bangladesh requires 43,000 megawatt (MW) electricity to ensure power for all by 2025. According to the plan, 76 percent of the requirement or 33,000 MW will come from coal although now the percentage is only 5. It may be mentioned that in USA, coal contributes to over 50 percent of total power generation while in India it is 70 percent and the figure for fast growing China is similar.

The commercial banks, according to recent statistics, are having excess liquidity of around Tk.347.62 billion. Similarly, the foreign exchange reserve of the country has reached all time high level of US$ 9 billion. The main reason behind such huge liquidity and foreign exchange reserve is that the prospective investors are unwilling to take new investment plans mainly due to uncertain power supply and gas connections. Many industries are not even taking approved loans from banks due to lack of gas connections. Such a situation will not only reduce GDP growth but also increase unemployment.

Bangladesh most active reformer in South Asia:

says World Bank IFC "Doing Business 2010 Report"

Bangladesh's position in a new report on ease of doing business has dipped further to 119th place this year among 183 economies, according to World Bank IFC Doing Business Report 2010 released globally on September 9. However, Bangladesh is cited in the report as undertaking three reforms between June,2008 to May 2009, which places Bangladesh in the unique and commendable position of being the South Asia's most active reformer.

After the country had lost six positions in the previous report, its latest ranking dropped by four more steps a decline that has been attributed to slow pace or stagnation in reforms in recent times, said the Doing Business 2010 report. The World Bank explains that even though Bangladesh has reformed in three areas, but other countries have done more.

This is the seventh 'Doing Business' report published jointly by the WB and IFC. The report helps both local and foreign businesses understand business regulations in a country. Among South Asian nations, India slid to 133rd position from 122nd, Nepal to 123rd from 121st position while Pakistan with 85th place and Sri Lanka with 105th position performed better. In South Asia Pakistan tops the list with the 85th position, followed by the Maldives at 87, Sri Lanka at 105, Nepal at 123, Bhutan at 126, India at 133 and Afghanistan at 160.

Of the 183 countries considered for this year's report, a record 133 nations carried out over 200 reforms. The report covers 10 indicators affecting businesses - dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business.

Bangladesh has been recognized

DOING BUSINESS REPORT: SOUTH ASIA

Position	Country	Area of Reforms
85	Pakistan	Starting a business
87	The Maldives	Employing workers
105	Sri Lanka	Getting credit, dealing with construction permits
119	Bangladesh	Starting a business, paying Taxes, trading across borders
123	Nepal	Registering property
126	Bhutan	No major reform was recorded
133	India	Closing a business
160	Afghanistan	Starting a business, registering property and getting credit

as the most active reformer in South Asia, implementing three reforms - introduction of an online company registration system, corporate income tax cuts and expedited cross-border trade by automating customs clearance systems. The report said Bangladesh has simplified business start-up by implementing an online company registration system, reducing the time required from 35 days to just a day. Bangladesh also reduced the corporate income tax rate from 40 percent to 37.5 percent, while increasing the capital gains tax rate from 5 percent to 15 percent. The time required to acquire a bonded warehouse was reduced by three months, while the time needed to register property dropped by nearly 200 days. Trade was expedited by an automation of customs clearance at the Citation Port as it condensed the time required to clear goods, the report mentioned.

However, enforcing a contract can take less than a year in Norway or Korea, both among the top 10 on the ease of enforcing contracts, but more than 4 years in Bangladesh or Angola, observed the report. In this category, the report placed Bangladesh at 180th position, two above neighbouring India at the 182nd position.

The report suggests Bangladesh needs to adopt a more strategic and institutionalized approach to regulatory reforms to keep up with an increasingly competitive global environment where other countries are reforming fast. India improved its score on the 'closing a business' indicator by taking steps to ease resolution of insolvency cases. Nepal lowered property transfer costs. Pakistan eased business start-up procedures by introducing an e-service registration system, while Sri Lanka improved its access to finance indicator.

Five of 16 countries that improved their rankings by 10 places or more this year were just behind Bangladesh the previous year. These are Albania, Belarus, Dominican Republic, Greece and Yemen. For the first time, a Sub-Saharan African economy, Rwanda, led the world in 'Doing Business' reforms in seven out of 10 indicators. The Arab Republic of Egypt, Liberia, Moldova, the Kyrgyz Republic and Tajikistan joined Rwanda on the list of global top reformers.

Singapore topped the list for the fourth consecutive time, followed by New Zealand in the second and Hong Kong in the third position.

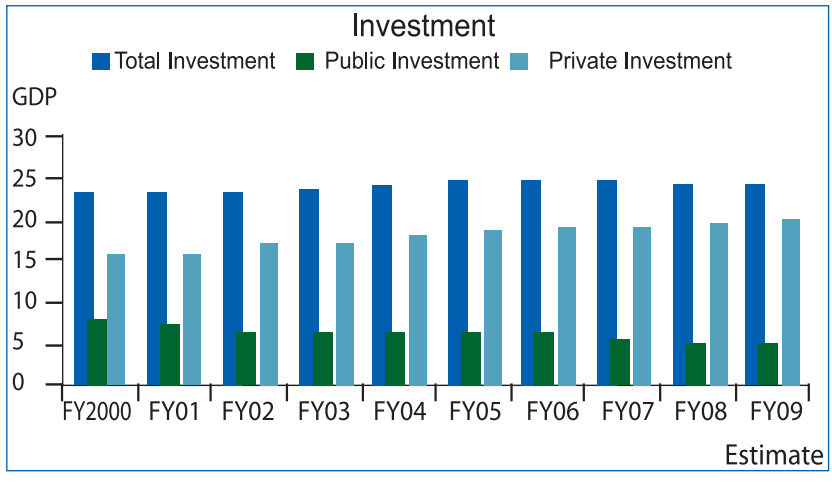
Infrastructure and business constraints main causes of investment slowdown: ADB

Investment sluggishness remains a big concern for Bangladesh, said an Asian Development Bank (ADB) report released on September 15. The Report mentioned that Bangladesh has to address its infrastructure and business environment constraints, including acute energy crisis if it is to attract greater investment, particularly foreign direct investment (FDI).

ADB Report stated although private investment rose marginally to 19.6 percent in fiscal year 2008-09 riding on the improved business confidence following the return to an elected government, the fallout of the global economic slowdown is evident in lower disbursement of industrial term loans.

Import of capital machinery has also slowed down significantly. Letter of credit for such imports fell by nearly 30 percent in FY 2008-09 from that in the previous year. Bangladesh attained 5.9 percent GDP growth in FY 2008-09, down from 6.2 percent a year ago. Private consumption, which rose by 6 percent in the past fiscal year, accounts for about 75 percent of the country's GDP. The consumption growth was slightly higher in FY 2007-08.

Industry sector that contributes about 30 percent of the GDP declined to 5.9 percent in the immediate past fiscal year from 6.8 percent the previous year. The ADB attributes this growth decline to slowdown in exports in the second half of the fiscal year following the global recession. Growth in power and gas sub-sectors also dropped by over 2



percentage points to 4.5 percent.

Similarly, the services sector growth slowed slightly to 6.3 percent in FY2008-09, due to the slowdown in remittance inflows, lower trade activities and moderation in industry growth. Slower export growth and a fall in import volumes affected trade and transport services.

The agriculture sector grew by 4.6 percent, up from 3.2 percent a year ago, owing to high growth in food grain production (8.1 percent) aided by favourable weather and strong government support, including delivery of inputs.

Revenue collection also remains a challenge for this year, the ADB said. Revenue from the National Board of Revenue sources increased by 10.7 percent, far below the budget target of 18.6 percent and the 27.4 percent growth the previous financial year.

On inflation, the ADB agreed with Bangladesh Bank's target of 6.5 percent for the current fiscal year. The overall balance of payments surplus ballooned to $2.1 billion in FY 2008-09 from just $331 million in FY2007-08 due to substantial decline in import, it says.

The ADB has hailed the government for placing a budget with a prudent balance between the need to stimulate the economy against the backdrop of the financial crisis worldwide.

Half yearly Monetary Policy announced

5.5-6.0 per cent GDP growth projected

Introduction: This Monetary Policy Statement (MPS) is the latest in the series of regular half yearly releases announcing the monetary policy stance of Bangladesh Bank (BB), outlining the stance for FY 10, particularly in its first half(July-December 09). These ex ante announcements of monetary policy stance, based on near term outlook for growth and inflation, are intended to anchor inflation expectations of market participants and the general public. As usual, the monetary stance for FY 10 is designed to support attainment of the highest sustainable output growth without triggering escalation of inflation. In accommodating the growth aspirations of the government and the private sector with this stance, BB's programs have of late placed greater directional emphasis on the credit needs of sectors like agriculture and SME typically under-served by the market; seeking to enhance inclusiveness (a qualitative rather than quantitative dimension) of our economic growth. Downward stickiness of lending interest rates and service charges/fees, arising from non-competitive tendencies of financial service providers, are of late also being addressed more directly with mandatory rather than advisory BB guidance.



Growth outcome and outlook: Unlike most other economies in the region and elsewhere, output growth in Bangladesh has thus far been only mildly impacted by the ongoing global economic recession; with estimated 5.9 percent real GDP growth in FY 09 following the 6.2 percent growth of FY 08. Financial markets and institutions in Bangladesh remained free of the toxic assets and contagion afflicting the global financial markets, and output activities meeting domestic demand remained robust in FY 09. Output activities for export demand weakened as exports declined for most items other than apparels and textiles, which also faced some growth slowdown. Decline in capital machinery imports in FY 09 indicated sluggishness in investment activities. Despite incipient signs of recovery of global financial markets and institutions, effects of the global slowdown are widely viewed as

likely to linger till mid 2010, i.e., throughout the whole of FY 10, affecting the growth momentum in our export manufacturing and investment activities. Accordingly, FY10 real GDP growth is projected conservatively to be in the range of 5.5 to 6.0 percent, likely to be outperformed if global economy recovers faster and if the various initiatives proposed in the FY10 national budget including the innovative public private partnership (PPP) for infrastructural development can be implemented in right earnest.

Inflation outcome and outlook: FY 09 began with double digit (10.0 percent in July 08) annual average CPI inflation, which came down to single digit levels by the second quarter aided by good domestic agricultural output and the collapse of global commodity price bubble. Annual average CPI inflation continued declining in H2 FY 09 (7.3 percent in May 09), and is likely to have been about 7.0 percent in June 09. The plummeting trends in global commodity prices by and large ceased in the beginning of 2009. Point to point domestic CPI inflation has started edging up from April 09; anecdotal evidences indicate continued strong upward trend in real estate prices, with the attendant potential lagged impact on consumer prices. The decline in domestic annual average CPI inflation is therefore likely to be slower and smaller in FY10, and is projected to be at 6.5 percent by June 2010.

Monetary policy Stance for H1 FY10 (July-December. 2010)	Monetary Policy Stance for H2 FY09 (January-June, 2009)
To help the real economy sustain growth momentum in the recessionary global environment, BB shall continue to maintain easy credit conditions in FY10, with special attention to the credit needs of sectors hurt by the slowdown and of sectors like agriculture and SME thus far inadequately served by the market. The monetary program for FY 10 is designed to accommodate 6.0 percent real GDP growth, with inflation projected at 6.5 percent by June 2010. Besides accommodating the public sector borrowing needs estimated in the FY 10 national budget geared towards meeting the challenges from the ongoing global recession, BB's monetary program will amply accommodate the credit needs of the private sector for attaining the targeted level of real GDP growth. There are several caveats and downside risks to the growth and inflation expectations underlying the monetary stance outlined above for FY 10. On the external front, although growth projections for major economies are now being upgraded by forecasters, they are yet to be fully confident that global markets and institutions are on path of solid broad based recovery. On the domestic front, agricultural growth will depend, besides favorable weather and reasonable market prices; on adequate and timely availability of irrigation, fertilizers and other inputs to the growers, a challenge not always well addressed in the past. Infrastructural inadequacies, particularly of power and gas remain as before severe constraints for rapid growth in all economic sectors; ongoing infrastructure projects and the public private partnership program announced in the FY 10 national budget will need to be brought to rapid fruition for growth aspirations of the economy to be fulfilled.	Monetary policy in H2 FY 09 was accord priority to ensuring adequate credit accommodation for productive supply-side economic activities, providing refinance support where necessary for income and employment generating priority sectors under-served by the market, including agriculture and SMEs. The policy stance will also continue to discourage unduly high expansion in non essential demand side lending, to avoid build up of inflationary pressures. Repo, reverse repo interest rates and operations will continue to be the main day to day tools for monetary management. Banks will continue to be under BB pressure to narrow down their intermediation margins (spread between the lending and deposit interest rates) by improving management efficiency and asset quality; enabling lowering of interest rates on loans for productive purposes while also maintaining real positive interest rates on bank savings. Because the Bangladesh economy has not faced large capital outflows or credit crunch in the ongoing global turmoil; there is no need for any blanket economy-wide stimulus. Specific sectors and their financiers may however face difficulties if the slowdown in global trade hurts our export growth drastically. If and when that happens, the affected sectors will need to be provided timely monetary and/or fiscal support as appropriate. BB will maintain close continuous watch on developments in the real and financial economy, to be in readiness with appropriate response wherever necessary towards maintaining the momentum of pro-poor growth, income generation and employment.

Source: Bangladesh Bank Monetary Policy

Regional News

South Asia faces daunting climate change challenges

risks and vulnerabilities in the Himalayas

South Asia faces daunting climate-related development challenges. It is endowed with great rivers, which are the lifelines of the regional economy. Impacts of climate change are shared by many countries across the Himalaya Region. Regional cooperation can play a key role in adaptation and development in the Himalayan region. Himalayas comprise the world's highest mountains and their glaciers store the largest body of ice outside of polar region. These are the source of some of the world's greatest rivers, fed by a unique monsoon. These rivers supply the world's most densely populated flood plains, settled by over 700 million people.



The risks of climate change in the Himalayas are great. Its effects on glaciers, mountain ecosystems, monsoon behavior, and flood and drought intensity are already impacting the livelihoods of millions of people. The most significant impacts of climate change are shared by many countries across the Himalaya Region and all of South Asia. It will require communication, cooperation and joint actions to address these common threats.

South Asia has the highest density of poverty in the world. With an estimated 600 million South Asians subsisting on less than $1.25 a day, even small climate shocks can cause irreversible losses and tip a large number of people into destitution.

South Asia is endowed with great rivers, which are the lifelines of the regional economy. The ice mass covering the Himalayan-Hindu Kush mountain range is the source of the nine largest rivers of Asia, including the Ganges, Brahmaputra, and Indus. Glacial melt coupled with more variable precipitation could severely compromise livelihoods and the future prospects of agriculture.

Projections indicate that by 2050 about half the region's population will dwell in cities. Given current trends, South Asia will host five of the world's 11 megacities—Mumbai, Delhi, Dhaka, Karachi, and Kolkata. The cities of South Asia already face immense challenges, including poorly maintained infrastructure, unplanned growth, scant livelihood opportunities, and susceptibility of the poor populations to ill health.

South Asia suffers an exceptionally high number of natural disasters. Between 1990 and 2008, more than 750 million people—50 percent of the region's population—were affected by a natural disaster, leaving almost 60,000 dead and resulting in about $45 billion in damages. As climate-related risks intensify, there will be a need to respond proactively to build resilience through prevention and preparedness rather than through relief and response.

Regional cooperation can play a key role in adaptation and development in the Himalayan region. With climate change, the monsoons are expected to become more intense and less predictable. Coping with these mounting extremes in the river basins of South Asia will require more basin-wide information to predict and warn against floods, for example. It will also call for more basin-wide river management, with coordinated capacity to lower flood peaks and augment low-season flows.

There have been many initiatives taken by individual countries and the South Asian Association for Regional Cooperation (SAARC) toward addressing the challenges of the climate change. The SAARC Environment Ministers adopted the SAARC Action Plan and Declaration on Climate Change at the SAARC Environment Ministerial Meeting in Dhaka in July 2008.

The 15th SAARC summit held in Colombo in August 2008 reiterated the need for strengthening cooperation within the region to deal with climate change issues. Following the COP 13 in Bali, the Government of Bangladesh launched its Climate Change Strategy and Action Plan (BCCSAP) at a UK-Bangladesh conference in London in September 2008. In early 2009, Pakistan's Ministry of Environment held a Corporate Summit on Climate Change aimed at increasing the involvement of corporations in Pakistan on the climate challenge.

Projected climate change impacts in South Asia:

Afghanistan: Already extreme climate variability (drought/flood shocks) will increase, intensifying existing livelihood fragility and compounding social and economic risks.

Bangladesh: Exceptional scale of impacts including sea-level rise directly affecting at least 30% of the population, coupled with intensified monsoons and changes in rainfall patterns yielding flood and drought shocks, and cyclones, all stretching current community adaptation to the limit. Massive climate out-migration is likely to happen.

Bhutan: The knowledge base is limited. However, rising temperatures and the associated glacial melt, Glacial Lake Outburst Flood (GLOF) and varying agricultural yields are likely to be the greatest threats to the country.

India: Increased intensity and frequency of storm surges, cyclones, floods and droughts, negative impact on agricultural yields, decrease in river flows, sea level rise and its impact on coastal livelihoods and consequences of Himalayan snow melt and associated risks are the major climate change-induced issues. The magnitude of every climate change impact is likely to be among the world's highest, but this massive challenge is crowded out by mitigation concerns.

Maldives: Sea-level rise and tidal surges threaten to displace the majority of the population.

Nepal: Severe climate change impacts through snow melting and glacial lake outburst and lowland floods and potential threat on hydroelectricity generation due to low river flow; however, unique opportunity for compensation for environmental services as country is potential key to adaptation in the river basins through adoption of renewable and/or clean energy development path including hydroelectricity development and forest management.

Pakistan: Potentially huge and rapid reductions in (50% glacier-fed) Indus flows, coupled with intensified droughts and sea-level rise, will require major livelihood transitions and economic transformation, with consequent risks of social upheaval if unplanned.

Sri Lanka: Sea-level rise and increased cyclone incidence impacting dense coastal populations and livelihoods.

ADB raises Asian growth outlook

suggests continuation of stimulus pro

The Asian Development Bank on September 22 raised its regional growth outlook for this year but warned that recovery signs were not yet strong enough for Asian governments to remove the stimulus prop. Despite a positive outlook for major economies in Asia the outlook for most of the countries in South Asia including Bangladesh was poor. The growth for Bangladesh was projected at 5.2 for 2010 from 5.9 in 2009.

The Manila-based bank said that a huge dose of spending put Asia on course to lead the world out of its economic slump, updating its 2009 forecast for gross domestic product to 3.9 per cent growth from 3.4 per cent in March. It also upgraded its 2010 estimate to 6.4 per cent from 6.0 per cent.

The region's growth prospects were enhanced by 'firm action by many governments and central banks, the relatively healthy state of financial systems prior to the global crisis' and a quick turnaround in 'larger, less export-dependent economies,' the report said. It added that economic activity in the larger developing Asian economies had rebounded and output looked set for a so-called V-shaped comeback.

However, ADB cautioned central governments and banks against any hasty withdrawal of stimulus packages. The economist also warned against reliance on external demand as the global recovery 'is still very slow.'

The report looked at prospects for countries stretching from the former Soviet states of Central Asia to some of the tiny Pacific islands, excluding developed countries such as Japan, Australia and New Zealand. The ADB said it boosted China's GDP outlook by 1.2 percentage points to 8.2 per cent this year thanks to huge pump-priming in the world's third-biggest economy.

Beijing has targeted growth of 8.0 per cent to keep unemployment at bay and avoid social unrest. The ADB has forecast 8.9 per cent growth next year, up from 6.5 per cent projected in March. It highlighted a $585b stimulus late last year, a massive surge in bank lending in the first half of this year and 'aggressive monetary easing'.

The export-dependent China announced its huge spending policy last year to boost domestic consumption and infrastructure projects, as key overseas markets in the United States, Japan and the eurozone went into recession. The move led to a surge in imports, which in turn helped regional exporters.

India was tipped by the ADB to grow 6.0 per cent in 2009, up from a previous forecast of 5.0 per cent. Next year the ADB estimates the South Asian giant will expand seven per cent, 0.5 percentage points up from March's estimate. The report said despite weak exports and a poor agricultural outlook, 'adroit economic management' by New Delhi had minimized the impact of the global downturn.

The improved economic outlook is reflected in stock markets regionally, which have surged from troughs recorded in March, just weeks before the last ADB report. It said a strong financial sector had helped Asia through the downturn, while high savings rates and low household debt meant consumers were also able to absorb some of the shock.

But the heavily export-reliant economies of Hong Kong, Singapore and Taiwan were expected to shrink sharply this year as demand for their goods stays quiet and their markets only slowly regain strength. The ADB said despite a positive outlook for Indonesia and Vietnam, a deteriorating path ahead for Malaysia and Thailand had forced it to cut Southeast Asia's outlook to 0.1 per cent growth, from 0.7 per cent in March.

Central Asia, which is grappling a banking crisis and a fall in the price of its key export oil, is seen growing just 0.5 per cent now, compared with a previous forecast of 3.9 per cent.

Country	2008 Actual	March 2009	Sept 2009	March 2010 (est.)	Sept 2010 (est.)
Asia:					
China	9.0	7.0	8.2	8.0	8.9
Hong Kong	2.4	2.0	-4.0	3.0	3.0
South Korea	2.2	-3.0	-2.0	4.0	4.0
Taiwan	0.1	-4.0	-4.9	2.4	2.4
Southeast Asia:					
Indonesia	6.1	3.6	4.3	5.0	5.4
Malaysia	4.6	-0.2	-3.1	4.4	4.2
Philippines	3.8	2.5	1.6	3.5	3.3
Singapore	1.1	-5.0	-5.0	3.5	3.5
Thailand	2.2	-2.0	-3.2	3.0	3.0
Vietnam	6.2	4.5	4.7	6.5	6.5
South Asia:					
Bangladesh	6.2	5.6	5.9	5.2	5.2
India	6.7	5.0	6.0	6.5	7.0
Pakistan	4.1	2.8	2.0	4.0	3.0
Sri Lanka	6.0	4.5	4.0	6.0	6.0
Central Asia	5.7	3.9	0.5	4.8	3.6
Pacific	5.2	3.0	2.8	2.7	3.1
Developing Asia	6.1	3.4	3.9	6.0	6.4

Source: Internet

ADB stresses for regional integration

EC offers expertise in trade and economic co-operation



The Asian Development Bank (ADB) President has suggested Bangladesh forge a better cooperation with its neighbours India and Nepal in transport and energy sectors. While the Manila-based ADB boss Haruhiko Kuroda visited Dhaka from July 22-23 opined this. He also viewed that a regional power grid could be popular among the nations.

Kuroda sees no significant progress in cooperation among the South Asian nations, although the lending agency has long been pushing for it. However, he hopes for a change in future. Pointing to the benefit of regional integration, Kuroda, also a renowned Japanese economist, said, "China, Vietnam, Laos, Cambodia and Myanmar have implemented many regional projects on transport, energy, communication and water management and become benefited."

South Asian countries are the least integrated in today's highly globalised world. Intra-regional trade is less than 5 percent despite inking of South Asia Free Trade Agreements (Safta) by eight nations Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

Whereas ADB Director General for South Asia Kunio Senga visited Dhaka on July 7 said that they would like to provide assistance for Asian Highway and other corridor projects across the borders while the ADB would be interested in multi-modal transportation projects, cross-border communication, trade, maritime transportation, roads and railways.

On the other hand, the EU is eager to enhance trade and investment links with this fast-developing region. EU said boosting regional co-operation in South Asia the South Asian Association for Regional Co-operation (SAARC) aims to promote peace, trade and development among its members. One of its major goals is to create a South Asian Economic Union by 2020. SAARC is the only organisation in South Asia that is specifically committed to developing regional co-operation. The EU strongly supports SAARC and believes that increased regional co-operation will not only boost trade, but also prevent internal conflicts from spilling over national borders.

In line with its commitment to the Doha Development Agenda, the EU views trade-related technical assistance and capacity building programmes as crucial tools that could help transform South Asian economies. These mechanisms can support SAARC member states by improving their ability to trade while promoting constructive development work in the region. Consequently, the European Commission has offered to share its own expertise in trade and economic integration with SAARC.

Regional co-operation between the Commission and SAARC began in 1996. The development of concrete intervention has been slow. The Commission was designated as an observer to SAARC in April 2007. The Commission's Regional Strategy Paper for Asia 2007-2013 focuses EU support on regional capacity building.

The EU's Multi-annual Indicative Programme for Asia runs from 2007 to 2010. About €12 million has been allocated for the programme's first four years of operation. This funding focuses on three main areas:

Trade Development – the South Asia Free Trade Agreement (SAFTA): The programme will strengthen institutional capacity and improve mechanisms to implement SAFTA, with particular use of the EU experience.

Sectoral Dialogue Facility: The need for more people-to-people contact is at the heart of this facility, which will help to raise awareness of the benefits of economic and trade integration in the SAARC countries. It will fund workshops, networks and exchange programmes to stimulate dialogue on four themes: energy and environment; transport; disaster preparedness; and statistics.

The South Asia Civil Aviation Programme: A second phase of the South Asia Civil Aviation Programme will be developed, building on the achievements of its predecessor. The aim is to promote the regionalisation of several aspects of air travel and safety in the SAARC region. The ultimate objective is to establish a regional aviation safety agency in South Asia, similar to the European Aviation Safety Agency.

G-8 Declaration on Energy and Climate

Considers climate change as the greatest challenge

We, the leaders of Australia, Brazil, Canada, China, the European Union, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, South Africa, the United Kingdom, and the United States met as the Major Economies Forum on Energy and Climate in L'Aquila, Italy, on July 9, 2009, and declare as follows:

Climate change is one of the greatest challenges of our time. As leaders of the world's major economies, both developed and developing, we intend to respond vigorously to this challenge, being convinced that climate change poses a clear danger requiring an extraordinary global response, that the response should respect the priority of economic and social development of developing countries, that moving to a low-carbon economy is an opportunity to promote continued economic growth and sustainable development, that the need for and deployment of transformational clean energy technologies at lowest possible cost are urgent, and that the response must involve balanced attention to mitigation and adaptation.

We reaffirm the objective, provisions and principles of the UN Framework Convention on Climate Change. Recalling the Major Economies Declaration adopted in Toyako, Japan, in July 2008, and taking full account of decisions taken in Bali, Indonesia, in December 2007, we resolve to spare no effort to reach agreement in Copenhagen, with each other and with the other Parties, to further implementation of the Convention. Our vision for future cooperation on climate change, consistent with equity and our common but differentiated responsibilities and respective capabilities, includes the following:



1.Consistent with the Convention's objective and science:

Our countries will undertake transparent nationally appropriate mitigation actions, subject to applicable measurement, reporting, and verification, and prepare low-carbon growth plans. Developed countries among us will take the lead by promptly undertaking robust aggregate and individual reductions in the midterm consistent with our respective ambitious long-term objectives and will work together before Copenhagen to achieve a strong result in this regard. Developing countries among us will promptly undertake actions whose projected effects on emissions represent a meaningful deviation from business as usual in the midterm, in the context of sustainable development, supported by financing, technology, and capacity-building. The peaking of global and national emissions should take place as soon as possible, recognizing that the timeframe for peaking will be longer in developing countries, bearing in mind that social and economic development and poverty eradication are the first and overriding priorities in developing countries and that low-carbon development is indispensible to sustainable development. We recognize the scientific view that the increase in global average temperature above pre-industrial levels ought not to exceed 2 degrees C. In this regard and in the context of the ultimate objective of the Convention and the Bali Action Plan, we will work between now and Copenhagen, with each other and under the Convention, to identify a global goal for substantially reducing global emissions by 2050. Progress toward the global goal would be regularly reviewed, noting the importance of frequent, comprehensive, and accurate inventories.

We will take steps nationally and internationally, including under the Convention, to reduce emissions from deforestation and forest degradation and to enhance removals of greenhouse gas emissions by forests, including providing enhanced support to developing countries for such purposes.

2. Adaptation to the adverse effects of climate change is essential. Such effects are already taking place. Further, while increased mitigation efforts will reduce climate impacts, even the most aggressive mitigation efforts will not eliminate the need for substantial adaptation, particularly in developing countries which will be disproportionately affected. There is a particular and immediate need to assist the poorest and most vulnerable to adapt to such effects. Not only are they most affected but they have contributed the least to the build up of greenhouse gases in the atmosphere. Further support will need to be mobilized, should be based on need, and will include resources additional to existing financial assistance. We will work together to develop, disseminate, and transfer, as appropriate, technologies that advance adaptation efforts.

3. We are establishing a Global Partnership to drive transformational low-carbon, climate-friendly technologies. We will dramatically increase and coordinate public sector investments in research, development, and demonstration of these technologies, with a view to doubling such investments by 2015, while recognizing the importance of private investment, public-private partnerships and international cooperation, including regional innovation centers. Drawing on global best practice policies, we undertake to remove barriers, establish incentives, enhance capacity-building, and implement appropriate measures to aggressively accelerate deployment and transfer of key existing and new low-carbon technologies, in accordance with national circumstances. We welcome the leadership of individual countries to spearhead efforts among interested countries to advance actions on technologies such as energy efficiency; solar energy; smart grids; carbon capture, use, and storage; advanced vehicles; high-efficiency and lower-emissions coal technologies; bio-energy; and other clean technologies. Lead countries will report by November 15, 2009, on action plans and roadmaps, and make recommendations for further progress. We will consider ideas for appropriate approaches and arrangements to promote technology development, deployment, and transfer.

4. Financial resources for mitigation and adaptation will need to be scaled up urgently and substantially and should involve mobilizing resources to support developing countries. Financing to address climate change will derive from multiple sources, including both public and private funds and carbon markets. Additional investment in developing countries should be mobilized, including by creating incentives for and removing barriers to funding flows. Greater predictability of international support should be promoted. Financing of supported actions should be measurable, reportable, and verifiable. The expertise of existing institutions should be drawn upon, and such institutions should work in an inclusive way and should be made more responsive to developing country needs. Climate financing should complement efforts to promote development in accordance with national priorities and may include both program-based and project-based approaches. The governance of mechanisms disbursing funds should be transparent, fair, effective, efficient, and reflect balanced representation. Accountability in the use of resources should be ensured. An arrangement to match diverse funding needs and resources should be created, and utilize where appropriate, public and private expertise. We agreed to further consider proposals for the establishment of international funding arrangements, including the proposal by Mexico for a Green Fund.

5. Our countries will continue to work together constructively to strengthen the world's ability to combat climate change, including through the Major Economies Forum on Energy and Climate. In particular, our countries will continue meeting throughout the balance of this year in order to facilitate agreement in Copenhagen.

G20 Summit concludes in Pittsburg

summit seems becoming key forum for global economy

The White House announced on September 25 that the Group of 20 - an ad hoc gathering of wealthy and emerging powers during the third summit meeting in Pittsburgh decided that it would become the key forum for global economic decisions.

The G20 was created last year after the global economic system went into tailspin. It will effectively eclipse the Group of Eight, a club only of rich economies that met in its first form in 1975 to tackle the oil crisis.



The new format gives major developing nations such as Brazil, China and India a seat at the table. The most forceful advocates for the change were smaller developed nations outside the G8 such as Australia and South Korea -- which was designated the host of the G20 summit in November next year.

But diplomats and activists immediately got to work to figure out which nations would be part of the Group of 20 and how it would relate to the Group of 8.

Japan said it still believed in the G8, Japan, the world's second largest economy, has fought a lonely battle not to expand the G8, relishing its role as the only non-Western nation other than Russia in the club as a way to exert global influence. Japan had historically had friction with China, which has scuttled Japan's goal of another powerful position -- permanent membership on the UN Security Council.

Other leaders were also cautious in declaring the Group of Eight dead, saying it still had a usefulness -- particularly at the level of ministers' meetings. Canadian Prime Minister Stephen Harper announced that the town of Muskoka, near Toronto, would host the next G20 and G8 summits together in June next year. But analysts doubted that leaders were paying more than lip service to the G8.

"There is a new global compact," said Andrew Cooper, a regular watcher of global summits and associate director of the Centre for International Governance Innovation in Waterloo, Canada. Cooper believed that Obama made a decision to pursue the G20 format as he performed better at the last G20 summit in London in April than at the G8 in Italy in June, with its stream of small, short meetings.

Key agreements

The summit of the Group of 20 leading economies agreed a plan to empower developing nations in global governance and to encourage a sustainable recovery.

At the two-day summit in the eastern US city of Pittsburgh, the G20 agreed that:

◆ The Group of 20, which brings together developed and developing nations accounting for 90 percent of the global economy, will replace the Group of Eight club of rich nations as the world's pre-eminent forum.

◆ Developing nations will assume at least five percent of voting rights at the International Monetary Fund.

◆ The G20 will coordinate to find the right time to ease stimulative measures as part of an effort to "return the world to high, sustainable and balanced growth." Finance ministers to meet in November.

◆ "Excessive" compensation for executives in the banking sector should end as it encourages risk. The G20 opposed guaranteed multi-year bonuses, urged greater transparency and called on the G20's Financial Stability Board to propose new measures by March 2010.

◆ The G20 will phase in new rules to improve both the quantity and quality of bank capital, seen as a key deficiency during the global economic crisis. The G20 set a goal of developing rules by the end of 2010 and implementing them by the end of 2012.

◆ International accounting authorities should come up global standards by June 2011 to ease variations among major economies.

◆ Governments should eliminate tax havens by March 2010 or face consequences.

◆ The G20 will initiate a system of peer review where economists in each member nation can advise on policies in others. They agreed to set up modalities in November with an aim of initiating their in February 2010.

The G20 involved leaders of 19 nations - Argentina, Australia, Brazil, Britain, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey and the United States.

Also taking part in the G20 was the European Union, represented by current president Sweden.

News from ICC Hqs. in Paris

ICC welcomes UN forum on climate change



ICC welcomes the initiative of United Nations Secretary General Ban Ki-moon to bring together business, NGOs, inter-governmental organizations and governments at the Global Leadership Forum during the UN Summit on Climate Change in New York.

The forum, which was organized by the UN Global Compact office and a broad group of UN agencies, funds and programmes, was held ahead of the United Nations Framework Convention on Climate Change Conference of the Parties (COP15) in December. ICC, as business and industry focal point for UNFCCC negotiations, is hoping for a balanced, robust and effective global post-2012 climate agreement for which Copenhagen will be a decisive moment.

ICC is calling on governments to recognize the need to address climate change in a manner that advances the restoration of economic growth and jobs that will be essential to responding to global challenges. Going forward, ICC hopes to see the creation of more effective ways for governments to benefit from business expertise and actions through opportunities to collaboratively define mitigation and adaptation to climate change, and effective policies to promote them.

ICC believes the post 2012 framework agreement should:

• Promote economic recovery, investment and employment as essential elements to tackle climate challenges, and respond to growing energy demand and lack of access to energy for development;
• Include agreements on ambitious and achievable mitigation objectives by all major-emitting countries, and the means to achieve them, compatible with national priorities and circumstances, while promoting maximum international cooperation;
• Recognize the important role of markets in any cost-effective response to climate change, and enhance market-based approaches in conjunction with other policy instruments for more environmentally-sound investment;
• Work in harmony with globalized commercial markets, trade and investment rules, and other fundamental international frameworks, and provide appropriate institutional and enabling frameworks to enhance development and deployment of technologies to address climate change;
• Keep all energy options open and stimulate the broader use of existing energy-efficient and low-emission technologies to enable cost-effective reductions of GHG emissions and protect intellectual property to underpin technology innovation, commerce, and trade;
• Put in place concerted, global support for research and development to increase the pace of commercialization and deployment for technologies;
• Include a strong compliance regime, including timely and transparent reporting, and practical and effective approaches to measure, report and verify actions undertaken through national commitments;
• Address adaptation needs, particularly in vulnerable developing countries, and create frameworks and governance structures to efficiently attract the necessary resources;
• Work in concert with other critical priorities, notably energy supply and access for development, job creation, economic growth, and trade liberalization.
• ICC will continue to work closely with governments and other partners on international cooperative approaches that bring sustainable economic and environmental benefits. On 8 October, the ICC Executive Board will host a luncheon at the United Nations which will be attended by UN Secretary General Ban Ki-moon to discuss some of the issues.

Climate change is a global problem that requires global solutions. ICC believes that climate change is one of the most pressing challenges of our times, linked as it is with real needs for energy, development and economic growth. The engagement of all countries in a cooperative spirit will be crucial to success.

Business is a vital part of the needed solutions and is actively engaged in the fight against climate change. Many companies have already made major changes in how they operate and have seized opportunities for new processes, products and services that help reduce greenhouse gas emissions. Throughout the world, businesses large and small are addressing climate change at local, national and international levels both as enterprises and through public-private partnerships.

Business calls on governments to reach climate change agreement

ICC, the World Business Council for Sustainable Development (WBCSD) and the World Energy Council (WEC) on September 4 called on government leaders to reach a climate change agreement in Copenhagen during final negotiations there in December on a post 2012 framework.

The three organizations issued the call during the World Climate Conference (WCC-3) in Geneva, which brought together high-level policy-makers, scientists, climate service providers, global business leaders and decision-makers from more than 150 countries. The week-long meeting, organized by the World Meteorological Organization, sought to help nations cope with climate change by improving the way climate information is collected and shared among governments. The private sector was represented by ICC, WBCSD and WEC.

"This is a crucial year," said Laurent Corbier, Chair, ICC Commission on Environment and Energy. "The private sector urges government leaders to reach an agreement in Copenhagen on a post 2012 framework to provide business with a clear, predictable framework to stimulate investment in technologies that will enable a transition to a low carbon economy." Mr Corbier added that the WCC-3 was a stepping stone in this process, helping to raise awareness and provide momentum to develop climate related services which can assist governments and businesses in making better decisions.

On September 2, business experts and leaders from intergovernmental organizations met during the Business and Industry Forum to discuss how



companies can develop durable solutions to the climate challenge.

ICC, WBCSD and WEC will continue to work together on the road towards Copenhagen, bringing a wide range of business voices and expertise to help solve the climate challenge.

ICC welcomes steps on climate change by G8 and Major Economies Forum on Energy and Climate Change



G8 leaders took steps at their summit in L'Aquila to develop an effective response to climate change that meets economic, social and energy needs, most especially in developing countries, but more cooperation between governments and business is needed, ICC said on July 21.

ICC also welcomed the declaration from the Major Economies Forum on Energy and Climate Change that includes leaders from G8 countries and other major economies. In particular, ICC applauded the establishment of a Global Partnership to drive the development of low-carbon, climate-friendly technologies and encouraged policymakers to include business expertise in this area as much as possible.

Reiterating that climate change is a global problem requiring a global solution, ICC said it strongly supports the United Nations Framework Convention on Climate Change (UNFCCC) that is working

towards reaching agreement in Copenhagen in December on a post-2012 framework accord.

Any new framework should include all major emitting countries and provide business with a clear and predictable framework to stimulate investment and deploy technology on the necessary scale, ICC maintains. Existing low-carbon technologies have the potential to significantly reduce emissions. But enabling frameworks, intellectual property rights protection, market-based deployment of those rights, innovative funding mechanisms and specific policy responses are needed to support their rapid dissemination in both developed and developing countries.

New technologies will also be needed and a future framework agreement must facilitate increased research and development of clean energy technologies through new financial mechanisms.

In addition, ICC urges governments to avoid unilateral trade measures to address concerns growing from discrepancies in climate change policies among different countries. A strengthened multilateral trade regime will support the economic and technological flows required to implement solutions. "The global economic crisis must not be used as an excuse for delaying action to combat climate change," ICC added.

As business and industry focal point in the UNFCCC negotiations, ICC will continue to express a variety of business views and expertise, culminating in the Global Business Day in Copenhagen on 11 December. The Business Day event, co-organized by ICC and the World Business Council for Sustainable Development, will serve as a forum for business to interact with high-level representatives from governments and civil society.

Global economy will continue to be on shaky ground

ICC trade finance survey reveals

The global economy is still on shaky ground, and despite budding signs of recovery, evidence is not strong enough to conclude that the current recession is waning, according to an ICC report on trade finance released on September 7.

The interim report cautions against excess optimism and calls for renewed attention to be given to the G20 trade finance agenda following findings that there had been no significant sign of relief in capital requirements for trade assets – which ICC had previously stated was curbing bank incentive to offer trade finance.

Some 86% of survey respondents attested that they had experienced no relief in the requirements under the international capital adequacy regime known as Basel II. Described in the report as "one of the most worrisome results", increased capital costs continue to constrain trade finance volumes, particularly in developing economies. Report recommendations on the issue include exempting trade finance products from the one-year maturity floor applied to lending facilities in most countries, and allowing key risk attributes to be determined on the basis of industry benchmarks reflecting the low risk nature of trade finance.

The ICC report also points to the issue of affordability of trade finance. A large majority of survey respondents acknowledged that the G20 decision in April to support US$250 billion worth of trade over a two-year period was as a major step towards absorbing the shocks to trade resulting from the economic crisis. ICC commended the pledge but emphasizes that the key now is to ensure that governments follow up on their good intentions.

Specific actions recommended in the report include further enlargement of multilateral trade facilitation programmes to expand both capacity and coverage – especially for low income and export-dependent countries – and the rapid implementation of national programmes to guarantee trade and provide refinancing options.



The ICC Interim Trade Finance Survey polled 122 banks in 59 countries during July and August and is a follow up to the ICC

Banking Commission Report: "Rethinking Trade Finance 2009", released in March this year. In contrast to findings of the previous report, which indicated a significant decrease in trade volume and value, 67% of respondents indicated that trade volume had either increased or remained the same in the first half of 2009. The report also points to increased demand for trade finance in the first half of 2009 compared with the same period in 2008. The report warns, however, that a recovery in demand for merchandise trade without a corresponding increase in the ability of banks to provide credit, would risk a significant dislocation of trade, thus hampering the global recovery.

The report, compiled by ICC Banking Commission officers, concludes that despite an anticipated return to positive growth, problems relating to the availability of trade finance can be expected well into 2010.

ICC has been mandated by the World Trade Organization (WTO) to gather reliable, quantitative and qualitative data that will help fill the information gap on the current trade finance environment. The survey findings will be also presented at the upcoming WTO Expert Meeting on Trade Finance of 15 September as official propositions are deliberated on trade finance in preparation for the G20 Pittsburgh meeting later this month.

With more than 500 members in 70 countries, the ICC Banking Commission has become the leading body to serve the trade finance industry and help paint a clearer picture of the situation. ICC Banking Commission is deeply committed to developing meaningful information and products related to this field. ICC is now developing another global survey for Spring 2010, with the goal of collecting business performance data evidencing the loss history of different trade finance risk categories. Such information will be valuable for the industry as well as for regulators.

ICC - Ifo survey on world economic climate



The world economic climate index rose significantly in the third quarter, its second consecutive increase resulting mainly from favourable future economic expectations but also from a slight improvement in the global economy. The climate indicator rose to 78.7 points from 64.4 points in April and 50.1 points in January, according to the latest survey by ICC and the Ifo Institute for Economic Research.

The survey, based on a July poll of 1,049 economic experts in 92 countries, said a number of factors, including high unemployment rates and the rising public debt in many countries, "contribute to major concerns about a sustained recovery in the near term." "Thus, although the latest survey results indicate that the global recession is receding," the report added, "some major risks prevail and the economic recovery will remain on shaky grounds in the coming months."

The economic climate indicator improved most markedly in Canada and the United States, but this was due to "remarkably optimistic economic expectations" while the assessment of the current situation barely moved up from its very low previous level. The economic stimulus measures put in place by Ottawa and Washington were characterized by the experts questioned as sufficient but as having failed to stop the rise in unemployment, which was not predicted to start improving until 2010.

The economic expectations also improved strongly for Western Europe, but the assessment of the current situation also remained poor. The climate improved in the euro area on positive economic expectations, while the current situation remains poor in all euro area countries except Cyprus. Expectations for the next six months are particularly optimistic for Germany, France, the Netherlands, and Austria.

The biggest improvement came in Asia, where the indicator improved very strongly due both to "highly optimistic" expectations for the next six months and to a less negative assessment of the current state of Asian economies. The survey said capital expenditures and private consumption are expected to recover in the region during the next six months, while the export sector will also improve, though not in all Asian countries.

In China, Malaysia, and Vietnam, for example, exports are expected to further decline in the near term. In China, however, lost earnings from falling exports have been partly offset by rising domestic consumption in large part because

of the US $600 billion government stimulus package.

In Latin America the indicator stabilized at a low level, but economic expectations have been somewhat upgraded for the next six months, indicating economic stabilization in the second half of this year. One unusual sign of hope came from Zimbabwe, where for the first time in more than a decade economists said they expected some improvement in the African country's shattered economy.

The report said the Euro was assessed as overvalued by the experts questioned, while the US dollar, Japanese yen, and British pound were seen as close to their equilibrium values. Concerning interest rates, the survey said short-term rates are expected to further decline on a worldwide basis except in the United States and Canada, where a rise in the rates is expected due to "the more advanced state of economic recovery in North America." Long-term interest rates are almost certain to rise in all of the world's regions.

An ICC special question on corruption and the financial crisis revealed divergent views on whether the world recession will affect businesses' compliance with anti-corruption practices. While in most regions the majority of those questioned said they expected minimal impact, there were wide differences between countries.

In Vietnam (75%), the United Arab Emirates (63%), South Africa (50%), Canada (38%), and Spain (38%) experts said the crisis will lead to additional reinforcement of anti-corruption measures. But experts in Argentina (55%), Turkey (50%), South Korea (50%), Romania (45%) and Portugal (45%) among other countries said businesses would relax their anti-corruption measures in the aftermath of the global recession.

In an unprecedented move, chief executives from some of the world's leading companies have called on governments to more effectively and robustly implement the United Nations Convention against Corruption.

In a recent letter to UN Secretary-General Ban Ki-moon, the CEOs threw their support behind the world's only universal anti-corruption instrument, stating that it "holds the promise of curbing corruption and creates a level playing field for all participants in the global economy." They praised the Convention, describing it as "an essential instrument in the fight against corruption," but they underlined the need for the establishment of an implementation review mechanism at the next Conference of States Parties to be held in Doha in November 2009.

ICC advocates for G8 pledge to conclude Doha round within 2010

ICC welcomes the pledge by leaders of the G8 countries to conclude the Doha Round of trade negotiations in 2010. However, the G8 has set many deadlines for these negotiations in the past which have not been met. International business hopes that after so many years of failure governments may now be on the verge of rapid, concrete, and determined action to reach an ambitious agreement.

ICC welcomes the instruction given to trade ministers to meet before the G20 summit in Pittsburgh this September. We hope this will be more than a stock-taking exercise and will make a decisive contribution towards the conclusion of the negotiations.

Despite the difficulties in reaching agreement on Doha, considerable progress has been made on the negotiations, with many hard-won trade-enhancing offers already agreed to. These achievements must not be lost. A successfully concluded Doha Round is the strongest possible signal governments can give that they will not submit to economic nationalism, which will only result in a longer, deeper recession.

ICC welcomes the reaffirmation of the world's most industrialized countries to resist protectionism, not to raise new trade barriers, and to support efforts by the World Trade Organization to monitor compliance with the anti-protectionist pledges.

ICC Survey on Intellectual Property

chambers increasingly active in field

A new survey on intellectual property (IP) services provided by chambers of commerce shows that many more chambers around the world are actively involved in this increasingly important area.

Seventeen chambers, including those in the United States, Brazil, Cuba, Jordan, Mozambique and Croatia, replied to the survey for the first time. Numerous other chambers located in countries ranging from Germany to Mongolia updated their information for the new survey.

The survey asks chambers to answer questions including the kind of training they offer on IP, whether they provide consultancy services, conduct surveys to gather information, or engage in policy advocacy in the IP field. The survey is part of the IP Toolkit and pilot training programme jointly developed by ICC's Commission on Intellectual Property and the World Chambers Federation. Chambers will be able to access an IP resource bank and support materials prepared by ICC's Commission on Intellectual Property and the ICC BASCAP initiative from the IP Toolkit website. For chambers looking to set up IP programmes, the website lists descriptions of chamber IP programmes across the developed and developing world.

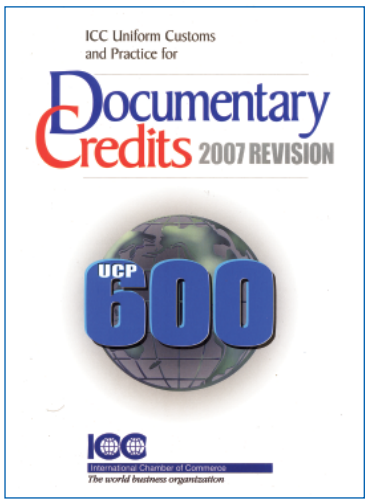
The replies indicate that more chambers in different parts of the world are becoming involved in IP and are providing their business constituencies with a wide variety of services. Chambers focus on different areas depending on their economic priorities, which can range from anti-counterfeiting to patents, geographical indicators or innovation management. Some chambers have made IP a key priority and even set up multi service IP units in their chambers.

ICC is currently working on a manual to help chambers set up IP programmes. The aim is to develop a practical manual



illustrated with examples and good practices from around the world to help chambers establish business support services relating to intellectual property for their local companies.

UN endorses ICC Documentary Credit Rules



ICC's most recent revision of the Uniform Customs and Practice for Documentary Credits (UCP 600) was officially endorsed by the UN Commission on International Trade Law (UNCITRAL) at its 42nd annual session in Vienna.

UCP plays an instrumental role in global trade finance, with its rules implemented in more than 175 countries. UCP has gone through seven versions that have appeared since 1933, with their antecedents dating back to 1920.

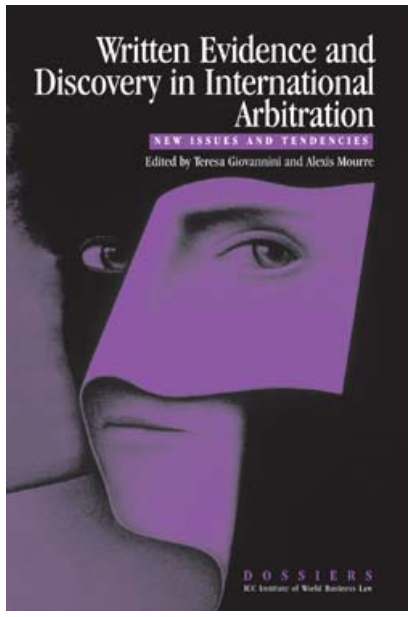
UNCITRAL is composed of 60 member states elected by the United Nations General Assembly representing the world's principal geographic regions and economic and legal systems. States not members of the Commission and international governmental organizations may attend the session as observers and participate in the deliberations.

ICC was invited as an international non-governmental organization to attend the session (29 June to 17 July) as an observer and provide expertise and international experience to facilitate the deliberations on UCP matters.

Delegates to the 42nd UNCITRAL session welcomed the new revision, praising the text for its comprehensiveness and leaner approach. In particular, the American and German delegates openly expressed their appreciation for the work of ICC and fully supported the endorsement of the rules.

Latest Dossier of the ICC Institute of World Business Law

ICC has published the latest Dossier of the ICC Institute of World Business Law, Dossier VI - Written Evidence and Discovery in international Arbitration. The Dossier seeks to encourage



reflection on future practice in relation to documentary evidence in international arbitration. Documentary evidence is at the heart of the arbitral process. Arbitrators are increasingly confronted with new challenges, such as requests for E-Discovery, as well as ever more frequent objections to confidentiality and privilege.

Document production may also confront arbitrators with difficult issues of fraud and forgery. Further, arbitral tribunals may have to decide which rules apply to issues such as the evidentiary value of documents or their admissibility. Covering issues such as document disclosure; evidentiary value of documents and burden of evidence; state courts and document production; adverse inferences and many more, this publication will be an invaluable source of information for anyone interested in international arbitration.

With the publication of Dossier VI the ICC Institute of World Business Law fulfils its dual mission: training and acting as a think-tank for ICC, particularly in the field of arbitration.

ICC appoints new Chair of Commission on Intellectual Property

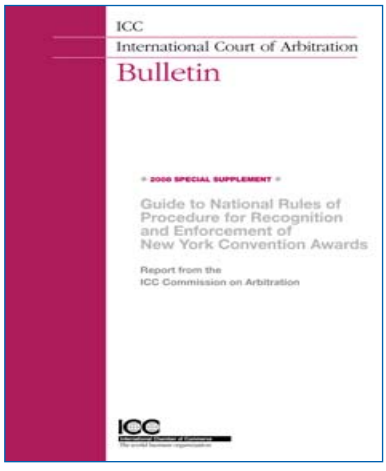
David Koris has been appointed the new Chair of the ICC Commission on Intellectual Property with effect from 3 November 2009. Mr Koris has been an Intellectual Property (IP) counsel for 26 years with broad experience in all phases of IP practice. Currently serving as the General Counsel, Head of IP for Shell International in The Hague, Mr Koris is responsible for all aspects of technology protection and IP asset management. In addition to managing the IP organization, Mr Koris is a partner in the technology planning team. The team is responsible for leading Shell's businesses in the creation, development and management of IP strategies that optimize the value of IP assets for the varied technologies and business objectives of the organization.



David Koris

ICC publishes report marking anniversary of New York Convention

ICC has published a comprehensive guide to national rules of procedure for enforcing awards to mark the 50th anniversary of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards.



Better known as the New York Convention, this multilateral treaty is the cornerstone of international arbitration, having been ratified by no fewer than 144 states. The convention requires the courts of contracting states to withhold from deciding disputes covered by an arbitration agreement and to recognize and enforce awards made in other states unless there are specific grounds for not doing so.

Although the New York Convention has greatly facilitated the enforcement of awards internationally, it leaves broad scope for the application of national rules of procedure which vary between the numerous contracting states. The purpose of the new ICC publication is to offer a ready-reference guide on conditions for recognition and enforcement in different countries.

News from WTO Hqs. in Geneva

Lamy hopes New Delhi meeting can be "the beginning of the endgame of the Doha Round"

Director-General Pascal Lamy, in a speech to the Federation of Indian Chambers of Commerce and Industry (FICCI) in New Delhi on 3 September, said the most efficient means for countries to deal with the economic crisis "remains the multilateral Doha Development Round". He said the meeting of a group of WTO Ministers "will have the opportunity to map out how they intend to bring the Doha Round to a closure in 2010". This is what he said:

Distinguished Guests,
Ladies and Gentlemen,

Thank you for playing host to me today at the start of the last quarter of 2009 which will certainly put the system of global cooperation to the test.

We are living in worrying times. We are witnessing the first truly global economic crisis ever, its effects spanning all countries, North and South, rich and poor. We are witnessing pandemics such as the N1H1 virus which threaten to paralyze our societies. We are witnessing floods and drought and food scarcity in many parts of our planet. In sum, we are witnessing a host of global challenges which are testing the capacity of the international system to address them.

What started as a financial crisis, fuelled by a lack of sufficient regulation in this field, has turned into the worst economic crisis in generations and the first global crisis in the history of mankind. A crisis which threatens to undo the economic development achieved by many countries and



to erode people's faith in an open international trading system.

Rather than being a cause of the crisis, trade has been another casualty, given the simultaneous reduction in aggregate demand across all major world economies. WTO economists have foreseen a decline this year of nearly 10 per cent in volume terms, its worst result since the end of the Second World War.

The contraction has been made sharper with the drying up of trade finance, which oils the wheels of international trade. Further, the fall in aggregate demand has affected global supply chains which, in turn, have magnified the contraction in trade.

Add to this that some countries have increased tariffs, instituted new non-tariff measures, and initiated more anti-dumping actions. Some of the measures that have been introduced to stimulate economies contain provisions that favour domestic goods and services at the expense of imports. True, most of these measures are allowed under WTO rules. True, also, that none of them has triggered so far a tit-for-tat chain retaliation. But there is no denying the fact that they have had some trade chilling effect.

As you know the WTO has been carefully monitoring trade policy developments. We have seen an increase in restrictive trade measures since the onset of the crisis. So there is no room for complacency. While I do not think we are in a situation where we need to cry wolf, we need to remain vigilant and ensure that WTO members remain open with one another.

And the economic crisis has rapidly become a global jobs crisis. The International Labour Organisation tells us that unemployment is rising, social pain is increasing with the loss of thousands of jobs which had been created over the past several years, threatening to unwind unprecedented social progress and development in many poor countries.

The recently published Indian Foreign Trade Policy indicates that nearly 14 million jobs were generated in India directly or indirectly through the significant increase in trade that this country has seen during the last five years. Trade has provided an engine for growth and for employment.

And the current crisis is also having an impact on India. The contraction of demand has had an impact on Indian exports of textiles, garments, gems, jewellery and leather goods,

all of which are labour intensive. The crisis has also taken a toll on Indian exports of services which represent highly paid jobs.

It is therefore no surprise that the Foreign Trade Policy lists as a priority to seek market access for Indian exports, a host of measures to simplify and facilitate exports as well as measures to enhance the competitiveness of Indian products in foreign markets.

India is not alone. Countries in this and other regions are also implementing measures in this direction. And what better way to do this than in a concerted, multilateral manner in the WTO Doha Development Round?

Whether it is about generating market access for goods and services through the reduction of obstacles to trade, or levelling the playing field in trade distorting subsidies, or providing predictability and transparency to trade, or facilitating trade, the most efficient means to achieve these goals today remains the multilateral Doha Development Round.

Today and tomorrow a group of WTO Ministers will have the opportunity to map out how they intend to bring the Doha Round to closure in 2010. The setting of the meeting in Delhi is propitious to quote an Indian proverb which says "life is not a continuum of pleasant choices, but of inevitable problems that call for strength, determination and hard work". I hope these words, to which I would add the adjective "collective", inspire Ministers so that Delhi can be the beginning of the endgame of the Doha Round.

Later in the year the FAO will host a World Summit to agree key actions to tackle food security. Here again the problem is multifaceted and global. We need to boost investment in agriculture. We need to improve our capacity to respond to food crises. We also need to ensure that developing countries have a fair chance of competing in world commodity markets by reducing trade distorting subsidies, as would be the case with the conclusion of the Doha Round.

Delivering a deal on climate change is another daunting challenge facing the international community this year. Mitigating global warming and adapting to its consequences will require major economic investment and, above all, unequivocal determination on the part of policy-makers. With a challenge of this magnitude, multilateral cooperation is crucial, and a successful conclusion to the ongoing global negotiations on climate change would be the first step towards achieving sustainable development for future generations.

Here again, go-it-alone measures, even though intelligently crafted, will not achieve the desired results. Relying on trade measures to fix global environmental problems will not work. I am of the firm conviction that the relationship between international trade — and indeed the WTO — and climate change would be best defined as a follow up to a consensual international accord on climate change that successfully embraces all major polluters.

It is clear that the global community is facing daunting tasks. But it is also true that the system of global governance is evolving. We are seeing the emergence of new world leaders. Not that they are new. Many of them have a millenary history. But there is a realisation today that global solutions will require giving these new leaders not only a voice but also a say at the table.

The G20, as imperfect as it may be, is certainly a much more legitimate forum than the G8. And it may be that the discussions take longer and that the views are more divergent, but this is a better reflection of today's geopolitical realities.

"Our task now is to match political promise with negotiating performance" — Lamy

Director-General Pascal Lamy, in his report to the General Council on 28 July, said that at the informal Trade Negotiations Committee meeting the day before, "there was unanimous agreement that if we are to get to our destination on time, the renewed level of political re-engagement by leaders urgently required translation into tangible progress in the negotiations". He also reported that the second WTO Aid for Trade global review was a success and "a clear demonstration of our collective resolve to address the capacity challenges facing developing countries".

Thank you Mr. Chairman.
Let me start by welcoming today the participants to the WTO introductory course for Least Developed Countries who have the opportunity to attend this General Council meeting. I am pleased that this session provides you the opportunity to gain an overall picture of the WTO's work, in which the interests of the LDCs figure prominently.

Since my last report, the TNC [Trade Negotiations Committee] has held one informal meeting on 24 July. The purpose of this meeting was to discuss the situation and next steps in the Doha Development Agenda negotiations.

I provided delegations with an account of my recent contacts at political level and the renewed impetus that leaders have given the DDA with the call that the Round be concluded in 2010. I then set out an overview of the state of play in each of the negotiating areas as well as an insight into the road maps envisaged by Chairs of Negotiating Groups in the weeks after the summer break.

While the need to work at all levels, including the bilateral level, was recognized, the primacy of the multilateral arena was stressed by delegations. The strong position was expressed that scheduling in agriculture and NAMA [Non-Agricultural Market Access] would be the arrival point, to be just followed by a verification process.

There was also considerable discussion of the need to intensify and advance work right across the scope of the negotiations. Lastly, I should also mention that many delegations re-affirmed our basic principles in those negotiations — multilateralism, development, and a bottom- up, inclusive and transparent process. As TNC Chair and as Director-General, I will do everything within my realm to uphold those principles.

In conclusion, our task now is to match political promise with negotiating performance. It is less about "talk about the talk" and more about "action". It is less about "optimism or pessimism" and more about "activism".

New website database offers comprehensive tariff information

Comprehensive information on customs duties became available to WTO website users on July 9 through a new database, the WTO Tariff Download Facility. Users can now search for members' customs duty rates, as actually charged as well as legally bound maximums, and in many cases imports, down to a high level of detail.

The tariffs in the database are for individual products, disaggregated to the most detailed level available according to a standardized definition. They provide more detail than the World Tariff Profiles, where the figures were for broader categories of products.

The data are standardized by making them available at the same level of detail. This is achieved by identifying products by 6-digit codes under the World Customs Organization's internationally agreed "Harmonized System" (HS) for defining product categories.

Under the system, the broadest categories of products are identified by two digits (e.g. 04 is dairy products, eggs and other edible animal products). These are then sub-divided by adding more digits: the higher the number of digits, the more detailed the categories. For example the four-digit code 0403 is a group of products derived from milk. At six digits, 0403.10 is yoghurt; at the eight-digit level, 0403.10.11 could be low-fat yoghurt.

The codes are standard up to six digits. For that reason, the WTO's data are presented at six digits, the most detailed level that can be compared internationally. Beyond that, countries are free to use their own definitions according to their individual requirements.
The database allows data to be downloaded in a range of formats such as Microsoft Excel spreadsheet files. Alternatively users can also download Excel spreadsheet files for individual countries, on each member country's page on the WTO website (see for example Argentina). These pages can be reached from the list of members.

The original lists of members' bound commitments remain available. The digit-level of the bound duty rates in these "schedules of commitments", can vary from country to country. The new files on bound rates present the information in a uniform consolidated form for all member countries. Since they identify products at the six-digit level of detail, they can be used to compare the legally bound ceilings with the rates that are actually applied. They also show which product categories (or tariff subheadings) have no commitments (i.e. are "unbound").

G20 must now "walk the talk" on Doha — Lamy

Director-General Pascal Lamy, in his keynote address to the WTO Public Forum on 28 September 2009, said the G20 leaders at their Pittsburgh Summit agreed that "their negotiators now embark on the work programmes that we have established for the next three months, and that they then assess

our collective ability to achieve our 2010 target". He also said that the positive results of the Geneva referendum on September 27 on the extension of the WTO headquarters "will encourage us to extend our outreach to you even further". This is what he said:

It is always a pleasure to see the very large crowds that the WTO Public Forum draws. Your presence in such impressive numbers speaks to the relevance of the role and mandate of the WTO. It stands as testimony to the high expectations that you have of the organization, and which the WTO should certainly strive to fulfil.

As I have said many times before, it is to your needs and aspirations that this organization must cater, and I certainly hope that this Forum will enable the entire WTO family, members and Secretariat staff alike, to better keep their "fingers on the pulse" so to speak. In other words, to better gage your concerns and expectations of how we, in the WTO, can do things better in future.

This year's forum is dedicated to "Better Global Governance." A theme chosen mainly in light of the current financial, economic, and social crisis that we have been witness to as of last year. There is no doubt that the world has traversed a very "rough patch" in 2008 and earlier this year with the financial meltdown, and its very severe consequences on people across the globe; many of whom have lost their jobs, homes, savings, and therefore, their entire livelihood. And we are certainly not yet out of the woods in terms of this particular crisis.

World economic growth, as measured by the world's production of goods and services, has slowed abruptly in 2008 and the early part of this year. The contraction in demand led to a slowdown in production, and in international trade. World merchandise trade is projected to fall by a full 10 per cent this year, and foreign direct investment, which fell by 15 per cent in 2008, is projected to drop further.

The WTO has quickly responded to the crisis by cautioning governments against beggar-thy-neighbour policies, which have been tried in the past, in similar situations, and which have shown their gross inadequacy. It has cautioned against protectionism through a monitoring mechanism of trade restrictions that it enacted in the immediate wake of the financial crisis. A WTO "Radar Screen," if you will.

What our radar shows so far is "low-intensity" protectionism; in other words, a large number of measures whose intensity has so far remained constrained. But there should be no complacency. Rising unemployment will continue to usher-in the inevitable protectionist pressures.

Ladies and gentlemen, the impulse to go "local" in answer to the financial crisis must be resisted. In fact, I would argue that we should continue "going global," if I may say so, for the simple reason that many consumers have seen their purchasing power decline, and are in need of cheaper, more competitive, goods and services, and not more expensive ones produced behind a national tariff wall.

International trade helps lower the cost of goods and services to the final consumer. And it is for this reason also that it is imperative that we conclude the Doha Round of trade negotiations. In fact, if the entire WTO community of nations were to decide to raise its applied tariff levels all the way up to WTO legal ceilings, this would raise the world's average tariff hurdle to about twice its current level.

In other words, exporters would become 100 per cent worse-off than they are today if the full policy-space that the WTO provides were to be exploited. The Doha Round of trade negotiations would not only open new markets for exporters, but also curtail some of the existing margin of manoeuvre that could take the world backwards.

This explains why this issue has featured so highly on the G20's agenda since last year, including in Pittsburgh last week. I have used last week's opportunity to report to G20 leaders on the state-of-play of international trade. I explained that political signals of commitment to resisting protectionism and to concluding the Doha Round in 2010 were needed and, indeed, welcome. But that, as long as they do not translate into concrete engagement, declarations would not in-and-of themselves deliver an outcome. Leaders have agreed that their negotiators now embark on the work programmes that we have established for the next three months, and that they then assess our collective ability to achieve our 2010 target. It is now incumbent upon them to "walk the talk."

Let me now turn to trade finance. As you all know, part of the contraction in world trade that we have seen in 2008 and 2009 occurred due to the drying-up of trade finance. Trade finance institutions rolled back their export credits in response to the financial crisis, having seen the number of defaults on trade contracts that had taken place.

The WTO has not sat by in silence in response to the problem. It has mobilized the trade finance community and world leaders, alerting them to the downward spiral in world trade that this was leading to. Trade finance is now beginning to shore-up. It is my hope that we will soon see previous levels of trade finance restored, especially where it is most needed. In other words, for small businesses and least-developed countries.

Ladies and gentlemen, while the financial crisis is a serious pre-occupation for us all, we must not forget that it is not the only global problem that awaits action on our part. There are many issues that we need to deal with at the international level, and which merit our utmost attention. I speak here of the climate crisis, of the food crisis, and of global health pandemics.

It is critical that the international community "seal a climate deal" at the Copenhagen Summit at the end of this year. As I have stated many times before, it is only an equitable "global" climate deal that can tackle the climate crisis effectively; a deal that clearly spells out the commitments of each and every player. It is not through the unilateral action of a few that the climate crisis will somehow be halted. We must keep our eye on the ball, and not lose sight of the magnitude of the problem that we are confronted with. That problem represents no less than our very ability to survive in future.

I was heartened by the results of the recent World Climate Conference that was held here in Geneva, and which has prioritized the development of "climate services" — such as climate research and forecasting services. I hope that WTO members will rise to the challenge set by this Conference, and respond by accelerating market-opening for environmental and climate-related goods and services through the Doha Round. This is a very concrete way in which the trade community can chip into the construction of a global climate deal; one that we certainly hope to see emerge from the Copenhagen Summit at the end of this year.

Ladies and gentlemen, the food crisis is no less serious than any other crisis. The Food and Agricultural Organization tells us that there are more hungry people today than there has ever been before. This situation cannot be allowed to linger. Trade, and the Doha Round specifically, can be part of the answer; albeit not the entire answer, since much will also depend on accompanying credit, nutrition, and agricultural development policies.

Trade is the transmission belt that allows food to move from the land of the plenty to the land of the few. We must oil that transmission belt, and improve the foundation on which it has been built through the Doha Round. The Round will reduce rich world subsidies, and would lower tariff walls in developed and developing countries alike, bringing food closer to the poor.

Finally, allow me to say a word or two on global health pandemics, such as the H1N1 virus that we saw this year, or other strains of flu that we saw in previous years. Because of globalization, and our greater interconnectedness today, global pandemics may be more likely than before. It is critical, therefore, that we beef-up international standards, such as the norms that are set by the World Health Organization or the World Organization for Animal Health, and that we let ourselves be guided by science as much as we can. The WTO encourages, and will continue to encourage, its members to abide by international norms. They not only facilitate trade, but also facilitate the sharing of scientific information and of proper regulatory control.

Many of the topics that I have raised with you just now are on the programme of this year's Public Forum. My goal — of course — was simply to whet your appetite for some of what is to come!

473 developing-country officials enrol in WTO online training courses

Three WTO online courses started on 21 September 2009 with 473 selected participants from developing and least-developed countries (LDCs).

The aim of the courses is to provide online training on matters related to international trade and WTO Agreements to government officials from developing countries and LDCs in English. The courses will last from six to eight weeks. Tutors and trainers from the WTO will monitor online participants' progress and learning process throughout the course.

During the course, live chat sessions and discussion forums are organized on various WTO issues with experts and representatives from the WTO.



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